

WMS INDUSTRIES INC /DE/  
Form DEFM14A  
April 09, 2013  
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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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**WMS INDUSTRIES INC.**

(Name of Registrant as Specified In Its Charter)

N/A

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

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WMS INDUSTRIES INC.

800 South Northpoint Blvd.

Waukegan, IL 60085

(847) 785-3000

**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

April 8, 2013

Dear Stockholder:

We cordially invite you to attend a special meeting of stockholders of WMS Industries Inc., a Delaware corporation, which we refer to as "WMS", the Company, we, us, or our in the accompanying proxy statement, to be held on May 10, 2013, at 9:00 a.m. local time, at the Waldorf-Astoria Hotel, 11 E. Walton, Chicago, Illinois.

On January 30, 2013, we entered into a merger agreement, which, as it may be amended from time to time, we refer to as the merger agreement, with Scientific Games Corporation, a Delaware corporation, which we refer to as Scientific Games in the accompanying proxy statement, SG California Merger Sub, Inc., a wholly owned subsidiary of Scientific Games, which we refer to as Merger Sub in the accompanying proxy statement and Scientific Games International, Inc., a wholly owned subsidiary of Scientific Games, which we refer to as Financing Sub in the accompanying proxy statement, providing for the acquisition of WMS by Scientific Games. Pursuant to the terms of the merger agreement, Merger Sub will merge with and into WMS, which we refer to as the merger in the accompanying proxy statement, with WMS continuing as the surviving corporation and becoming a wholly owned subsidiary of Scientific Games. At the special meeting, we will ask you to consider and vote upon a proposal to adopt the merger agreement by and among WMS, Scientific Games, Merger Sub and Financing Sub, thereby approving the merger, and certain other matters as set forth in the stockholder notice and the accompanying proxy statement.

If the merger is completed, you will be entitled to receive \$26.00 in cash, without interest and less any applicable withholding taxes, for each share of WMS common stock you own.

The approval of a majority of the outstanding shares of our common stock, par value \$0.50 per share, which we refer to as the WMS common stock in the accompanying proxy statement, is required to adopt the merger agreement, thereby approving the merger. Our board of directors, after considering various factors, unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to and in the best interests of WMS and its stockholders, and approved the merger agreement and the transactions contemplated thereby, including the merger. **The WMS board of directors unanimously recommends that you vote FOR the adoption of the merger agreement, thereby approving the merger, FOR the proposal to approve, by a non-binding advisory vote, the specified compensation disclosed in the accompanying proxy statement that may be payable to WMS named executive officers in connection with the consummation of the merger and FOR the proposal to approve the adjournment of the special meeting, if necessary or appropriate in the view of the WMS board of directors, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement.**

The accompanying proxy statement provides you with detailed information about the merger agreement and the merger. A copy of the merger agreement is included as Annex A to the proxy statement. You can also obtain

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other information about WMS from documents that we have filed with the Securities and Exchange Commission. The proxy statement also describes the actions and determinations of our board of directors in connection with its evaluation of the merger agreement and the merger. We urge you to read the entire proxy statement carefully.

***Your vote is important to us regardless of the number of shares you own. The merger cannot be completed unless holders of a majority of the outstanding shares of WMS common stock vote in favor of the adoption of the merger agreement. If your shares of WMS common stock are held in an account at a broker, bank or other nominee, you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form furnished by your broker, bank or other nominee. If you fail to vote on the merger agreement or fail to instruct your broker, bank or other nominee on how to vote, the effect will be the same as a vote against the adoption of the merger agreement.*** We greatly appreciate your cooperation in voting your shares. The enclosed proxy card contains instructions regarding voting. Whether or not you plan to attend the special meeting, we request that you authorize your proxy by completing and returning the enclosed proxy card.

If you have any questions about the special meeting or the merger after reading the proxy statement, you may contact Georgeson Inc., our proxy solicitor, toll free at (877) 507-1756 or collect at (212) 440-9800.

On behalf of the board of directors, we thank you for your support of WMS Industries Inc. and appreciate your consideration of this matter.

Brian R. Gamache

Chairman of the Board and Chief Executive Officer

**This transaction has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of this transaction or upon the adequacy or accuracy of the information contained in the proxy statement. Any representation to the contrary is a criminal offense.**

The proxy statement is dated April 8, 2013 and it and the enclosed proxy card are first being mailed to stockholders on or about April 11, 2013.

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**WMS INDUSTRIES INC.**

**800 South Northpoint Blvd.**

**Waukegan, IL 60085**

**(847) 785-3000**

*Notice of Special Meeting of Stockholders*

*To Be Held On May 10, 2013*

**To the Stockholders of WMS Industries Inc.:**

Notice is hereby given that a special meeting of the stockholders of WMS Industries Inc. will be held on May 10, 2013 at 9:00 a.m., local time, at the Waldorf-Astoria Hotel, 11 E. Walton, Chicago, Illinois, for the following purposes:

1. **Adoption of the Merger Agreement.** To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, as it may be amended from time to time, which we refer to as the merger agreement in the accompanying proxy statement, dated as of January 30, 2013, by and among WMS, Scientific Games Corporation, a Delaware corporation, which we refer to as Scientific Games in the accompanying proxy statement, SG California Merger Sub, Inc., a wholly owned subsidiary of Scientific Games, which we refer to as Merger Sub in the accompanying proxy statement, and Scientific Games International, Inc., a wholly owned subsidiary of Scientific Games, which we refer to as Financing Sub in the accompanying proxy statement, which provides for the merger of Merger Sub with and into WMS, with WMS continuing as the surviving corporation, which we refer to as the merger in the accompanying proxy statement, and the conversion of each share of WMS common stock, other than the shares of WMS common stock owned by WMS, Scientific Games or Merger Sub and those shares of WMS common stock with respect to which holders thereof have properly made, and not withdrawn, a demand for appraisal rights under the General Corporation Law of the State of Delaware, which shares we refer to collectively as the excluded shares in the accompanying proxy statement (all of which will be cancelled at the consummation of the merger) and shares of WMS restricted stock (the treatment of which is described below under Terms of the Merger Agreement Treatment of Stock Options and Other Stock-Based Compensation beginning on page 84 of the accompanying proxy statement), into the right to receive \$26.00 in cash, without interest and less any applicable withholding taxes.
2. **Advisory Vote Regarding Merger-Related Compensation.** To consider and vote upon a proposal to approve, by a non-binding advisory vote, the specified compensation disclosed in the accompanying proxy statement that may be payable to WMS named executive officers in connection with the consummation of the merger, which we refer to as the compensation proposal in the accompanying proxy statement.
- 3.

**Adjournment or Postponement of the Special Meeting.** To consider and vote upon a proposal to approve the adjournment of the special meeting, if necessary or appropriate in the view of the WMS board of directors, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement, which we refer to as the adjournment proposal in the accompanying proxy statement.

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4. **Any Other Business.** To act upon other business as may properly come before the special meeting or any adjournment or postponement thereof.

Only stockholders of record of our common stock, par value \$0.50 per share, which we refer to as the WMS common stock in the accompanying proxy statement, at the close of business on April 8, 2013 are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements thereof. A list of our stockholders of record will be available for examination by any of our stockholders for any purpose germane to the special meeting at our corporate headquarters located at 800 South Northpoint Blvd., Waukegan, IL 60085, during ordinary business hours for 10 days prior to the special meeting until the end of the meeting.

The adoption of the merger agreement by the affirmative vote of a majority of the outstanding shares of WMS common stock is a condition to the consummation of the merger. The approval of each of the compensation proposal and the adjournment proposal requires the affirmative vote of holders of a majority of the voting power present and entitled to vote thereon. The vote to approve the compensation proposal is advisory only and will not be binding on WMS or Scientific Games and is not a condition to the consummation of the merger.

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If your shares of WMS common stock are held in street name through a broker, bank or other nominee, you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form furnished by your broker, bank or other nominee.

**YOUR VOTE IS IMPORTANT. YOU MAY VOTE BY MAIL OR BY ATTENDING THE SPECIAL MEETING AND VOTING BY BALLOT, ALL AS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT. The WMS board of directors unanimously recommends that you vote FOR the adoption of the merger agreement, thereby approving the merger, FOR the compensation proposal and FOR the adjournment proposal.**

Please note that we intend to limit attendance at the special meeting to stockholders as of the record date (or their authorized representatives). If your shares are held by a broker, bank or other nominee, please bring to the special meeting your account statement evidencing your beneficial ownership of WMS common stock as of the record date. All stockholders should also bring photo identification.

The accompanying proxy statement provides a detailed description of the merger and the merger agreement. We urge you to read the accompanying proxy statement, including any documents incorporated by reference, and the annexes carefully and in their entirety. If you have any questions concerning the merger or the proxy statement of which this notice forms a part, would like additional copies of the proxy statement or need help voting your shares of WMS common stock, please contact WMS proxy solicitor:

Georgeson Inc.

480 Washington Boulevard

26<sup>th</sup> Floor

Jersey City, NJ 07310

Toll Free: (877) 507-1756

Collect: (212) 440-9800

By Order of the Board of Directors,

Kathleen J. McJohn

*Senior Vice President, General Counsel*

*and Secretary*

Chicago, Illinois

April 8, 2013



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**SUMMARY VOTING INSTRUCTIONS**

**YOUR VOTE IS IMPORTANT**

**Ensure that your shares of WMS common stock are voted at the special meeting by submitting your proxy or, if your shares of WMS common stock are held in street name through a broker, bank or other nominee, contacting your broker, bank or other nominee. If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting AGAINST the adoption of the merger agreement but will have no effect on the outcome of any vote on the compensation proposal or the adjournment proposal.**

*If your shares of WMS common stock are registered in street name through a broker, bank or other nominee:* check the voting instruction card forwarded by your broker, bank or other nominee or contact your broker, bank or other nominee in order to obtain directions as to how to ensure that your shares of common stock are voted in favor of the proposals at the special meeting.

*If your shares of WMS common stock are registered in your name:* submit your proxy as soon as possible by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope, so that your shares of common stock can be voted in favor of the proposals at the special meeting.

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact our proxy solicitor, at:

Georgeson Inc.

480 Washington Boulevard

26<sup>th</sup> Floor

Jersey City, NJ 07310

Toll Free: (877) 507-1756

Collect: (212) 440-9800

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**PROXY STATEMENT**

This proxy statement contains information related to our special meeting of stockholders to be held on May 10, 2013, at 9:00 a.m., local time, at the Waldorf-Astoria Hotel, 11 E. Walton, Chicago, Illinois, and at any adjournments or postponements thereof. We are furnishing this proxy statement to the stockholders of WMS Industries Inc. as part of the solicitation of proxies by WMS board of directors for use at the special meeting.

**SUMMARY TERM SHEET**

This summary term sheet briefly summarizes material information found in this proxy statement. The proxy statement contains a more detailed description of the terms described in this summary. You are urged to read this proxy statement carefully, including the annexes and the documents referred to or incorporated by reference in this proxy statement, as this summary may not contain all of the information that may be important to you. We have included page references in parentheses to direct you to the appropriate place in this proxy statement for a more complete description of the topics presented in this summary term sheet. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under *Where Stockholders Can Find More Information* beginning on page 118 of this proxy statement.

In this proxy statement, the terms *we*, *us*, *our*, *WMS* and the *Company* refer to WMS Industries Inc. and, where appropriate, its subsidiaries. *Scientific Games* refer to Scientific Games Corporation as *Scientific Games*, *SG California Merger Sub, Inc.* as *Merger Sub* and Scientific Games International, Inc. as *Financing Sub* in this proxy statement. All references to the *merger* refer to the merger of Merger Sub with and into WMS with WMS surviving as a wholly owned subsidiary of Scientific Games; and, unless otherwise indicated or as the context requires, all references to the *merger agreement* refer to the Agreement and Plan of Merger, dated as of January 30, 2013, as it may be amended from time to time, by and among WMS, Scientific Games, Merger Sub and Financing Sub, a copy of which is included as Annex A to this proxy statement. WMS, following the completion of the merger, is sometimes referred to in this proxy statement as the *surviving corporation*.

**Parties Involved in the Merger (Page 25)**

*WMS Industries Inc.*

WMS Industries Inc., a Delaware corporation, serves the legalized gaming industry by designing, manufacturing and distributing gaming machines and interactive products and services to authorized customers in legal gaming venues worldwide. WMS gaming machines include video and mechanical reel-spinning gaming machines and video lottery terminals. WMS interactive products and services include development and marketing of digital gaming content, products, services and end-to-end solutions that address global online wagering and play-for-fun social, casual and mobile gaming opportunities.

WMS common stock is currently listed on the New York Stock Exchange, which we refer to as the *NYSE* in this proxy statement, under the symbol *WMS*.

WMS principal executive offices are located at 800 South Northpoint Blvd., Waukegan, IL 60085, its telephone number is (847) 785-3000 and its Internet website address is [www.wms.com](http://www.wms.com). The information provided on or accessible through WMS website is not part of this proxy statement and is not incorporated in this proxy statement by this or any other reference to its website provided in this proxy statement.



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Additional information about WMS is contained in its public filings, which are incorporated by reference herein. See *Where Stockholders Can Find More Information* beginning on page 118 of this proxy statement.

### *Scientific Games Corporation*

Scientific Games Corporation, a Delaware corporation, is a global leader in providing customized, end-to-end gaming solutions to lottery and gaming organizations worldwide. Scientific Games' integrated array of products and services includes instant lottery games, lottery gaming systems, terminals and services, and internet applications, as well as server-based interactive gaming terminals and associated gaming control systems.

Scientific Games' common stock is listed on the Nasdaq Stock Exchange under the symbol *SGMS*.

Scientific Games' principal executive offices are located at 750 Lexington Avenue, New York, NY 10022, its telephone number is (212) 754-2233 and its Internet website address is [www.scientificgames.com](http://www.scientificgames.com). The information provided on or accessible through Scientific Games' website is not part of this proxy statement and is not incorporated in this proxy statement by this or any other reference to its website provided in this proxy statement.

### *SG California Merger Sub, Inc.*

SG California Merger Sub, Inc., a wholly owned subsidiary of Scientific Games, is a Delaware corporation that was formed on January 25, 2013 for the sole purpose of effecting the merger. Upon the terms and subject to the conditions of the merger agreement, Merger Sub will be merged with and into WMS, with WMS surviving the merger as a wholly owned subsidiary of Scientific Games.

The principal executive offices of Merger Sub are located at 750 Lexington Avenue, New York, NY 10022, and its telephone number is (212) 754-2233.

### *Scientific Games International, Inc.*

Scientific Games International, Inc., a Delaware corporation, is a wholly owned subsidiary of Scientific Games and is Scientific Games' primary domestic operating company. As set forth in the debt commitment letter, Financing Sub is expected to be the borrower of the debt financing.

The principal executive offices of Financing Sub are located at 1500 Bluegrass Lakes Parkway, Alpharetta, GA 30004, and its telephone number is (770) 664-3700.

## **The Merger (Page 82)**

The proposed transaction is the acquisition of WMS by Scientific Games pursuant to the Agreement and Plan of Merger, dated as of January 30, 2013, by and among WMS, Scientific Games, Merger Sub and Financing Sub. The acquisition will be effected by the merger of Merger Sub with and into WMS, with WMS continuing as the surviving corporation and becoming a wholly owned subsidiary of Scientific Games.

## **Expected Timing of the Merger**

We currently anticipate that the merger will be completed by the end of 2013. The merger is subject to various regulatory clearances and approvals and other conditions, however, and it is possible that factors outside the control of both Scientific Games and WMS could result in the merger being completed at a later time, or not at all. There may be substantial amount of time between the special meeting and the completion of the merger.

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We expect to complete the merger promptly following the receipt of all required regulatory approvals and the satisfaction or waiver of the other conditions precedent as described in the merger agreement, a copy of which is included as Annex A to this proxy statement.

### **Merger Consideration (Page 82)**

If the merger is completed, each share of our common stock, par value \$0.50 per share, which we refer to as *WMS common stock* or *our common stock* in this proxy statement, issued and outstanding immediately prior to the effective time of the merger, other than the shares of *WMS common stock* owned by *WMS*, *Scientific Games* or *Merger Sub* and those shares of *WMS common stock* with respect to which holders thereof have properly made, and not withdrawn, a demand for appraisal rights under the General Corporation Law of the State of Delaware (all of which will be cancelled at the consummation of the merger) and shares of *WMS restricted stock* (the treatment of which is described below under *Terms of the Merger Agreement Treatment of Stock Options and Other Stock-Based Compensation* beginning on page 84 of this proxy statement), will be converted into the right to receive \$26.00 in cash, without interest and less any applicable withholding taxes, which we refer to as the *merger consideration* in this proxy statement. At or immediately prior to the effective time of the merger, *Scientific Games* will deposit or cause to be deposited sufficient funds to pay the aggregate per share merger consideration with the paying agent in the merger.

### **The Special Meeting (Page 27)**

*Date, Time and Place (Page 27)*. The special meeting will be held on May 10, 2013, at 9:00 a.m., local time, at the Waldorf-Astoria Hotel, 11 E. Walton, Chicago, Illinois.

*Purpose (Page 27)*. At the special meeting, you will be asked: (1) to consider and vote upon a proposal to adopt the merger agreement, thereby approving the merger; (2) to consider and vote upon a proposal to approve, by a non-binding advisory vote, the specified compensation disclosed in this proxy statement that may be payable to *WMS* named executive officers in connection with the consummation of the merger (this proposal being referred to as the *compensation proposal* in this proxy statement); (3) to consider and vote upon a proposal to approve the adjournment of the special meeting, if necessary or appropriate in the view of the *WMS* board of directors, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement (this proposal being referred to as the *adjournment proposal* in this proxy statement); and (4) to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof.

*Record Date and Voting (Page 28)*. Only stockholders who hold shares of our common stock at the close of business on April 8, 2013, the record date for the special meeting, will be entitled to vote at the special meeting. Each share of our common stock outstanding on the record date will be entitled to one vote on each matter submitted to stockholders for approval at the special meeting. As of the record date, there were 54,773,421 shares of our common stock outstanding.

*Quorum (Page 28)*. The presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of our common stock entitled to vote at the meeting is necessary and sufficient to constitute a quorum for the transaction of any business at the special meeting.

*Required Vote (Page 28)*. Adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of *WMS* common stock entitled to vote at the special meeting. Approval of each of the compensation proposal and the adjournment proposal requires the affirmative vote of the holders of a majority in voting power of the shares of *WMS* common stock which are present in person or by proxy and entitled to vote on the proposal.



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*Share Ownership of Our Directors and Executive Officers (Page 30).* As of April 8, 2013, the record date, our directors and executive officers beneficially owned and are entitled to vote, in the aggregate, 2,336,913 shares of our common stock, representing approximately 4.3% of the outstanding shares of our common stock.

*Voting and Proxies (Page 29).* Any WMS stockholder of record entitled to vote may submit a proxy by returning a signed proxy card by mail or may vote in person by appearing at the special meeting. If you are a beneficial owner and hold your shares of WMS common stock in street name through a broker, bank or other nominee, you should instruct your broker, bank or other nominee on how you wish to vote your shares of WMS common stock using the instructions provided by your broker, bank or other nominee. The broker, bank or other nominee cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your broker, bank or nominee on how you wish to vote your shares.

### **Treatment of Stock Options and Other Stock-Based Compensation (Page 84)**

At the effective time of the merger, each WMS option that was granted prior to January 30, 2013 and that is outstanding (whether vested or unvested) immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the excess, if any, of the merger consideration over the per-share exercise price of such option, multiplied by the number of shares of WMS common stock subject to such option.

At the effective time of the merger, each WMS option that is granted after January 30, 2013, and that is outstanding (whether vested or unvested) immediately prior to the merger will not be cashed out in the merger but instead will be converted into an option to acquire a number of shares of Scientific Games common stock using an exchange ratio based on the per-share closing price of WMS common stock on the merger closing date to the per-share closing price of Scientific Games common stock on the merger closing date. The terms and conditions of any such converted options will otherwise generally remain the same as the terms and conditions applicable to the options immediately prior to the closing of the merger (including the same vesting schedule, subject to continued employment through each applicable vesting date); provided that all such converted options will immediately vest in full and remain exercisable for 90 days if the holder's employment is terminated by Scientific Games without cause or by the holder for good reason within one year following the closing of the merger.

At the effective time of the merger, each WMS equity-based unit that is subject to performance-based conditions, which we refer to as a performance unit in this proxy statement, and is outstanding immediately prior to the merger will be canceled in exchange for an amount, in cash, equal to the payout percentage set forth in the holder's award agreement (which shall be deemed to be the greater of (i) 100% or (ii) if all the performance goals for such performance unit have been met or exceeded as of the closing, a greater percentage determined in accordance with the merger agreement) multiplied by the merger consideration. No WMS performance units will be granted between January 30, 2013 and the closing of the merger.

At the effective time of the merger, each share of WMS restricted stock and each WMS restricted stock unit, deferred stock unit and phantom unit that was granted prior to January 30, 2013, and that is not subject to performance-based vesting and is outstanding immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the merger consideration. No shares of WMS restricted stock will be granted between January 30, 2013 and the closing of the merger.

At the effective time of the merger, each WMS restricted stock unit or phantom unit that is granted after January 30, 2013 and that is outstanding immediately prior to the merger will, except as described below, not be cashed out in the merger but instead will be converted as of the effective time into a restricted stock unit or phantom unit, as applicable, with respect to the common stock of Scientific Games using an exchange ratio based on the per-share closing price of WMS common stock on the merger closing date to the per-share closing price of Scientific Games common stock on the merger closing date. The terms and conditions of any such converted restricted stock units and phantom units will otherwise generally remain the same as the terms and conditions

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that applied to such restricted units and phantom units prior to the closing of the merger (including the same vesting schedule, subject to continued employment through each applicable vesting date); provided, that any such converted units will vest immediately in full if a holder's employment is terminated by Scientific Games without cause or by the holder for good reason within one year following the closing of the merger. Notwithstanding the foregoing, fifty percent (50%) of any restricted stock units and one hundred percent (100%) of any phantom units granted after January 30, 2013 as ordinary course annual equity grants to employees who received annual equity awards under the WMS long-term incentive program for WMS 2013 fiscal year or to new hires or eligible promoted employees who are in the category of employees who received annual equity grants for the 2013 fiscal year, which are outstanding immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the merger consideration.

### **Treatment of Employee Stock Purchase Plan (Page 86)**

The Employee Stock Purchase Plan will not accept any new participants and the current offering period will end on June 30, 2013, and no new offering period will commence. The Employee Stock Purchase plan will terminate upon the closing of the merger.

### **Delisting and Deregistration of Our Common Stock (Page 58)**

Upon completion of the merger, we will remove our common stock from listing on the NYSE and price quotations in the public market will no longer be available for our common stock and the registration of our common stock under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act in this proxy statement, will be terminated.

### **Determination, Approval and Recommendation of Our Board of Directors (Page 50)**

The WMS board of directors, after considering all factors that the WMS board of directors deemed relevant, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of WMS and its stockholders, and unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. Certain factors considered by the WMS board of directors in reaching its decision to approve the merger agreement and the merger can be found in the section entitled Proposal 1: Adoption of the Merger Agreement Reasons for the Merger beginning on page 44 of this proxy statement.

**The WMS board of directors unanimously recommends that the WMS stockholders vote FOR the adoption of the merger agreement, thereby approving the merger, FOR the compensation proposal and FOR the adjournment proposal.**

### **Opinion of WMS Financial Advisor (Page 50 and Annex B)**

Macquarie Capital (USA) Inc., which we refer to as Macquarie Capital in this proxy statement, was engaged on September 24, 2012 to act as exclusive financial advisor to the board of directors of the Company in connection with the evaluation of various strategic alternatives. On January 30, 2013, Macquarie Capital rendered its oral opinion, subsequently confirmed in writing, to the WMS board of directors, to the effect that, as of such date, and based upon and subject to various factors, assumptions, qualifications and limitations set forth in the written opinion, the merger consideration to be paid to the holders of WMS common stock (other than excluded shares), in the proposed merger (the merger transaction) was fair, from a financial point of view, to such holders of WMS common stock.

The full text of the written opinion of Macquarie Capital, dated January 30, 2013, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken in connection with the opinion, is included as Annex B to this proxy statement and is incorporated herein by reference. Holders of shares of WMS common stock are encouraged to and should read the opinion

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carefully and in its entirety. Macquarie Capital's opinion was provided to the WMS board of directors in connection with its evaluation of the merger consideration provided for in the merger transaction from a financial point of view. The opinion of Macquarie Capital does not address any other aspect of the merger transaction and does not constitute a recommendation to any holder of WMS common stock as to whether such holder should act or vote in connection with the merger transaction or any other matter. The summary of the opinion of Macquarie Capital set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion.

**Interests of Certain Persons in the Merger (Page 60)**

In considering the recommendation of the WMS board of directors to adopt the merger agreement, WMS stockholders should be aware that certain of its directors and executive officers have interests in the merger that are different from, or in addition to, those of WMS stockholders generally. These interests are described in the section entitled "Proposal 1: Adoption of the Merger Agreement - Interests of Certain Persons in the Merger" beginning on page 60 of this proxy statement. The WMS board of directors was aware of these interests and considered them, among other matters, in evaluating the merger agreement, in reaching its decision to approve the merger agreement, and in recommending to WMS stockholders that the merger agreement be adopted. These interests include the following, among others:

at the effective time of the merger, each WMS option held by an executive officer or director, whether vested or unvested, will be converted into the right to receive an amount in cash equal to the excess, if any, of the merger consideration over the option's exercise price;

at the effective time of the merger, each share of WMS restricted stock held by an executive officer or director will be cancelled in exchange for an amount, in cash, equal to the merger consideration and each WMS restricted stock unit held by an executive officer or a director will be cancelled in exchange for the right to receive an amount, in cash equal to the merger consideration, with the exception of certain restricted stock units which may be granted under the WMS long-term incentive program as ordinary course annual equity grants later this year, 50% of which will vest in connection with the closing of the merger and be cancelled in exchange for the right to receive the merger consideration and the remaining 50% of which will be converted into Scientific Games restricted stock units and remain outstanding following the closing of the merger on otherwise similar terms, provided that such awards of restricted stock units will be subject to accelerated vesting upon certain terminations of employment occurring within one year following the closing of the merger;

at the effective time of the merger, each WMS performance unit held by an executive officer will generally be cancelled in exchange for the right to receive an amount in cash equal to the merger consideration, provided that such performance units may be converted into the right to receive an amount in cash greater than the merger consideration if certain objective performance goals are achieved prior to closing; and

the executive officers are entitled to receive certain severance benefits under their employment agreements with WMS and pursuant to our severance policy upon certain qualifying terminations following the closing of the merger.

**Financing (Page 59)**

The merger is not conditioned on Scientific Games obtaining the proceeds of any financing, including the financing contemplated by the debt commitment letter. We anticipate that the total amount of funds necessary to complete the merger and the other transactions contemplated by the merger agreement will be approximately \$1,600,000,000. These funds include the funds needed to:

pay our stockholders (including equity award holders) the amount due under the merger agreement;

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refinance, repay or repurchase certain of our outstanding indebtedness; and

pay customary fees and expenses in connection with the transactions contemplated by the merger agreement.

In connection with entering into the merger agreement, Scientific Games and Financing Sub entered into a commitment letter with Bank of America, N.A., which we refer to as BOA in this proxy statement, Credit Suisse AG, which we refer to as CS in this proxy statement, and UBS AG, Stamford Branch, which we refer to as UBS in this proxy statement, and certain of their respective affiliates, which was subsequently amended and restated on February 19, 2013 to add J.P. Morgan Securities LLC, which we refer to as J.P. Morgan in this proxy statement, the Royal Bank of Scotland, which we refer to as RBS in this proxy statement, Deutsche Bank AG New York Branch, which we refer to as Deutsche Bank in this proxy statement, Goldman Sachs Bank USA, which we refer to as Goldman Sachs in this proxy statement, and HSBC Securities (USA) Inc., which we refer to as HSBC in this proxy statement, and certain of their respective affiliates, as additional commitment parties. Pursuant to the amended and restated commitment letter, among other things, each of BOA, CS, UBS, J.P. Morgan, RBS, Deutsche Bank, Goldman Sachs and HSBC (which we refer to as the initial lenders in this proxy statement) have agreed to provide debt financing to Scientific Games. We refer to this amended and restated commitment letter, as it may be further amended in accordance with the merger agreement, as the debt commitment letter in this proxy statement. The financing contemplated under the debt commitment letter is referred to as the debt financing in this proxy statement. See Terms of the Merger Agreement Financing of the Merger beginning on page 101 of this proxy statement for additional information with respect to the debt financing.

We believe the amounts described in the debt commitment letter, together with cash on hand at the Company and at Scientific Games, will be sufficient to complete the merger, but we cannot assure you of that. Those amounts might be insufficient if, among other things, we have substantially less cash on hand or more debt or Scientific Games or Financing Sub receive substantially lower net proceeds from the debt financing than we currently expect.

**No Solicitation of Acquisition Proposals (Page 96)**

Subject to certain exceptions, WMS has agreed to not, and will not authorize or permit any of its subsidiaries to, and will use its reasonable best efforts to cause its and their respective representatives not to, among other things: (i) initiate, solicit or knowingly encourage or facilitate (including by way of providing non-public information) the making of any acquisition proposal or any inquiry, proposal or request for information that may reasonably be expected to lead to an acquisition proposal, (ii) engage in negotiations or substantive discussions with, or furnish any non-public information to, any third party relating to an acquisition proposal or any inquiry, proposal or request for information that may reasonably be expected to lead to an acquisition proposal, or (iii) approve, adopt or recommend any acquisition proposal, or propose publicly to approve, adopt or recommend, any acquisition proposal.

However, at any time prior to obtaining stockholder approval of the proposal to adopt the merger agreement, in the event that WMS receives an unsolicited written acquisition proposal, WMS and its board of directors may engage in negotiations or substantive discussions with, or furnish any information and other access to, any third party making such acquisition proposal and its representatives or potential sources of financing if the WMS board of directors determines in good faith, after consultation with WMS outside legal and financial advisors, and based on information then available, that such acquisition proposal constitutes, or is reasonably likely to result in, a superior proposal (as defined below under Terms of the Merger Agreement No Solicitation of Acquisition Proposals; Changes in Board Recommendation beginning on page 96 of this proxy statement).

Prior to obtaining the approval of the WMS stockholders of the proposal to adopt the merger agreement, the WMS board of directors may terminate the merger agreement in order to execute or otherwise enter into a binding definitive agreement to effect a transaction constituting a superior proposal if such

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acquisition proposal was unsolicited and the WMS board of directors has concluded in good faith, after consultation with WMS outside counsel and financial advisors, that such acquisition proposal still constitutes a superior proposal after giving effect to all of the adjustments which may be offered by Scientific Games, subject to complying with certain notice and other specified conditions set forth in the merger agreement, including giving Scientific Games the opportunity to propose changes to the merger agreement in response to a superior proposal. If the merger agreement is terminated in such a circumstance, WMS must pay, or cause to be paid, to Scientific Games the company termination fee prior to or concurrently with such termination as more fully described below under Terms of the Merger Agreement Termination Fee; Effect of Termination beginning on page 107 of this proxy statement.

### **Changes in Board Recommendation (Page 96)**

Prior to obtaining stockholder approval of the proposal to adopt the merger agreement, the WMS board of directors may change its recommendation that WMS stockholders adopt the merger agreement if (i) the WMS board of directors determines, after consultation with its outside counsel and financial advisors, that the failure to take such action would be inconsistent with the directors fiduciary duties to the stockholders of WMS under applicable law and (ii) WMS has provided Scientific Games, at least four business days in advance, prior written notice advising Scientific Games that it intends to effect a change in recommendation and specifying, in reasonable detail, the reasons for such action. If the WMS board of directors effects a change in recommendation under the merger agreement, Scientific Games may terminate the merger agreement and receive the company termination fee as more fully described below under Terms of the Merger Agreement Termination Fee; Effect of Termination beginning on page 107 of this proxy statement.

### **Conditions to the Merger (Page 104)**

As more fully described in this proxy statement and in the merger agreement, each party's obligation to complete the merger depends on a number of conditions being satisfied or, where legally permissible, waived, including:

the adoption of the merger agreement by WMS stockholders;

the expiration or termination of the applicable waiting period (or any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act in this proxy statement;

all of the required gaming approvals (described below under Proposal 1: Adoption of the Merger Agreement Regulatory Matters beginning on page 74 of this proxy statement) shall have been obtained and be in full force and effect. The receipt of certain of the gaming approvals, if not earlier satisfied, will cease to be a condition to the consummation of the merger from and after October 31, 2013, as described below under Proposal 1: Adoption of the Merger Agreement Regulatory Matters beginning on page 74 of this proxy statement;

the absence of any law or order having been enacted, issued, promulgated, enforced or entered by any governmental authority that would enjoin or otherwise prohibit the consummation of the merger;

solely with respect to the obligations of Scientific Games and Merger Sub, since the date of the merger agreement, there has not occurred any change, effect, development or circumstance that, individually or in the aggregate, would have or is reasonably likely to have a material adverse effect on WMS;

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the accuracy of all representations and warranties made by the other party in the merger agreement, except, in most, but not all cases, for inaccuracies that do not, individually or in the aggregate, constitute a material adverse effect; and performance in all material respects by the other party of its obligations under the merger agreement; and

each party having received a certificate signed by an executive officer of the other party certifying to the effect that conditions to the obligations of such party have been satisfied.

**How the Merger Agreement May Be Terminated (Page 105)**

The merger agreement may be terminated at any time prior to the effective time of the merger by mutual written consent of each of Scientific Games and WMS. In addition, either Scientific Games or WMS may terminate the merger agreement before the effective time of the merger, if:

the merger has not been completed on or before October 31, 2013, which date may be extended from time to time by either Scientific Games or WMS until January 30, 2014, under certain circumstances described under Terms of the Merger Agreement Termination of the Merger Agreement beginning on page 105 of this proxy statement;

any restraint is in effect enjoining or otherwise prohibiting the consummation of the merger, and such restraint has become final and non-appealable; provided that this termination right will not be available to a party that did not comply with its obligations under the regulatory matters covenants set forth in the merger agreement with respect to such restraint or if the issuance of such final, non-appealable restraint was primarily due to the failure of such party, and in the case of Scientific Games, including the failure of Merger Sub, to perform any of its obligations under the merger agreement; or

WMS stockholder approval is not obtained at the stockholders meeting duly convened therefor or at any adjournment or postponement thereof.

The merger agreement may also be terminated by WMS if:

Scientific Games or Merger Sub has breached or failed to perform any of their respective representations, warranties, covenants or other agreements set forth in the merger agreement, which breach or failure to perform (i) would give rise to a failure of a condition to WMS obligation to consummate the merger and (ii) is not capable of being cured prior to the termination date (as described below under Terms of the Merger Agreement Termination of the Merger Agreement beginning on page 105 of this proxy statement) or is not cured by Scientific Games or Merger Sub on or before the earlier of the termination date and the date that is 30 days following the receipt by Scientific Games of written notice from WMS of such breach or failure; provided that this termination right will not be available if WMS is then in material breach of any of its representations, warranties, covenants or agreements under the merger agreement;

prior to obtaining WMS stockholder approval of the adoption of the merger agreement, the WMS board of directors has determined to enter into an alternative acquisition agreement with respect to a superior proposal to the extent permitted by and subject to the terms of the merger agreement, so long as concurrently with such termination, WMS pays, or causes to be paid, to Scientific Games the company termination fee of \$44,300,000 described below under Terms of the Merger Agreement Termination Fee; Effect of Termination beginning on page 107 of this proxy statement; or

any applicable marketing period (as described below under Terms of the Merger Agreement Marketing Period beginning on page 83 of this proxy statement) has ended and all conditions to

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Scientific Games and Merger Sub's obligation to consummate the merger have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the closing of the merger, provided that such conditions are reasonably capable of being satisfied), and Scientific Games and Merger Sub fail to consummate the merger by the time the closing of the merger should have occurred pursuant to the merger agreement as a result of a breach by the financing sources of their obligations to make available to Scientific Games and Merger Sub the full amount of the debt financing pursuant to the debt commitment letter (or if definitive agreements have been entered into in connection with the debt financing, pursuant to such definitive agreements) (any such circumstance being referred to as a "funding failure" in this proxy statement).

The merger agreement may also be terminated by Scientific Games if:

WMS has breached or failed to perform any of its representations, warranties, covenants or other agreements set forth in the merger agreement, which breach or failure to perform (i) would give rise to the failure of a condition to Scientific Games and Merger Sub's obligation to consummate the merger and (ii) is not capable of being cured prior to the termination date or is not cured by WMS on or before the earlier of the termination date and the date that is 30 days following the receipt by WMS of written notice from Scientific Games of such breach or failure; provided that this termination right will not be available if Scientific Games or Merger Sub is then in material breach of any of its representations, warranties, covenants or agreements under the merger agreement; or

(i) WMS does not include its board of directors' recommendation to approve and adopt the merger agreement in the proxy statement distributed to its stockholders, (ii) a change in recommendation has occurred or (iii) a tender offer or exchange offer that would, if consummated, constitute an acquisition proposal has been commenced by a person unaffiliated with Scientific Games, and WMS has not published, sent or given to its stockholders, pursuant to Rule 14e-2 under the Exchange Act, within ten business days after such tender offer or exchange offer is first published, sent or given, or subsequently amended in any material respect, a statement recommending that stockholders reject such tender offer or exchange offer and affirming the WMS board of directors' recommendation to approve and adopt the merger agreement; provided that this termination right will not be available once WMS stockholder approval has been obtained.

See the section entitled "Terms of the Merger Agreement" "Termination of the Merger Agreement" beginning on page 105 of this proxy statement.

**Effects of Termination of the Merger Agreement (Page 107)**

If the merger agreement is validly terminated, the merger agreement will become null and void without liability on the part of any party to the merger agreement (or any of its representatives), and, except for the confidentiality provisions, provisions relating to the effect of termination and certain general provisions of the merger agreement, each of which will survive the termination of the merger agreement, all rights and obligations of any party will cease. However, the parties have agreed that if (i) any termination of the merger agreement resulted, directly or indirectly, from an intentional breach of any provision of the merger agreement or (ii) an intentional breach of any provision of the merger agreement caused the merger not to be consummated then, in either case, the breaching party shall be fully liable for any and all damages, costs, liabilities or other losses suffered by the other party as a result of such breach, including derivative damages.

Generally, all costs and expenses incurred in connection with the merger agreement, the merger and the other transactions contemplated under the merger agreement will be paid by the party incurring those expenses. The merger agreement contains certain termination rights for Scientific Games and WMS. In connection with the termination of the merger agreement under specified circumstances set forth in the merger agreement,

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(i) including upon a change in the recommendation of the WMS board of directors or termination of the merger agreement for WMS to enter into a written definitive agreement for a superior proposal, WMS may be required to pay to Scientific Games a termination fee of \$44,300,000 or (ii) Scientific Games may be required to pay WMS a termination fee of \$80,000,000 if Scientific Games is unable to obtain the regulatory approvals that are conditions to closing prior to the termination date (provided, among other conditions, that none of WMS, its subsidiaries or their respective officers, directors or employees was the primary cause of the failure of any such condition) or \$100,000,000 if all of the conditions to the merger have been met and there is a funding failure, in each case, subject to the circumstances of such termination as set forth in the merger agreement. See the section entitled Terms of the Merger Agreement Termination Fee; Effect of Termination beginning on page 107 of this proxy statement for a discussion of the circumstances under which such a termination fee will be required to be paid.

**Specific Performance (Page 108)**

The merger agreement generally provides that the parties will be entitled, without posting a bond or other indemnity, to an injunction, specific performance and other equitable relief to prevent breaches of the merger agreement and to enforce specifically the terms and provisions of the merger agreement, in addition to any other remedy to which they are entitled at law or in equity.

However, WMS is entitled to seek specific performance of Scientific Games, Merger Subs and Financing Subs obligations to consummate the merger only in the event that each of the following conditions has been satisfied: (i) the marketing period, if applicable, has ended and all of the conditions to Scientific Games, Merger Subs and Financing Subs obligations to consummate the closing have been satisfied or waived (other than those conditions that by their nature are to be satisfied or waived at the closing of the merger), (ii) Scientific Games, Merger Sub and Financing Sub fail to complete the merger by the date on which the merger would otherwise be required to occur, (iii) the debt financing has been funded or will be funded at the closing assuming satisfaction by Scientific Games or Merger Sub of the conditions precedent thereto under their respective control, and (iv) the Company has confirmed in an irrevocable written notice delivered to Scientific Games that if specific performance is granted and the debt financing is funded, then the closing will occur. For the avoidance of doubt, the Company is not entitled to enforce or seek to enforce specifically Scientific Games, Merger Subs and Financing Subs obligations to consummate the merger if the debt financing has not been funded other than in conjunction with any legal proceedings in which the Company concurrently pursues its rights to cause the debt financing to be funded in accordance with the following paragraph (and it was further agreed that specific performance only be available to the Company if Scientific Games, Merger Sub or Financing Sub are successful in obtaining specific performance as described in the following paragraph). The parties to the merger agreement further agreed that while the Company may pursue both a grant of specific performance as and only to the extent expressly permitted by the merger agreement and the payment of the funding failure termination fee (but only to the extent expressly permitted by the merger agreement), under no circumstances would the Company be permitted or entitled to receive both such grant of specific performance and payment of the funding failure termination fee.

In the event of a failure or threatened failure of Scientific Games, Merger Sub and Financing Sub to enforce the terms of the debt commitment letters, under certain conditions, WMS will be entitled to specific performance to cause Scientific Games, Merger Sub and Financing Sub to enforce the terms of the debt commitment letters or any financing agreements related thereto, including by requiring that Scientific Games, Merger Sub and Financing Sub file one or more lawsuits against the financing sources to fully enforce such financing sources obligations thereunder and Scientific Games and Merger Sub's rights thereunder but only in the event that each of the following conditions has been satisfied: (i) the marketing period, if applicable, has ended and all of the conditions to Scientific Games, Merger Subs and Financing Subs obligations to consummate the closing have been satisfied or waived (other than those conditions that by their nature are to be satisfied or waived at the closing of the merger), (ii) all of the conditions to the consummation of the debt financing provided for in the debt commitment letters (which, for the avoidance of doubt, includes alternative



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financing, if any, pursuant to the commitments with respect thereto) or any financing agreements related thereto have been satisfied (other than (x) any conditions that are within the control of Scientific Games, Merger Sub or Financing Sub and (y) those conditions that by their nature are to be satisfied by actions taken at the closing) and (iii) the Company has confirmed in an irrevocable written notice delivered to Scientific Games and the financing sources that if specific performance is granted and the debt financing is funded, then the closing will occur.

**U.S. Tax Considerations for Our Stockholders (Page 76)**

The exchange of shares of our common stock for cash pursuant to the merger will generally be a taxable transaction to U.S. holders (as defined below in Proposal 1: Adoption of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders ) for U.S. federal income tax purposes. A U.S. holder who exchanges shares of our common stock for cash in the merger generally will recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the U.S. holder's adjusted tax basis in such shares. You should consult your tax advisor for complete analysis of the U.S. federal, state, local and/or foreign tax consequences of the merger to you. See Proposal 1: Adoption of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders beginning on page 76 of this proxy statement.

**Regulatory Matters (Page 74)**

*Antitrust Filings*

The merger is subject to the mandatory notification and waiting period requirements of the HSR Act, which requires that we and Scientific Games furnish certain information and materials relating to the merger to the Antitrust Division of the United States Department of Justice, which we refer to as the Antitrust Division in this proxy statement, and the Federal Trade Commission, which we refer to as the FTC in this proxy statement. Under the HSR Act, the merger may not be consummated until the applicable waiting period has expired or been terminated by the Antitrust Division and the FTC. The required notification and report forms under the HSR Act were filed with the Antitrust Division and the FTC by WMS and Scientific Games on February 12, 2013. WMS and Scientific Games received confirmation of early termination under the HSR Act effective as of March 11, 2013.

*Required Gaming Approval*

The parties have agreed that receipt of gaming approvals from approximately 50 jurisdictions is a condition to closing of the merger, provided that receipt of gaming approvals from approximately 30 of these jurisdictions will cease to be a condition to closing from and after October 31, 2013. We believe that the approximately 50 jurisdictions represent the material jurisdictions from which gaming approvals will be required prior to closing.

The parties have agreed in the merger agreement that Scientific Games must file an application for approval as soon as reasonably practicable, and in any event on or before March 11, 2013, in the approximately 20 jurisdictions with respect to which approvals are a condition to any closing. The parties have agreed in the merger agreement that Scientific Games must file an application for approval as soon as reasonably practicable, and in any event on or before April 1, 2013, in the other 30 jurisdictions. With respect to the gaming approvals in the approximately 50 jurisdictions, the parties have filed an application for approval (or otherwise provided the required documentation or information) in each such jurisdiction or have received confirmation that receipt of such gaming approval is not required prior to the closing of the merger.

In addition to the jurisdictions identified by the parties as conditions to the merger, either the Company or Scientific Games may make further filings with gaming regulators in various jurisdictions as may be required by applicable law, but the expiration of any waiting periods, or receipt of any required approvals, in connection with such filings will not be conditions to the consummation of the merger. Scientific Games may under certain

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circumstances waive the condition relating to any such required gaming approval on behalf of both Scientific Games and WMS if consummation of the merger in the absence of such required gaming approvals would not constitute a violation of applicable law.

Although we do not expect these regulatory authorities to raise any significant concerns in connection with their review of the merger, there is no assurance that all applicable waiting periods will expire, that Scientific Games will obtain all required regulatory approvals, or that those approvals will not include terms, conditions or restrictions that may have an adverse effect on us or, after completion of the merger, Scientific Games.

Other than the filings described above and in Proposal 1: Adoption of the Merger Agreement Regulatory Matters beginning on page 74 of this proxy statement, we are not aware of any mandatory regulatory filings to be made, approvals to be obtained, or waiting periods to expire, in order to complete the merger. If the parties discover that other regulatory filings, approvals or waiting periods are necessary, they will seek to obtain or comply with them. If any approval or action is needed, however, we may not be able to obtain it or any of the other necessary approvals. Even if we could obtain all necessary approvals, and the merger agreement is adopted by our stockholders, conditions may be placed on the merger, our business or that of Scientific Games that could cause the parties to fail to consummate the merger.

Scientific Games and WMS have generally agreed to use their reasonable best efforts to obtain such approvals but neither Scientific Games nor Merger Sub is required to make (or cause its applicable affiliates or subsidiaries to make) any concessions or undertakings unless (i) such concessions or undertakings are conditioned on the consummation of the merger, and (ii) in the sole judgment of Scientific Games, such concessions or undertakings would not reasonably be expected to require Scientific Games and its affiliates (including, following the merger, WMS and its subsidiaries) to, directly or indirectly, incur costs, expenses, liabilities or losses of any kind, suffer any diminution of value, lose or forfeit any revenues, profits or expected benefits of the merger, or diminish the combined value of Scientific Games, WMS, and their respective subsidiaries following the merger, in an aggregate amount in excess of \$80,000,000.

### **Market Price of WMS Common Stock and Dividend Information (Page 113)**

Our common stock is listed on the NYSE, under the trading symbol WMS. The closing sale price of our common stock on the NYSE on January 30, 2013, which was the last trading day before we announced the merger, was \$16.37 compared to which the merger consideration represents a premium of approximately 58.8%. On April 5, 2013, the last trading day before the date of this proxy statement, the closing price of our common stock on the NYSE was \$25.30.

Under the terms of the merger agreement, we may not declare, authorize, make or pay any dividend or other distribution. We do not expect to pay dividends in the foreseeable future.

### **Fees and Expenses (Page 108)**

All fees and expenses incurred in connection with the merger agreement, the merger and the other transactions contemplated by the merger agreement will be paid by the party incurring such fees or expenses, whether or not the merger or any of the other transactions contemplated by the merger agreement are consummated, with certain exceptions expressly set forth in the merger agreement, including reimbursement for all reasonable costs and expenses (including reasonable attorney's fees) of the prevailing party in any action at law or suit in equity to enforce the merger agreement or the rights of any of the parties thereunder.

### **Litigation Relating to the Merger (Page 75)**

The following complaints challenging the merger have been filed in various jurisdictions: (i) in the Delaware Court of Chancery, Shaev v. WMS Industries, Gamache, et al., (C.A. No. 8279); (ii) in the Circuit

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Court of Cook County, Illinois, Chancery Division, Gardner v. WMS Industries, Scientific Games Corp., et al., No. 2013 CH 3540 (Ill. Cir., Cook County); (iii) in the Circuit Court of the Nineteenth Judicial Circuit of Lake County, Illinois, Gil v. WMS Industries, Scientific Games Corp., et al., No. 13 CH 0473 (Ill. Cir., Lake County); (iv) in the Delaware Court of Chancery, Hornsby v. Gamache, et al. (C.A. No. 8295); (v) in the Circuit Court of the Nineteenth Judicial Circuit of Lake County, Illinois, Sklodowski v. WMS Industries, Inc. et al., (Ill. Cir., Lake County); (vi) in the Delaware Court of Chancery, Barresi v. WMS Industries Inc., Gamache, et al., (C.A. No. 8326); and (vii) in the Circuit Court of Cook County, Illinois, Chancery Division, Plumbers & Pipefitters Local 152 Pension Fund and UA Local 152 Retirement Annuity Fund v. WMS Industries Inc., Gamache, et al., (Ill. Cir., Cook County). Each of the actions is a putative class action filed on behalf of the public stockholders of WMS and names as defendants the Company, its directors and Scientific Games. The Shaev, Hornsby, Barresi and Plumbers & Pipefitters actions also name Merger Sub and Financing Sub as defendants. The complaints generally allege that the individual defendants breached their fiduciary duties in connection with their consideration and approval of the merger and that the entity defendants aided and abetted those alleged breaches. The complaints seek, among other relief, declaratory judgment and an injunction against the merger.

On February 25, 2013, the Delaware Court of Chancery consolidated the Delaware actions under In re WMS Industries Inc. Stockholder Litigation (C.A. No. 8279-VCP). On March 1, 2013, the plaintiffs in the consolidated Delaware actions filed an amended complaint, adding allegations that the disclosures in WMS preliminary proxy statement were inadequate.

On March 7, 2013, plaintiff Gardner filed a Motion for Leave to File Amended Complaint, asserting the same claims being asserted in the consolidated Delaware action. On March 8, 2013, plaintiff Gardner filed a Motion for Limited Expedited Discovery in which she requested an order permitting her to conduct limited expedited document and deposition discovery in anticipation of bringing a motion to enjoin the shareholder vote on the proposed merger.

On March 18, 2013, WMS and the individual defendants filed a Motion to Dismiss or Stay the Gardner action because the claims are duplicative of those being pursued in the Delaware consolidated action. On March 19, 2013, WMS and the individual defendants filed an opposition to plaintiff Gardner's Motion for Limited Expedited Discovery. Also on March 19, 2013, plaintiffs in the consolidated Delaware action submitted a letter to the Delaware Chancery Court stating that they had conferred with plaintiffs in the Illinois actions and agreed to stay the consolidated Delaware action.

On March 20, 2013, plaintiffs Gardner, Plumbers & Pipefitters Local 152 Pension Fund, and UA Local 152 Retirement Annuity Fund filed a motion to consolidate the Cook County, Illinois actions. On March 27, 2013, plaintiffs Gil and Sklowdowski filed a motion to transfer the Lake County, Illinois actions to Cook County, Illinois for consolidation with the Gardner action.

On April 1, 2013, plaintiff Gardner filed a Motion for a Preliminary Injunction requesting an order enjoining the shareholder vote on the proposed merger. On April 2, 2013, the Court set a tentative date for a hearing on plaintiff Gardner's Motion for Preliminary Injunction for April 29, 2013 at 2:30 p.m., and continued all other motions pending resolution of the consolidation issues. On April 8, 2013, WMS, the individual defendants, and plaintiff Gardner reached an agreement on certain expedited discovery and a briefing schedule on the Motion for Preliminary Injunction.

The outcome of these lawsuits cannot be predicted with any certainty. An adverse judgment for monetary damages could have a material adverse effect on the operations and liquidity of the Company. A preliminary injunction could delay or jeopardize the completion of the merger, and an adverse judgment granting permanent injunctive relief could indefinitely enjoin completion of the merger. The defendants believe that the claims asserted against them in the lawsuits are without merit and plan to defend against them vigorously. Additional lawsuits arising out of or relating to the merger agreement or the merger may be filed in the future.

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### **Our Stockholders Will Have Appraisal Rights (Page 78 and Annex C)**

Under Delaware law, stockholders who do not wish to accept the cash consideration payable for their shares of our common stock pursuant to the merger may seek, under Section 262 of the General Corporation Law of the State of Delaware, judicial appraisal by the Delaware Court of Chancery of the fair value of their shares of our common stock. This value could be more than, less than or equal to the \$26.00 per share merger consideration. This right of holders of our common stock to appraisal is subject to a number of restrictions and technical requirements. Generally, in order to properly demand an appraisal, among other things:

you must not vote in favor of the proposal to adopt the merger agreement;

you must deliver a written demand to us for appraisal in compliance with the General Corporation Law of the State of Delaware before the vote on the proposal to adopt the merger agreement occurs at the special meeting; and

you must hold your shares of record continuously from the time of making a written demand for appraisal through the effective time of the merger; a stockholder who is the record holder of shares of our common stock on the date the written demand for appraisal is made, but who thereafter transfers those shares prior to the effective time of the merger, will lose any right to appraisal in respect of those shares.

Merely voting against, or failing to vote in favor of, adoption of the merger agreement will not preserve your right to appraisal under Delaware law. Also, because a submitted proxy not marked **AGAINST** or **ABSTAIN** will be voted **FOR** the proposal to adopt the merger agreement, the submission of a proxy not marked **AGAINST** or **ABSTAIN** will result in the waiver of appraisal rights. If you hold shares of WMS common stock in street name through a broker, bank or other nominee, you must instruct your nominee to take the steps necessary to enable you to assert your appraisal rights. If you or your nominee fails to follow all of the steps required by Section 262 of the General Corporation Law of the State of Delaware, you will lose your right to appraisal. See Proposal 1: Adoption of the Merger Agreement Appraisal Rights beginning on page 78 of this proxy statement for a description of the procedures that you must follow in order to exercise your appraisal rights.

Stockholders who properly perfect their appraisal rights will receive only the judicially determined fair value of their shares of WMS common stock if such stockholders file suit in the Delaware Court of Chancery and litigate the resulting appraisal case to a decision.

Annex C to this proxy statement contains the full text of Section 262 of the General Corporation Law of the State of Delaware, which relates to your right to appraisal. We encourage you to read these provisions carefully and in their entirety.

### **Help in Answering Questions**

If you have questions about the special meeting or the merger after reading this document, you may contact Georgeson Inc., which is assisting us in the solicitation of proxies, toll free at (877) 507-1756 or collect at (212) 440-9800.

Neither the U.S. Securities Exchange Commission, which we refer to as the SEC in this proxy statement, nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER**

*The following questions and answers are intended to address some commonly asked questions regarding the special meeting and the merger. These questions and answers may not address all questions that may be important to you as a holder of our common stock. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.*

**Q: Why am I receiving these materials?**

A: You are receiving this proxy statement and the accompanying proxy card because you owned shares of our common stock at the close of business on April 8, 2013, the record date for the special meeting of stockholders. Our board of directors is providing these proxy materials to give you information for use in determining how to vote in connection with the matters to be considered at the special meeting.

**Q: When and where is the special meeting?**

A: The special meeting will take place on May 10, 2013, at 9:00 a.m., local time, at the Waldorf-Astoria Hotel, 11 E. Walton, Chicago, Illinois.

**Q: What matters will be voted on at the special meeting?**

A: We will ask you: (1) to consider and vote upon a proposal to adopt the merger agreement by and among WMS, Scientific Games, Merger Sub and Financing Sub, pursuant to which Merger Sub will merge with and into WMS with WMS continuing as the surviving corporation and becoming a wholly owned subsidiary of Scientific Games, thereby approving the merger; (2) to consider and vote upon a proposal to approve, by a non-binding advisory vote, the specified compensation disclosed in this proxy statement that may be payable to WMS named executive officers in connection with the consummation of the merger; (3) to consider and vote upon a proposal to approve the adjournment of the special meeting, if necessary or appropriate in the view of the WMS board of directors, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement; and (4) to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof.

**Q: What is the proposed transaction?**

A: Under the terms of the merger agreement, upon completion of the merger, Merger Sub will be merged with and into WMS, with WMS continuing as the surviving corporation and becoming a wholly owned subsidiary of Scientific Games. After the merger is completed, our common stock will cease to be traded on the NYSE.

**Q: What will I receive if the merger is completed?**

A: If the merger is completed, you will have the right to receive \$26.00 in cash, without interest and less any applicable withholding taxes, for each share of our common stock you own, unless you are a dissenting stockholder and you validly exercise your appraisal rights under Delaware law. In either case, as a result of the merger, your shares will be cancelled and you will not own shares in the surviving corporation.

**Q: Should I send in my stock certificates now?**

A: No. Please do not send your stock certificates now. If the merger is completed, WMS stockholders holding WMS stock certificates will receive shortly thereafter a letter of transmittal instructing you to send your stock certificates to the paying agent in order to receive the cash payment of the merger consideration for each share of our common stock represented by the stock certificates. You should use the letter of transmittal to exchange your stock certificates for the cash payment to which you are entitled upon completion of the merger. Please do not send in your stock certificates with your proxy card.

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### **Q: What happens if I sell or transfer my shares of common stock after the record date but before the special meeting?**

A: If you sell or transfer your shares of our common stock after the record date but before the special meeting, you will transfer the right to receive the merger consideration, if the merger is completed, to the person to whom you sell or transfer your shares of our common stock, but you will retain your right to vote these shares at the special meeting.

### **Q: What vote is required to adopt the merger agreement, thereby approving the merger?**

A: Under Delaware law and as a condition to the consummation of the merger, adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of WMS common stock at the close of business on the record date for the determination of stockholders entitled to vote at the special meeting. As of the record date, there were 54,773,421 shares of WMS common stock outstanding. Accordingly, a WMS stockholder's failure to submit a proxy card or to vote in person at the special meeting, an abstention from voting, or the failure of a WMS stockholder who holds his or her shares in street name through a broker, bank or other nominee to give voting instructions to such broker, bank or other nominee, which we refer to as a broker non-vote, will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement.

### **Q: What vote is required for the adjournment proposal?**

A: Assuming a quorum is present, approval of the adjournment proposal requires the affirmative vote of the holders of a majority in voting power of the shares of WMS stock which are present in person or by proxy and entitled to vote on the proposal. Accordingly, abstentions will have the same effect as a vote **AGAINST** the adjournment proposal, while broker non-votes and shares not in attendance at the special meeting will have no effect on the outcome of any vote on the adjournment proposal.

### **Q: What vote is required for the compensation proposal?**

A: Approval of the compensation proposal requires the affirmative vote of the holders of a majority in voting power of the shares of WMS stock which are present in person or by proxy and entitled to vote on the proposal. Accordingly, abstentions will have the same effect as a vote **AGAINST** the compensation proposal, while broker non-votes and shares not in attendance at the special meeting will have no effect on the outcome of any vote on the compensation proposal.

### **Q. What is golden parachute compensation ?**

A. Golden parachute compensation is certain compensation that is tied to or based on the consummation of the merger and payable to the Company's named executive officers under existing Company plans or agreements and which is subject to a non-binding advisory vote in the compensation proposal. See Proposal 1: Adoption of the Merger Qualification of Potential Payments to Named Executive Officers in Connection with the Merger beginning on page 68 of this proxy statement.

### **Q. Why am I being asked to cast a non-binding, advisory vote to approve golden parachute compensation payable to the Company's named executive officers under Company plans or agreements?**

A. In accordance with the rules promulgated under Section 14A of the Exchange Act, the Company is providing its stockholders with the opportunity to cast a non-binding, advisory vote in the compensation proposal on the golden parachute compensation that may be payable to the Company's named executive officers in connection with the merger.

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### **Q. What will happen if the stockholders do not approve the golden parachute compensation in the compensation proposal at the special meeting?**

A: Approval of the compensation proposal and the golden parachute compensation is not a condition to the completion of the merger. The vote with respect to the golden parachute compensation is an advisory vote and will not be binding on the Company or Scientific Games. Further, the underlying compensation plans and agreements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, payment of the golden parachute compensation is not contingent on stockholder approval on an advisory basis of the golden parachute compensation.

### **Q. Are there any other risks to me from the merger that I should consider?**

A: Yes. There are risks associated with all business combinations, including the merger. Please see the section titled Cautionary Statement Concerning Forward-Looking Information beginning on page 23 of this proxy statement.

### **Q: What constitutes a quorum?**

A: The presence at the special meeting, in person or by proxy, of a majority of the outstanding shares of common stock entitled to vote at any meeting of WMS stockholders shall constitute a quorum for the transaction of any business at such meeting. When a quorum is present to organize a meeting of WMS stockholders, it is not broken by the subsequent withdrawal of any WMS stockholders. Abstentions and broker non-votes are considered as present for the purpose of determining the presence of a quorum.

### **Q: How does the WMS board of directors recommend that I vote?**

A: Our board of directors, after considering all factors that our board of directors deemed relevant, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of WMS and its stockholders, and approved the merger agreement and the transactions contemplated thereby, including the merger. Certain factors considered by our board of directors in reaching its decision to approve the merger agreement and the merger can be found in the section entitled Proposal 1: Adoption of the Merger Agreement Reasons for the Merger beginning on page 44 of this proxy statement.

**The WMS board of directors unanimously recommends that the WMS stockholders vote FOR the adoption of the merger agreement, thereby approving the merger, FOR the compensation proposal and FOR the adjournment proposal.**

### **Q: What is the difference between holding shares as a stockholder of record and a beneficial owner?**

A: Most of our stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

*Stockholder of Record.* If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, which we refer to as AST in this proxy statement, you are considered the stockholder of record with respect to those shares, and these proxy materials are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to us or to vote you shares in person at the special meeting. We have enclosed a proxy card for you to use.

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*Beneficial Owner.* If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you together with a voting instruction card by your broker, bank or other nominee who is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares and you are also invited to attend the special meeting where you can vote your shares in person by following the procedure described below.

Because a beneficial owner is not the stockholder of record, you may not vote these shares at the special meeting, unless you obtain a legal proxy from the broker, bank or other nominee that holds your shares giving you the right to vote the shares at the special meeting. You should allow yourself enough time prior to the special meeting to obtain this proxy from your broker, bank or other nominee who is the stockholder of record.

**Q: How do I vote my shares of WMS common stock?**

A: Before you vote, you should carefully read and consider the information contained in or incorporated by reference in this proxy statement, including the annexes. You should also determine whether you hold your shares of our common stock directly in your name as a registered stockholder (which would mean that you are a stockholder of record) or through a broker, bank or other nominee, because this will determine the procedure that you must follow in order to vote. You are a registered holder of our common stock if you hold your WMS common stock as a stockholder of record in certificate form or if you hold your WMS common stock in your name directly with our transfer agent, AST, which includes shares acquired and held through our equity incentive plans. If you are a registered holder of our common stock, you may vote in any of the following ways:

*Via Mail* If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. If the envelope is missing, please mail your completed proxy card to Vote Processing, c/o American Stock Transfer & Trust Company, LLC, Operations Center, 6201 Fifteenth Avenue, Brooklyn, New York 11219. Proxy cards that are returned without a signature will not be counted as present at the special meeting and cannot be voted.

*At the Special Meeting* Stockholders of record who attend the special meeting may vote in person by following the procedures described above, and any previously submitted proxies will be superseded by the vote cast at the special meeting.

**Q: If I hold my shares through a broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?**

A: Yes, but only if you properly instruct them to do so. If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares held for you in what is known as street name. If this is the case, this proxy statement has been forwarded to you by your brokerage firm, bank or other nominee, or its agent. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares. Because a beneficial owner is not the stockholder of record, you may not vote these shares at the special meeting, unless you obtain a legal proxy from the broker, bank or other nominee that holds your shares giving you the right to vote the shares at the special meeting. You should allow yourself enough time prior to the special meeting to obtain this proxy from your broker, bank or other nominee who is the stockholder of record.

If you hold your shares in street name through a broker, bank or other nominee and do not return the voting instruction card, the broker, bank or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers, banks and other nominees have the discretion to vote on routine matters. The proposals in this proxy statement are non-routine matters, and therefore brokers, banks and



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other nominees cannot vote on these proposals without your instructions. This is called a broker non-vote. Therefore, it is important that you cast your vote or instruct your broker, bank or nominee on how you wish to vote your shares.

We believe that (i) under the DGCL, broker non-votes will be counted for purposes of determining the presence or absence of a quorum at the special meeting and (ii) under the current rules of the NYSE, brokers do not have discretionary authority to vote on any of the proposals being voted upon at the special meeting. To the extent that there are any broker non-votes, a broker non-vote will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement but will have no effect on the other proposals.

### **Q: What happens if I return my proxy card but I do not indicate how to vote?**

A: If you properly return your proxy card, but do not include instructions on how to vote, your shares of our common stock will be voted **FOR** the adoption of the merger agreement, thereby approving the merger, **FOR** the approval, by a non-binding advisory vote, of the compensation proposal, and **FOR** the approval of the adjournment proposal. We do not currently intend to present any other proposals for consideration at the special meeting. If other proposals requiring a vote of stockholders are brought before the special meeting in a proper manner, the persons named in the enclosed proxy card, if properly authorized, will have discretion to vote the shares they represent in accordance with their best judgment.

### **Q: What happens if I abstain from voting on a proposal?**

A: If you abstain from voting, it will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement and it will have no effect on the adjournment proposal or on the compensation proposal.

### **Q: May I change my vote after I have mailed my signed proxy card or otherwise submitted my vote?**

A: Yes. Even if you sign the proxy card or voting instruction card in the form accompanying this proxy statement you retain the power to revoke your proxy or change your vote. You can revoke your proxy or change your vote at any time before it is exercised by giving written notice to our Corporate Secretary at WMS Industries Inc., 800 South Northpoint Blvd., Waukegan, IL 60085, Attn: Corporate Secretary, specifying such revocation. You may also change your vote by timely delivery of a valid, later-dated proxy or by voting at the special meeting.

### **Q: What does it mean if I receive more than one set of materials?**

A: This means you own shares of our common stock that are registered under different names. For example, you may own some shares directly as a stockholder of record and other shares through a broker or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. You must complete, sign, date and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards that you receive in order to vote all of the shares you own. Each proxy card you receive comes with its own prepaid return envelope; if you vote by mail, make sure you return each proxy card in the return envelope that accompanies that proxy card.

### **Q: When do you expect the merger to be completed?**

A: The parties to the merger agreement are working toward completing the merger as promptly as possible. The parties currently expect to complete the merger by the end of 2013, although there can be no assurance that the parties will be able to do so by then or at all. Completion of the merger is subject to a number of conditions specified in the merger agreement.

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### **Q: If the merger is completed, how will I receive the cash for my shares?**

A: If the merger is completed and your shares of our common stock are held in book-entry or in street name, the cash proceeds will be deposited into your bank or brokerage account without any further action on your part. If you are a stockholder of record with your shares held in certificate form, you will receive a letter of transmittal with instructions on how to send your shares of our common stock to the paying agent in connection with the merger. The paying agent will issue and deliver to you a check for your shares after you comply with these instructions. Please see the section entitled Terms of the Merger Agreement Exchange of Shares in the Merger beginning on page 87 of this proxy statement.

### **Q: Is the merger taxable to me?**

A: The exchange of shares of our common stock for cash pursuant to the merger will generally be a taxable transaction to U.S. holders (as defined below in Proposal 1: Adoption of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders ) for U.S. federal income tax purposes, and may also be a taxable transaction under applicable state, local and/or foreign income or other tax laws. In general, for U.S. federal income tax purposes, a U.S. holder who exchanges shares of our common stock for cash in the merger will recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the U.S. holder's adjusted tax basis in such shares.

You should read Proposal 1: Adoption of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger to U.S. Holders beginning on page 76 of this proxy statement for a more complete discussion of the U.S. federal income tax consequences of the merger to you. Because individual circumstances may differ, you should consult your tax advisor to determine the particular U.S. federal, state, local, and/or foreign tax consequences of the merger to you.

### **Q: What happens if the merger is not completed?**

A: If the merger agreement is not adopted by the stockholders or if the merger is not completed for any other reason, stockholders will not receive any payment for their shares of our common stock in connection with the merger. Instead, our common stock will continue to be listed and traded on the NYSE. In certain circumstances, we may be required to pay, or may be entitled to receive, a termination fee or we may seek other remedies, in each case, as described under Terms of the Merger Agreement Termination Fee; Effect of Termination beginning on page 107 of this proxy statement.

### **Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares?**

A: Yes. As a holder of shares of our common stock, you are entitled to appraisal rights under Delaware law in connection with the merger if you meet certain conditions, which conditions are described in this proxy statement under the section entitled Proposal 1: Adoption of the Merger Agreement Appraisal Rights beginning on page 78 of this proxy statement.

### **Q: Who will count the votes?**

A: The votes will be counted by a representative of AST who will act as the inspector of election appointed for the special meeting.

### **Q: Where can I find the voting results of the special meeting?**

A: WMS intends to announce preliminary voting results at the special meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC following the special meeting. All reports WMS files with the SEC are publicly available when filed. See Where Stockholders Can Find More Information beginning on page 118 of this proxy statement.

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**Q: Who can help answer my questions?**

A: If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger agreement or the merger, including the procedures for voting your shares, you should contact Georgeson Inc., our proxy solicitation firm, toll free at (877) 507-1756 or collect at (212) 440-9800, or write to the following address:

Georgeson Inc.

480 Washington Boulevard

26<sup>th</sup> Floor

Jersey City, NJ 07310

If your broker, bank or other nominee holds your shares, you should also call your broker, bank or other nominee for additional information.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This proxy statement contains certain forward-looking statements as that term is defined by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements may be typically identified by such words as may, will, should, expect, anticipate, plan, likely, believe, estimate, project, intend, and other similar expressions among others. These forward-looking statements are subject to known and unknown risks and uncertainties that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. Although we believe that the expectations reflected in our forward-looking statements are reasonable, any or all of our forward-looking statements may prove to be incorrect. Consequently, no forward-looking statements may be guaranteed and there can be no assurance that the actual results or developments anticipated by such forward looking statements will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations. Factors which could cause our actual results to differ from those projected or contemplated in any such forward-looking statements include, but are not limited to, the following factors:

the risk that the conditions to the closing of the merger are not satisfied (including a failure of the WMS stockholders to approve, on a timely basis or otherwise, the merger and the risk that regulatory approvals required for the merger are not obtained, on a timely basis or otherwise, or are obtained subject to conditions that are not anticipated);

litigation relating to the merger;

uncertainties as to the timing of the consummation of the merger and the ability of each of WMS and Scientific Games to consummate the merger;

risks that the proposed transaction disrupts the current plans and operations of WMS;

the ability of WMS to retain and hire key personnel;

competitive responses to the proposed merger;

unexpected costs, charges or expenses resulting from completing the conditions precedent to the closing of the merger;

the failure by Scientific Games to obtain the necessary debt financing set forth in the commitment letter received in connection with the merger;

potential adverse reactions or changes to business relationships resulting from the announcement or completion of the merger; and

legislative, regulatory and economic developments.

The foregoing review of important factors that could cause actual events to differ from expectations should not be construed as exhaustive and should be read in conjunction with statements that are included herein and elsewhere, including the risk factors included in the Company's most recent Annual Report on Form 10-K for the year ended June 30, 2012, and our more recent reports filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to WMS or any other person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. None of WMS, Scientific Games or any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon

forward-looking statements as predictions of future events. The forward-looking statements speak only as of the date of the communication in which they are contained. The Company can give no assurance that the conditions to the merger will be

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satisfied. Except as required by applicable law, the Company undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

All information contained in this proxy statement exclusively concerning Scientific Games, Merger Sub, Financing Sub and their affiliates has been supplied by Scientific Games and has not been independently verified by us.

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**PARTIES INVOLVED IN THE MERGER**

**WMS Industries Inc.**

**800 South Northpoint Blvd.**

**Waukegan, IL 60085**

**Telephone: (847) 785-3000**

WMS Industries Inc., a Delaware corporation, serves the legalized gaming industry by designing, manufacturing and distributing gaming machines and interactive products and services to authorized customers in legal gaming venues worldwide. WMS gaming machines include video and mechanical reel-spinning gaming machines and video lottery terminals. WMS interactive products and services include development and marketing of digital gaming content, products, services and end-to-end solutions that address global online wagering and play-for-fun social, casual and mobile gaming opportunities.

WMS common stock is currently listed on the NYSE under the symbol WMS.

WMS principal executive offices are located at 800 South Northpoint Blvd., Waukegan, IL 60085 and its telephone number is (847) 785-3000 and its Internet website address is [www.wms.com](http://www.wms.com). The information provided on or accessible through WMS website is not part of this proxy statement and is not incorporated in this proxy statement by this or any other reference to its website provided in this proxy statement.

Detailed descriptions about WMS business and financial results are contained in its Annual Report on Form 10-K for the fiscal year ended June 30, 2012 and subsequent reports filed with the SEC, which are incorporated in this proxy statement by reference. See [Where Stockholders Can Find More Information](#) beginning on page 118 of this proxy statement.

**Scientific Games Corporation**

**750 Lexington Avenue**

**New York, NY 10022**

**Telephone: (212) 754-2233**

Scientific Games Corporation, a Delaware corporation, is a global leader in providing customized, end-to-end gaming solutions to lottery and gaming organizations worldwide. Scientific Games integrated array of products and services includes instant lottery games, lottery gaming systems, terminals and services, and internet applications, as well as server-based interactive gaming terminals and associated gaming control systems.

Scientific Games common stock is listed on the Nasdaq Stock Exchange under the symbol SGMS.

Scientific Games principal executive offices are located at 750 Lexington Avenue, New York, NY 10022, its telephone number is (212) 754-2233 and its Internet website address is [www.scientificgames.com](http://www.scientificgames.com). The information provided on or accessible through Scientific Games website is not part of this proxy statement and is not incorporated in this proxy statement by this or any other reference to its website provided in this proxy statement.

**SG California Merger Sub, Inc.**

**750 Lexington Avenue**

**New York, NY 10022**

**Telephone: (212) 754-2233**

## Edgar Filing: WMS INDUSTRIES INC /DE/ - Form DEFM14A

SG California Merger Sub, Inc., a wholly-owned subsidiary of Scientific Games, is a Delaware corporation that was formed on January 25, 2013, for the sole purpose of effecting the merger. Upon the terms and subject to the conditions of the merger agreement, Merger Sub will be merged with and into WMS, with WMS surviving the merger as a wholly-owned subsidiary of Scientific Games.



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The principal executive offices of Merger Sub are located at 750 Lexington Avenue, New York, NY 10022, and its telephone number is (212) 754-2233.

**Scientific Games International, Inc.**

**1500 Bluegrass Lakes Parkway**

**Alpharetta, GA 30004**

**Telephone: (770) 664-3700**

Scientific Games International, Inc., a Delaware corporation, is a wholly owned subsidiary of Scientific Games and is Scientific Games' primary domestic operating company. As set forth in the debt commitment letter, Financing Sub is expected to be the borrower of the debt financing.

The principal executive offices of Financing Sub are located at 1500 Bluegrass Lakes Parkway, Alpharetta, GA 30004, and its telephone number is (770) 664-3700.

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**THE SPECIAL MEETING**

*This section contains information about the special meeting of WMS stockholders that has been called to consider and vote upon a proposal to adopt the merger agreement, to consider and vote upon a proposal to approve, by a non-binding advisory vote, the specified compensation disclosed in this proxy statement that may be payable to WMS named executive officers in connection with the consummation of the merger, to consider and vote upon a proposal to approve the adjournment of the special meeting, if necessary or appropriate in the view of the WMS board of directors, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement, and to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof.*

*This proxy statement is being provided to the stockholders of WMS as part of a solicitation of proxies by the WMS board of directors for use at the special meeting to be held at the date, time and place specified below, and at any properly convened meeting following an adjournment or postponement thereof, for the purposes set forth in this proxy statement and in the accompanying notice of special meeting.*

**Date, Time and Place**

A special meeting of stockholders of WMS is scheduled to be held on May 10, 2013, at 9:00 a.m., local time, at the Waldorf-Astoria Hotel, 11 E. Walton, Chicago, Illinois, unless the special meeting is adjourned or postponed. We intend to mail this proxy statement and the accompanying proxy card on or about April 11, 2013, to all stockholders entitled to vote at the special meeting.

**Purpose of the Special Meeting**

At the special meeting, stockholders will be asked:

to consider and vote upon a proposal to adopt the merger agreement, which provides for the merger of Merger Sub, with and into WMS, with WMS continuing as the surviving corporation, and the conversion of each share of WMS common stock, other than the excluded shares, into the right to receive \$26.00 in cash, without interest and less any applicable withholding taxes;

to consider and vote upon a proposal to approve, by a non-binding advisory vote, the specified compensation disclosed in this proxy statement that may be payable to WMS named executive officers in connection with the consummation of the merger;

to consider and vote upon a proposal to approve the adjournment of the special meeting, if necessary or appropriate in the view of the WMS board of directors, to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement; and

to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof.

**Recommendations of Our Board of Directors**

The WMS board of directors, after considering all factors that the WMS board of directors deemed relevant, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of WMS and its stockholders, and unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. Certain factors considered by the WMS board of directors in reaching its decision to approve the merger agreement and the merger can be found in the section entitled Proposal I: Adoption of the Merger Agreement Reasons for the Merger beginning on page 44 of this proxy statement.

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**The WMS board of directors recommends that the WMS stockholders vote FOR the adoption of the merger agreement, thereby approving the merger, FOR the compensation proposal and FOR the adjournment proposal.**

### **Record Date and Voting Information**

Only holders of record of our common stock at the close of business on April 8, 2013, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements thereof. At the close of business on the record date, 54,773,421 shares of our common stock were outstanding and entitled to vote. A list of stockholders will be available for review at our executive offices located at 800 South Northpoint Blvd., Waukegan, Illinois 60085 during ordinary business hours from May 3, 2013, through and including the date of the special meeting and will be available for review at the special meeting or any adjournment or postponement thereof. Each holder of record of our common stock on the record date will be entitled to one vote for each share held as of the record date on each matter submitted to stockholders for approval at the special meeting. If you sell or transfer your shares of our common stock after the record date but before the special meeting, you will transfer the right to receive the per share merger consideration, if the merger is completed, to the person to whom you sell or transfer your shares of our common stock, but you will retain your right to vote these shares at the special meeting.

As of the record date, there were 54,773,421 shares of WMS common stock, par value \$0.50 per share, issued, outstanding and entitled to vote at the special meeting and held by approximately 574 holders of record.

Brokers, banks or other nominees who hold shares in street name for clients typically have the authority to vote on routine proposals when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares, however, brokers, banks or other nominees are not allowed to exercise their voting discretion with respect to the approval of non-routine matters, such as adoption of the merger agreement. Proxies submitted without a vote by brokers, banks or other nominees on these matters are referred to as broker non-votes and are discussed in greater detail below.

### **Quorum**

At the special meeting, the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting is necessary and sufficient to constitute a quorum for the transaction of any business at such meeting. When a quorum is present to organize a meeting, it is not broken by the subsequent withdrawal of any WMS stockholders. As of the record date for the special meeting, 27,386,711 shares of WMS common stock will be required to obtain a quorum. Abstentions and broker non-votes are considered as present for the purpose of determining the presence of a quorum. In the event that a quorum is not present, or if there are insufficient votes to approve the merger agreement at the time of the special meeting, it is expected the meeting will be adjourned or postponed to solicit additional proxies.

### **Required Vote; Effect of Abstentions and Broker Non-Votes**

Adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of WMS common stock as of the record date. As of the record date, there were 54,773,421 shares of WMS common stock outstanding.

Approval of each of the compensation proposal and the adjournment proposal requires the affirmative vote of the holders of a majority in voting power of the shares of WMS stock which are present in person or by proxy and entitled to vote on the proposal.

Abstentions and broker non-votes will be counted as present in determining whether the quorum requirement is satisfied. A broker non-vote occurs when a broker, bank or other nominee holding shares of a

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beneficial stockholder does not vote on a particular proposal because it has not received instructions from the beneficial stockholder and the broker, bank or other nominee does not have discretionary voting power for that particular item.

It is important that you vote your shares. Because under the General Corporation Law of the State of Delaware, which we refer to as the DGCL in this proxy statement, the adoption of the merger agreement requires the affirmative vote of a majority of the outstanding shares of WMS common stock, your failure to vote, or failure to instruct your broker, bank or other nominee to vote, will have the same effect as a vote

**AGAINST** adoption of the merger agreement. Abstentions will have the same effect as a vote **AGAINST** the compensation proposal and the adjournment proposal, while broker non-votes and shares not in attendance will have no effect on the outcome of any vote on the compensation proposal or the adjournment proposal.

If the special meeting is adjourned or postponed for any reason, and the record date remains unchanged, at any subsequent reconvening of the special meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the meeting, except for any proxies that have been revoked or withdrawn.

### **Voting by Stockholders**

After carefully reading and considering the information contained in this proxy statement, each stockholder of record of WMS common stock (that is, if your shares of WMS common stock are registered in your name with WMS transfer agent, AST) should vote by mail or by attending the special meeting and voting by ballot, according to the instructions described below.

#### *Voting Methods*

#### **For stockholders of record:**

If your shares are held in your name by AST, you can vote:

*Via Mail* If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. If the envelope is missing, please mail your completed proxy card to Vote Processing, c/o American Stock Transfer & Trust Company, LLC, Operations Center, 6201 Fifteenth Avenue, Brooklyn, New York 11219. Proxy cards that are returned without a signature will not be counted as present at the special meeting and cannot be voted.

*At the Special Meeting* Stockholders of record who attend the special meeting may vote in person by following the procedures described below, and any previously submitted proxies will be superseded by the vote cast at the special meeting.

**Please do not send in stock certificates or other documents representing WMS common stock at this time. If the merger is completed, if you are a holder of WMS stock certificates, you will receive instructions regarding the procedures for exchanging your existing WMS stock certificates for the payment of the merger consideration.**

#### **For beneficial owners:**

If your shares are held in street name through a broker, bank or other nominee, you have the right to direct your broker, bank or other nominee on how to vote your shares. Because a beneficial owner is not the stockholder of record, you may not vote these shares at the special meeting, unless you obtain a legal proxy from the broker, bank or other nominee that holds your shares giving you the right to vote the shares at the special meeting.

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Proxies received at any time before the special meeting and not revoked or superseded before being voted will be voted at the special meeting. If the proxy indicates a specification, it will be voted in accordance with the specification. If no specification is indicated, the proxy will be voted

**FOR** the adoption of the merger agreement, thereby approving the merger, **FOR** the approval, by a non-binding advisory vote, of the compensation proposal, and **FOR** the approval of the adjournment proposal. A properly executed proxy gives the persons named as proxies on the proxy card authority to vote in their discretion with respect to any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

### **Revocation of Proxies**

WMS stockholders retain the power to revoke their proxy or change their vote, even if they sign the proxy card or voting instruction card in the form accompanying this proxy statement. WMS stockholders can revoke their proxy or change their vote at any time before it is exercised by giving written notice to our Corporate Secretary at WMS Industries Inc., 800 South Northpoint Blvd., Waukegan, Illinois 60085, Attn: Corporate Secretary, specifying such revocation. WMS stockholders may also change their vote by timely delivery of a valid, later-dated proxy or at the special meeting.

### **Voting by WMS Directors and Executive Officers**

At the close of business on the record date, directors and executive officers of WMS and their affiliates were entitled to vote 2,336,913 shares of WMS common stock entitled to vote at the special meeting, or approximately 4.3% of the shares of WMS common stock outstanding on that date. We currently expect that WMS directors and executive officers will vote their shares in favor of the proposal to adopt the merger agreement, although none of them has entered into any agreement obligating them to do so.

Certain directors and executive officers of WMS have interests that are different from, or in addition to, those of other WMS stockholders generally. For more information, please see the section entitled Proposal 1: Adoption of the Merger Agreement Interests of Certain Persons in the Merger beginning on page 60.

### **Expenses of Proxy Solicitation**

This proxy statement is being furnished in connection with the solicitation of proxies by our board of directors. Expenses incurred in connection with printing and mailing of this proxy statement and in connection with notices or other filings with any governmental entities under any laws are the responsibility of WMS. We have engaged the services of Georgeson Inc. to solicit proxies for the special meeting. In connection with its retention by us, Georgeson Inc. has agreed to provide consulting and analytic services and to assist in the solicitation of proxies, primarily from banks, brokers, institutional investors and individual stockholders. We have agreed to pay Georgeson Inc. a fee of approximately \$24,750 plus reasonable out-of-pocket expenses for its services and WMS will indemnify Georgeson Inc. for certain losses arising out of its proxy solicitation services. Copies of solicitation materials will also be furnished to banks, brokerage houses, fiduciaries and custodians holding in their names shares of our common stock beneficially owned by others to forward to these beneficial owners. We may reimburse persons representing beneficial owners of our common stock for their costs of forwarding solicitation materials to the beneficial owners. In addition to the solicitation of proxies by mail, solicitation may be made personally, by telephone, by email and by fax, and we may pay persons holding shares for others their expenses for sending proxy materials to their principals. In addition to solicitation by the use of the mails, proxies may be solicited by our directors, officers and employees in person or by telephone, e-mail or other means of communication. No additional compensation will be paid to our directors, officers or employees for their services.

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### **Householding**

The SEC has adopted rules that permit companies and intermediaries, such as brokers, to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single annual report or proxy statement, as applicable, addressed to those stockholders. This process, commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. WMS and some brokers may be householding WMS proxy materials by delivering a single set of proxy materials to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or WMS that your broker or WMS will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent under Section 233 of the DGCL. If at any time you no longer wish to participate in householding, and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or WMS if you are a stockholder of record. You can notify WMS by sending a written request to our Corporate Secretary at WMS Industries Inc., 800 South Northpoint Blvd., Waukegan, Illinois 60085, or by calling our Corporate Secretary at (847) 785-3000. In addition, we will promptly deliver, upon written or oral request to the address or telephone number above, a separate copy of the proxy statement to a stockholder at a shared address to which a single copy of the documents was delivered.

### **Tabulation of Votes**

All votes will be tabulated by a representative of AST who will act as the inspector of election appointed for the special meeting and will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

### **Confidential Voting**

As a matter of policy, WMS keeps confidential proxies, ballots and voting tabulations that identify individual stockholders. Such documents are available for examination only by the inspector of election and certain of WMS employees and WMS transfer agent and proxy solicitor who are associated with processing proxy cards and tabulating the vote. The vote of any stockholder is not disclosed except in a contested proxy solicitation or as may be necessary to meet legal requirements.

### **Adjournments and Postponements**

In addition to the proposal to adopt the merger agreement and the compensation proposal, WMS stockholders are also being asked to approve a proposal that will give the WMS board of directors authority to adjourn the special meeting, if necessary or appropriate in the view of the WMS board of directors, to solicit additional proxies for the absence of a quorum, to allow reasonable additional time for the filing and distribution of any supplemental or amended disclosure to be disseminated to and reviewed by the Company's stockholders prior to the special meeting, or otherwise with the consent of Scientific Games. In addition, the WMS board of directors could postpone the meeting before it commences, in each case in any of the circumstances described above. If the special meeting is so adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the proposal to adopt the merger agreement but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the proposal to adopt the merger agreement, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

Any adjournment may be made without notice to another time or place if the date, time and place to which the meeting is adjourned is announced at the meeting at which the adjournment is taken. At the adjourned

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meeting any business may be transacted that might have been transacted on the original date of the meeting. However, if the adjournment is for more than thirty days, or if after the adjournment, the WMS board of directors fixes a new record date for the adjourned meeting, a notice of the adjourned meeting will be given to each WMS stockholder of record entitled to vote at the adjourned meeting.

### **Attending the Special Meeting**

Only WMS stockholders of record as of the close of business on April 8, 2013, or their duly appointed proxies, may attend the special meeting.

Street name holders (those whose shares are held through a broker, bank or other nominee) should bring a copy of an account statement reflecting their ownership of WMS common stock as of the record date. If you are a street name holder and you wish to vote at the special meeting, you must also bring a proxy from the record holder (your broker, bank or other nominee) of the shares of WMS common stock authorizing you to vote at the special meeting. All stockholders should bring photo identification, as you will also be asked to provide photo identification at the registration desk on the day of the special meeting or any adjournment or postponement of the special meeting. **No cameras, recording equipment, other electronic devices, large bags or packages will be permitted in the special meeting.** Stockholders will be admitted to the meeting room starting at 8:30 a.m., local time.

### **Other Business**

The WMS board of directors is not aware of any other business to be acted upon at the special meeting. If, however, other matters are properly presented at the special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters. For additional information on how business can be brought before a meeting, see Article I, Section 14 of WMS by-laws.

### **Assistance**

If you need assistance in completing your proxy card or have questions regarding WMS special meeting, please contact Georgeson Inc. by mail at 480 Washington Boulevard, 26<sup>th</sup> Floor, Jersey City, NJ 07310, by telephone at (877) 507-1756 (toll free) or (212) 440-9800 (collect), or by email at [WMSindustries@georgeson.com](mailto:WMSindustries@georgeson.com).

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**PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT**

**Effects of the Merger**

Pursuant to the terms of the merger agreement, if the merger agreement is adopted by WMS stockholders and certain other conditions to the closing are either satisfied or waived, at the effective time of the merger, Merger Sub will be merged with and into WMS, with WMS surviving the merger as a wholly owned subsidiary of Scientific Games. As a result of the merger, WMS will cease to be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of the surviving corporation.

At the effective time of the merger, (i) each share of WMS common stock issued and outstanding immediately prior to the effective time of the merger (other than the excluded shares, which are discussed below) will immediately be converted into the right to receive \$26.00 in cash, without interest and less any applicable withholding taxes; (ii) each share of WMS common stock owned by WMS, Scientific Games or Merger Sub will be cancelled and no payment will be made with respect to such shares; and (iii) each share of common stock, par value \$0.01 per share, of Merger Sub that is issued and outstanding immediately prior to the effective time of the merger, will be converted into one fully paid and non-assessable share of common stock, par value \$0.01 per share, of WMS, as the surviving corporation in the merger.

At the effective time of the merger, each WMS option that was granted prior to January 30, 2013, and that is outstanding (whether vested or unvested) immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the excess, if any, of the merger consideration over the per-share exercise price of such option, multiplied by the number of shares of WMS common stock subject to such option.

At the effective time of the merger, each WMS option that is granted after January 30, 2013 and that is outstanding (whether vested or unvested) immediately prior to the merger will not be cashed out in the merger but instead will be converted into an option to acquire a number of shares of Scientific Games common stock using an exchange ratio based on the per-share closing price of WMS common stock on the merger closing date to the per-share closing price of Scientific Games common stock on the merger closing date. The terms and conditions of any such converted options will otherwise generally remain the same as the terms and conditions that applied to such option immediately prior to the closing of the merger (including the same vesting schedule, subject to continued employment through each applicable vesting date), provided that any such converted options will immediately vest in full and remain exercisable for 90 days if the holder's employment is terminated by Scientific Games without cause or by the holder for good reason within one year following the closing of the merger. At the effective time of the merger, each WMS performance unit that is outstanding immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the payout percentage set forth in the holder's award agreement (which shall be deemed to be the greater of (i) 100% or (ii) if all the performance goals for such performance unit have been met or exceeded as of the closing, a greater percentage determined in accordance with the merger agreement) multiplied by the merger consideration. No WMS performance units will be granted between January 30, 2013 and the closing of the merger.

At the effective time of the merger, each share of WMS restricted stock, and each WMS restricted stock unit, deferred stock unit and phantom unit that was granted prior to January 30, 2013, and that is not subject to performance-based vesting and is outstanding immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the merger consideration. No shares of WMS restricted stock will be granted between January 30, 2013 and the closing of the merger.

At the effective time of the merger, each WMS restricted stock unit or phantom unit that is granted after January 30, 2013 and that is outstanding immediately prior to the merger will, except as described below, not be cashed out in the merger but instead will be converted into a restricted stock unit or phantom unit, as applicable, with respect to the common stock of Scientific Games using an exchange ratio based on the per-share closing price of WMS common stock on the merger closing date to the per-share closing price of Scientific



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Games common stock on the merger closing date. The terms and conditions of any such converted restricted stock units and phantom units will otherwise generally remain the same as the terms and conditions that applied to such restricted units and phantom units immediately prior to the closing of the merger (including the same vesting schedule, subject to continued employment through each applicable vesting date), provided that any such converted units will vest immediately in full if a holder's employment is terminated by Scientific Games without cause or by the holder for good reason within one year following the closing of the merger. Notwithstanding the foregoing, fifty percent (50%) of any restricted stock units and one hundred percent (100%) of any phantom units granted after January 30, 2013 as ordinary course annual equity grants to employees who received annual equity awards under the WMS long-term incentive program for WMS 2013 fiscal year or to new hires or eligible promoted employees who are in the category of employees who received annual equity grants for the 2013 fiscal year, which are outstanding immediately prior to the merger will be cancelled in exchange for an amount, in cash, equal to the merger consideration.

The certificate of incorporation attached as Exhibit A to the merger agreement will become the certificate of incorporation of the surviving corporation, until amended, and the Company bylaws will be amended in their entirety to be the same as the bylaws of Merger Sub immediately prior to the effective time of the merger.

## **Background of the Merger**

As part of WMS' ongoing strategic planning process, members of WMS' board of directors and senior management periodically review and assess the Company's operations and financial performance, competitive position, industry trends and potential strategic initiatives. WMS management also meets periodically with members of the WMS board of directors in the ordinary course of business to discuss potential actions to maximize stockholder value, including strategic alternatives such as acquisitions, dispositions, return of value to stockholders, recapitalization transactions and business combinations.

As part of WMS' ongoing review of the industry and WMS' competitive position within the industry, WMS management routinely met with representatives of various investment banks, including representatives of Macquarie Capital, to discuss developments in the gaming machine and interactive gaming industries and the investment banks' views as to strategic opportunities potentially available to the Company. During the period from October 25, 2011 through June 15, 2012, the Company had engaged Macquarie Capital on a non-exclusive basis to consult with management on the evaluation of financial and strategic alternatives, including recapitalization, and various investment and capitalization opportunities with respect to the online and social gaming market. During that engagement, Bidder X (a potential financial buyer) approached management of WMS to explore a possible investment in or acquisition of the Company. These early discussions with Bidder X also included discussions of the Company's interactive strategy. These discussions were reported to the WMS board of directors but discontinued before any formal proposals were received. This engagement of Macquarie Capital was terminated on June 15, 2012.

Following the announcement of the Company's fiscal year 2012 results in early August 2012, WMS management contacted Macquarie Capital to re-visit the recapitalization and stock buy-back alternatives that had been explored earlier in the year. As part of those conversations, Macquarie Capital reported that Bidder X had requested an opportunity to meet with WMS management. On September 4, 2012, representatives of WMS, Macquarie Capital and Bidder X met to discuss Bidder X's continuing interest in a potential acquisition of WMS. In these preliminary discussions, Bidder X stated that the combination of WMS' need for funding to expand its interactive gaming business coupled with the recent decline in the trading price of the Company's common stock made it a particularly appealing candidate for a transaction with Bidder X. WMS management indicated that it would report any proposal that Bidder X provided to the WMS board of directors at the Company's next quarterly meeting, which was scheduled for September 11-12, 2012. Following the September 4th meeting, Bidder X informally advised Macquarie Capital that they would be interested in acquiring WMS in an all-cash transaction.

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At the annual strategy meeting of the WMS board of directors on September 11th and 12th, 2012, management reported the initial discussion with Bidder X and invited Macquarie Capital to provide an overview of strategic alternatives for the Company. A representative of Blank Rome LLP, outside counsel to the Company and to which we refer as Blank Rome in this proxy statement, attended this September meeting. Macquarie Capital reported that Bidder X had indicated an interest in acquiring the Company. The board requested further information from Macquarie Capital on industry conditions and strategic alternatives, including the proposal from Bidder X, to be presented at a special meeting of the WMS board of directors to be convened for that purpose.

On September 21, 2012, representatives from Macquarie Capital and Blank Rome attended a special telephonic meeting of the WMS board of directors to address the information requested at the September 12, 2012, meeting of the board. At this meeting, Macquarie Capital provided the WMS board of directors with its views on the gaming machine industry, the Company's competitive position in the industry and strategic opportunities available to the Company to enhance stockholder value, particularly in light of the recent decline in the trading price of the Company common stock, including a potential sale of the Company. Representatives from Blank Rome were also in attendance and discussed the fiduciary duties of the WMS board of directors in connection with the strategic alternatives in light of the preliminary discussions with Bidder X.

The WMS board of directors also discussed whether Macquarie Capital should be engaged by the Company to assist it in exploring strategic alternatives. Company management reported that the Company had received and informally discussed fee proposals with Macquarie Capital, which had indicated its willingness to assist the Company should the WMS board of directors decide to explore strategic alternatives. Information on Macquarie Capital's experience in the gaming industry and qualifications was reviewed by the board. The WMS board of directors also discussed the fact that Macquarie Capital had from time to time been engaged by the Company, and was familiar with the Company and its industries.

After due consideration of the risks faced by the Company in the current challenging global economic environment, the WMS board of directors decided to explore its strategic alternatives as a possible method for maximizing stockholder value, and authorized the Company to negotiate terms of engagement with Macquarie Capital to act as exclusive financial advisor to the Company. Macquarie Capital was further instructed at the meeting to approach Bidder X to determine its interest in pursuing a potential transaction.

On September 24, 2012, WMS engaged Macquarie Capital as its exclusive financial advisor in connection with its exploration of strategic alternatives.

On October 5, 2012, WMS entered into a confidentiality agreement with Bidder X and thereafter began providing certain non-public information about the Company to Bidder X.

On October 23, 2012, Bidder X provided the Company with a preliminary non-binding indication of interest, stating a desire to acquire 100% of the outstanding equity of the Company for a purchase price of \$25.00 per share, in cash. The offer was subject to numerous customary conditions, including satisfactory completion of Bidder X's due diligence efforts and negotiation of an acceptable definitive agreement between the parties.

On October 23, 2012, the WMS board of directors held a meeting at the New York offices of Blank Rome, with Company management, Macquarie Capital, Blank Rome and Skadden, Arps, Slate, Meagher & Flom LLP, which we refer to as Skadden in this proxy statement, the Company's outside legal counsel, in attendance. The WMS board of directors and members of senior management discussed the Company's current business plan, industry trends and the potential for increasing stockholder value through implementation of the Company's business initiatives. The WMS board of directors and Company management also discussed the potential risks that the Company faced in achieving its business plan, including competition from larger strategic participants in the industry and the entry of new participants in the industry, the effect of difficult global economic conditions on the Company's customers and the availability of additional capital for the Company's

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investment in interactive gaming. Thereafter, Skadden reviewed with the WMS board of directors the fiduciary duties applicable to such directors in connection with the evaluation of potential strategic alternatives. Following such discussion, the WMS board of directors determined that it would be in the best interests of the Company and its stockholders to explore certain strategic alternatives that would potentially give stockholders the opportunity to maximize the value of their investment, including remaining with the then-current business plan, possible modifications to the current business plan (particularly with respect to the timing of investment in existing and new businesses), a leveraged recapitalization strategy coupled with a potential share buyback and a potential sale of the Company. The WMS board of directors also discussed alternative replies to the letter received that day from Bidder X.

In addition, the WMS board of directors considered the possible disruption to the Company's business that could result from the public announcement of an exploratory sale process and the resulting distraction of the attention of Company management and employees, with the board concluding that such risks could be managed by proceeding with an exploratory sale process on a non-public basis. The WMS board of directors then instructed Macquarie Capital to refine, with the assistance of the Company's management, the preliminary list of potential buyers distributed to the WMS board of directors in advance of the meeting. Macquarie Capital was further instructed not to contact such potential buyers, whether on a confidential basis or otherwise, at that time.

On October 26, 2012, the WMS board of directors met telephonically with senior management and its legal and financial advisors in attendance. During the course of this meeting, the WMS board of directors and its advisors discussed a revised and expanded list of potential strategic and financial buyers for the Company developed by Macquarie Capital, with the assistance of the Company's management, as well as their financial ability to acquire the Company and their ability to obtain applicable regulatory approvals. The WMS board of directors and Company management also discussed risks associated with sharing competitively sensitive information with potential strategic buyers, including Bidder Y (a potential strategic buyer), and determined that such risks, if managed through virtual data room procedures, would not preclude the inclusion of strategic buyers in the potential sale process. The Company then set up a virtual data room containing phase I diligence materials. Representatives of Macquarie Capital noted that while several potential buyers were likely to review the opportunity, Bidder X had indicated a desire to pursue a transaction on an expedited basis. In the interest of keeping Bidder X involved in the process, the WMS board of directors granted Bidder X access to a virtual data room set up by the Company and including additional phase II diligence information that would otherwise be provided to other bidders only after receipt of an acceptable non-binding indication of interest. However, the WMS board of directors discussed the need to maintain an appropriate schedule that would allow other potential buyers of the Company to be competitive after obtaining access to non-public information about the Company. The WMS board of directors also instructed Macquarie Capital to contact the potential buyers identified on the revised and expanded list in order to assess such parties' interest in the Company. In the course of these discussions, the WMS board of directors reminded the Company's management that it was the WMS board of directors who would ultimately direct the course of the Company's exploration of its strategic alternatives and instructed members of Company management to refrain from engaging in any unauthorized discussions with potential buyers, including with respect to employment, compensation or other related matters.

Following such meeting, at the instruction of Company management and the WMS board of directors, representatives of Macquarie Capital contacted a total of 24 potential buyers in late October and November 2012, including 14 financial buyers and ten strategic buyers. Thirteen of the parties contacted during that time period executed confidentiality agreements with the Company, including Scientific Games, which did so on November 15, 2012. After signing a confidentiality agreement, representatives of Macquarie Capital provided each such potential buyer limited non-public information about the Company, including a confidential information memorandum that provided potential buyers with more detailed information concerning our business operations, certain non-public projected financial information and phase I due diligence materials through the virtual data room, as described more fully below under Proposal 1: Adoption of the Merger Agreement Certain Projections Prepared by the Management of WMS beginning on page 70 of this proxy statement.

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Telephonic meetings of the WMS board of directors were held on each of November 2, 2012 and November 9, 2012, with members of WMS senior management team and representatives of Macquarie Capital, Skadden and Blank Rome in attendance. At each meeting, representatives of Macquarie Capital presented the WMS board of directors with an update on Macquarie Capital's outreach to potential bidders, identifying parties who had opted out of the process, and discussing the evolving timing of the process, including the impact of Superstorm Sandy, as well as the instructions to be included in a bid process letter that would be sent by Macquarie Capital, on behalf of the Company, to those potential bidders who had expressed a continued interest in participating in the Company's process.

Beginning on November 13, 2012, at the direction of WMS board of directors and following review and comment by senior management and the Company's advisors, a bid instruction letter was distributed by Macquarie Capital to the 13 parties (approximately 6 of which were potential strategic buyers and the remainder of which were potential financial buyers) that had signed confidentiality agreements and were continuing to express interest in a potential transaction with the Company. Bidder Y did not receive a bid instruction letter, as it had not previously executed a confidentiality agreement with the Company. The bid instruction letter requested preliminary, non-binding indications of interest regarding the potential acquisition of 100% of the Company in an all-cash transaction be submitted to Macquarie Capital on or before November 29, 2012.

On November 16, 2012, at a telephonic meeting of the WMS board of directors, members of the Company's senior management and representatives from Macquarie Capital, Blank Rome and Skadden provided the WMS board of directors with an update on the strategic alternatives review process.

During the final week of November 2012, members of the Company's management had a series of diligence calls with Bidder X, relating to various aspects of the Company's business and operations, including its interactive business, existing customer base and ongoing financing arrangements.

On November 29 and 30, 2012, nine of the original 24 potential bidders, consisting of four private equity firms and five potential strategic buyers, including Scientific Games, submitted preliminary, non-binding indications of interest at prices ranging from \$18.00 per share to \$25.00 per share of WMS common stock. All of the indications of interest provided for consideration to be paid in cash, save for the bid received from Bidder Z (a potential strategic buyer), which is described below. Bidder X submitted an indication of interest that reiterated the purchase price of \$25.00 per share in cash initially set forth in its October 23, 2012 letter. Scientific Games submitted a preliminary indication of interest that contemplated a purchase price of \$24.50 per share in cash. In addition to the eight bids submitted by potential buyers who had executed a confidentiality agreement, the Company received a bid from Bidder Y, which included a request for a thirty-day period of exclusivity, and contemplated a purchase price in the range of \$22.00 - \$24.00 per share in cash. Bidder Z submitted a preliminary indication of interest that contemplated a purchase price of \$23.00 per share, with at least 50% of the consideration being payable in cash and the remainder payable in stock of Bidder Z.

On November 30, 2012, the WMS board of directors held a special telephonic meeting to discuss the status of the strategic alternatives process and the indications of interest received from the nine bidders. Members of WMS senior management and representatives of Macquarie Capital, Skadden and Blank Rome were present. Representatives of Macquarie Capital noted that they had contacted 24 potential buyers, including 14 financial buyers and ten strategic buyers. Of these 24 potential buyers, 13 had signed confidentiality agreements and thereafter received confidential information about the Company. Thirteen potential buyers had notified representatives of Macquarie Capital that they had formally withdrawn from the sale process, and representatives of Macquarie Capital reported to the WMS board of directors that two potential bidders had neither withdrawn nor submitted a non-binding indication of interest as of that date. After summarizing the status of the sale process, representatives of Macquarie Capital described each indication of interest in detail. The WMS board of directors discussed the merits of each indication of interest, including transaction completion risk, the form of consideration and the ability of the bidder to obtain the necessary financing, the anticipated timing to complete the transaction, including the risks related to obtaining the necessary approvals from gaming authorities, and the

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price ranges indicated by each bidder. The WMS board of directors also asked for additional information from Macquarie Capital, including full copies of the expressions of interest received from the potential buyers. No decisions were reached at this meeting as the WMS board of directors wanted more time to discuss the proposal at greater length at its regularly scheduled in-person meeting scheduled for the following week. Accordingly, the WMS board of directors determined to continue discussions of the information at its regularly scheduled December meeting.

On December 6, 2012, the WMS board of directors held a regularly scheduled meeting at the Company's headquarters in Chicago, Illinois, in conjunction with the Company's 2012 annual stockholders meeting. During a portion of this meeting, attended by members of the Company's management and representatives of Macquarie Capital, Skadden and Blank Rome, Macquarie Capital presented an outline of the sale process and a detailed analysis of the nine indications of interest that had been received and initially reported at the November 30th meeting. Thereafter, Skadden again discussed with the WMS board of directors the fiduciary duties of directors in connection with evaluating the Company's strategic alternatives. The WMS board of directors extensively discussed each of the eight potential buyers who had provided formal indications of interest based on having access to material non-public information as well as the additional indication of interest received from Bidder Y who had not yet signed the confidentiality letter and therefore had not had access to the non-public information. The WMS board of directors discussed the likelihood of other potential interested buyers engaging in the process. The WMS board of directors considered the structure and value proposed by each interested party, and the relative ability of the respective potential buyers to raise the proposed financings and consummate a transaction. The WMS board of directors discussed the various deal structures proposed by the bidders, the financing required for each proposal, and risks associated with such financing and the ability of the respective buyers to consummate a transaction, including with respect to obtaining applicable regulatory approvals from the relevant gaming and antitrust authorities. The WMS board of directors then discussed other alternatives available to it with management and its legal and financial advisors, among them remaining with the then-current business plan, possible modifications to the current business plan (particularly with respect to the timing of investment in existing and new businesses) and a leveraged recapitalization strategy coupled with a potential share buyback. The WMS board of directors also discussed a potential process timeline, which included scheduling management meetings with only those parties to be invited to the second round of due diligence. The WMS board of directors authorized the confidential process to continue and instructed management and Macquarie Capital that exclusivity was not appropriate to be granted to any of the bidders at this time. Based on a variety of factors, including the purchase prices indicated in the proposals that had been received, as well as the other terms and conditions set forth therein, as well as the time and resources required of Company management to manage and provide the necessary due diligence information, the WMS board of directors directed that Macquarie Capital invite Scientific Games, Bidder X and Bidder Z into the next round of the process. Furthermore, the WMS board of directors instructed Macquarie Capital to inform Bidder Y that if it wished to participate in the next round of the process, it would need to execute an acceptable confidentiality agreement with the Company and raise its non-binding offer price.

From and after December 6, 2012, the Company opened access to the phase II due diligence materials contained in the Company's virtual data room to the three continuing bidders (two strategic and one financial), including Scientific Games, with customary redactions for potentially competitive sensitive information.

On December 10, 2012, Bidder Y informed representatives of Macquarie Capital that it was willing to execute an appropriate confidentiality letter with the Company and stated further that it was willing to increase the purchase price range in its indication of interest to \$25.00 per share, which offer it also set forth in a revised letter delivered to the Company.

A telephonic meeting of the WMS board of directors was held on the afternoon of December 10, 2012, to discuss, among other things, the status of the Company's ongoing exploration of its strategic alternatives. The meeting was attended by members of the Company's senior management and representatives of Macquarie Capital, Skadden and Blank Rome. Macquarie Capital provided an update on its discussions with the various

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bidders since the previous meeting of the WMS board of directors on December 6. The WMS board of directors also discussed Bidder Y's revised offer and instructed Macquarie Capital to provide data room access to Bidder Y, subject to management negotiating and executing an acceptable confidentiality agreement with such party. Based on recent developments, Macquarie Capital presented a modified process timeline and indicated that it had already scheduled management presentations for the three bidders who had proceeded to the second round of the process following the December 6 meeting, which included Scientific Games and Bidders X and Z. The WMS board of directors reviewed the status of the proposed sale process and, after discussions with Macquarie Capital regarding the approach most likely to result in the receipt of definitive proposals and to maximize the financial consideration offered by the bidders, established January 17, 2013, as the deadline for the submission of final proposals. The WMS board of directors determined, however, that it would consider delaying the proposal deadline in the event that it concluded that a later deadline would be likely to result in the receipt of a greater number of definitive proposals or improve the terms of such proposals.

On December 11, 2012, the Company executed a confidentiality agreement with Bidder Y and, thereafter, the Company provided Bidder Y with full access to phase I and phase II due diligence materials contained in the Company's virtual data room, with customary redactions for potentially competitively sensitive information.

On December 17, 2012, the Company began presenting management presentations to the bidders, as well as additional telephonic and in-person due diligence meetings and site visits. Bidder X participated in diligence meetings and attended a management presentation on December 17, 2012, Scientific Games participated in diligence meetings and attended a management presentation on December 18, 2012, and Bidder Z participated in diligence meetings and attended a management presentation on December 19, 2012. On January 3, 2013, the Company's management participated in a diligence meeting and provided a management presentation to Bidder Y. Representatives of Macquarie Capital and Skadden also attended each of the management presentations, which were presented at the WMS Technology Campus in Chicago, Illinois. Topics covered in the management presentations included Company and industry overviews, growth strategies, commercial overviews and financial information. After the management meetings, Macquarie Capital followed up with each potential buyer to elicit feedback and discuss next steps in the process. Scientific Games and each of the three other continuing bidders reiterated their potential interest in acquiring the Company.

On December 20, 2012, representatives of Macquarie Capital, on behalf of the Company, sent final round process letters to Scientific Games, Bidder X, Bidder Y and Bidder Z. Each of the parties were instructed to make a revised final binding all-cash offer to acquire 100% of the equity of the Company, together with a mark-up of a draft merger agreement that would be distributed to the bidders following the new year that such bidder would be prepared to execute, by January 17, 2013.

On December 21, 2012, the WMS board of directors held a telephonic meeting to review the process to date, which was attended by members of the Company's senior management and representatives of Macquarie Capital, Skadden and Blank Rome. Representatives from Macquarie Capital updated the WMS board of directors on the current status of each of the potential bidders in performing due diligence on the Company, arranging financing for their potential bids, and expected ability to provide a final proposal in a timely manner. Representatives of Macquarie Capital informed the WMS board of directors that the Company's management and advisors had been actively engaged with the four continuing bidders regarding follow-up diligence requests, management meetings and financing updates. Skadden then reviewed with the WMS board of directors key provisions of a draft merger agreement, which had been distributed in advance of the meeting that would be distributed to bidders. A discussion ensued regarding various terms, including circumstances in which the Company and a potential buyer would be permitted to terminate the merger agreement, the efforts a potential buyer would agree to undertake in order to effect the closing, the scope and efforts required to obtain applicable regulatory approvals, the absence of any financing condition, the ability of the WMS board of directors to change its recommendation and, subject to certain restrictions, the ability of the WMS board of directors to terminate the merger agreement to enter into a superior proposal.

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On January 2, 2013, representatives of Macquarie Capital, on behalf of the Company, distributed a draft merger agreement to each of Scientific Games, Bidder X, Bidder Y and Bidder Z.

On January 4, 2013, the WMS board of directors held a telephonic meeting to review the status of the process, which was attended by members of the Company's senior management and representatives of Macquarie Capital, Skadden and Blank Rome. Representatives from Macquarie Capital updated the WMS board of directors on the current status of each of the four continuing bidders, their ongoing diligence efforts and anticipated next steps in the process. During this meeting, members of the Company's senior management provided the WMS board of directors with an update on the current financial performance of WMS. Members of the WMS board of directors and Company's senior management discussed the Company's financial performance and the Company's senior management provided an overview to the WMS board of directors of the key drivers and outcomes leading to results falling below prior expectations.

Over the next several weeks, representatives of the four bidders engaged in numerous due diligence teleconferences and in person meetings with members of Company management and representatives from Macquarie Capital and Skadden. During this time, Macquarie Capital worked with the Company to provide documents and information responsive to the bidders' due diligence requests.

In connection with the Company's closing of the accounts for the quarter ended December 31, 2012, and at the request of certain of the continuing bidders who had access to preliminary financial results relating to such quarter in the course of their diligence and who wanted access to the information prior to submitting further proposals at the January 17, 2013 bid deadline, the Company's management began preparing revised projected financial information for the remainder of the 2013 fiscal year, taking into account the results of the Company's first half of the 2013 fiscal year.

On January 14, 2013, revised financial projections relating to the 2013 fiscal year were made available to each of the four continuing bidders, including Scientific Games, in the Company's virtual data room prior to a teleconference call for all remaining bidders, which was held later that afternoon, during which senior members of the finance and business teams of WMS presented a summary of such revised projected financial information, as well as an update on the Company's actual financial results for the quarter ended December 31, 2012. During the course of January 14 and 15, 2013, members of the Company's management team had a series of follow-up teleconferences with representatives from each of the four continuing bidders, including Scientific Games, regarding the revised projections for the 2013 fiscal year. A description of both the projected financial information and the revised projected financial information prepared by WMS management is included under the heading "Proposal 1: Adoption of the Merger Agreement - Certain Projections Prepared by the Management of WMS" beginning on page 70 of this proxy statement.

Prior to the initially scheduled bid deadline, various bidders indicated to representatives of Macquarie Capital that they would be unable to submit a final bid by the January 17, 2013, deadline. Company management, after consulting with representatives of Macquarie Capital and Skadden, extended the bid deadline by three days for each of the continuing bidders, to January 20, 2013.

Beginning on January 19, 2013, members of the Company's management made available to the WMS board of directors revised projected financial information for the Company's 2013, 2014 and 2015 fiscal years. A description of both the initial projected financial information made available to bidders in the confidential information memorandum and the revised projected financial information prepared by the Company's management is included under the heading "Proposal 1: Adoption of the Merger Agreement - Certain Projections Prepared by the Management of WMS" beginning on page 70 of this proxy statement.

On January 19, 2013, representatives of Bidder Z delivered to the Company an alternative proposal whereby the Company would acquire a subsidiary of Bidder Z in an all-stock transaction that would result in Bidder Z owning 30%-40% of the Company on a pro forma basis which would be coupled with a post-closing

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recapitalization of the Company for purposes of repurchasing up to 50% of the currently outstanding shares of Company common stock, excluding Bidder Z's shares, resulting in Bidder Z assuming a controlling interest in the Company without paying a premium price for control.

On January 20, 2013, representatives of Scientific Games delivered to the Company a mark-up of the draft merger agreement that had been provided to interested parties by the Company, as well as proposed debt commitment letters from two banks and a letter contemplating an all-cash purchase of 100% of the Company's outstanding equity at \$25.50 per share. In the letter, Scientific Games stated that it was prepared to finalize its due diligence and execute a definitive agreement in approximately one week and requested an appropriate period of exclusivity. The letter indicated that Scientific Games anticipated that it would be able to obtain regulatory clearance, and therefore be in a position to consummate a transaction, within approximately six months from signing.

On January 20, 2013, representatives of Bidder X delivered to the Company draft versions of an equity commitment letter, a limited guarantee and a mark-up of the draft merger agreement that had been provided by the Company, as well as proposed debt commitment letters from four banks and a letter contemplating the purchase of the Company's outstanding common stock at \$22.50 per share which represented a significant decrease in value from its earlier letters. In addition, Bidder X had requested a 30-day period of exclusivity during which it would complete its remaining due diligence.

On January 21, 2013, representatives of Macquarie Capital had a telephonic conference with Scientific Games to request some additional information and clarification concerning Scientific Games' proposal, including with respect to the remaining due diligence to be performed, Scientific Games' expected sources and uses of funds in the transaction and the process and timing for obtaining required gaming approvals.

On January 22, 2013, Bidder Y indicated to representatives of the Company that Bidder Y was no longer continuing its participation in the process, indicating that on the basis of its further due diligence its valuation for the Company would be substantially below the range that it had previously indicated.

On January 22, 2013, the WMS board of directors held a meeting at the New York offices of Blank Rome with members of the Company's senior management and representatives of Macquarie Capital, Skadden and Blank Rome in attendance. At the meeting, members of the Company's senior management reviewed with the WMS board of directors the Company's revised projected financial information relating to fiscal years 2013, 2014 and 2015. The WMS board of directors and Company senior management discussed at length the assumptions and reasoning behind the revised projections, as well as the fact that management's projections for fiscal year 2013 had been revised downward from those initially provided during the current process, while the projections for fiscal 2014 and 2015 were comparable to the prior projections, although the mix of business shifted to increased results from interactive gaming revenues and lower results from product sales and participation leasing revenues. Company management and representatives from Macquarie Capital provided an update on the series of in-person meetings and conference calls the Company had hosted with the four continuing bidders to discuss the revised fiscal 2013 projections and further diligence matters. Following this discussion, Skadden again presented the WMS board of directors with a review of the fiduciary duties applicable to the directors, including in connection with evaluating the Company's strategic alternatives, and representatives of Macquarie Capital discussed the engagement of each of the four bidders with the Company throughout the process and described the reasons provided by Bidder Y and Bidder Z for not submitting final proposals in accordance with the final process letter. Representatives from Macquarie Capital also discussed their understanding as to the decrease in valuation from Bidder X and the financial terms, and financing proposals, contained in each of the proposals from Scientific Games and Bidder X. Among other items, representatives of Macquarie Capital reported that Bidder X had expressed reservations about the Company's revised projections for fiscal 2013 and as such were unable to maintain their prior valuation. Skadden provided an overview of the material issues raised in the mark-ups of the draft merger agreement provided by each of Bidder X and Scientific



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Games. Following this review, the WMS board of directors, with its legal and financial advisors, discussed the principal issues raised by the Scientific Games mark-up of the draft merger agreement as well as the outline for regulatory approval that Scientific Games had set forth in its proposal. Skadden highlighted certain additional issues in Scientific Games mark-up, including, among other things: (i) Scientific Games removal of the provision contemplating additional consideration if the transaction was not closed within six months of signing of the merger agreement, (ii) Scientific Games financing commitments and the requirement of a marketing period to raise its financing, (iii) the efforts required to be undertaken by Scientific Games in connection with obtaining applicable regulatory approvals, (iv) remedies available to the parties in the event of a termination of the merger agreement, including upon the termination date, (v) limitations on the ability of the WMS board of directors to change its recommendation with respect to the merger or to terminate the merger agreement in favor of a superior proposal, (vi) certain employee benefit matter related provisions, (vii) the scope of acceptable limitations on the Company's operation of its business pending consummation of the merger and (ix) the removal of certain materiality qualifiers from, and reducing the applicable materiality standards for, certain of the Company's representations, warranties and covenants. In addition, the WMS board of directors discussed Scientific Games proposal for a company termination fee of 3% of the equity value of the transaction as well as two reverse termination fees payable by Scientific Games in certain circumstances, one relating to a failure to close for inability to obtain regulatory approvals and the other for a funding failure. The WMS board of directors directed Macquarie Capital to continue discussions with Scientific Games and to provide it with the final set of diligence materials and, in addition, directed Skadden to engage with Scientific Games legal advisors to negotiate a final merger agreement.

On January 23, 2013, Macquarie Capital informed Bidder X that it would need to increase its purchase price and reduce the proposed diligence period if it desired to enter into a transaction with the Company.

On January 23, 2013, Skadden and Cleary Gottlieb Steen & Hamilton LLP, which we refer to as Cleary in this proxy statement, had a series of telephonic meetings to discuss various provisions of the Scientific Games mark-up of the draft merger agreement.

On January 24, 2013, Skadden, Cleary and representatives of each of the Company and Scientific Games met at the Company's Technology Campus in Chicago, Illinois, to discuss, among other things, certain material issues raised by Scientific Games mark-up of the merger agreement including those matters identified by Skadden to the WMS board of directors. In addition, on January 24, 2013, representatives of WMS provided Scientific Games with access in the virtual data room to the revised projected financial information prepared by the Company's management with respect to the 2014 and 2015 fiscal years and other information requested by Scientific Games as part of its confirmatory due diligence. Skadden, on behalf of and with input from the Company's management, provided a revised version of the merger agreement to Cleary early in the morning of January 25, 2013. A description of this revised projected financial information for the 2014 and 2015 fiscal years prepared by WMS management is included under the heading Proposal 1: Adoption of the Merger Agreement Certain Projections Prepared by the Management of WMS beginning on page 70 of this proxy statement.

On January 24, 2013, and January 25, 2013, over 25 members of Scientific Games and their financing sources, legal and accounting advisors held a final series of due diligence meetings at the WMS Technology Campus in Chicago. These meetings involved members of the WMS management team and addressed confirmatory due diligence topics raised by Scientific Games. Additional due diligence questions were handled through teleconferences, emails and in-person meetings from January 26, 2013, to January 30, 2013.

On January 25, 2013, the WMS board of directors held a special telephonic meeting, with members of the Company's senior management and representatives of Macquarie Capital, Skadden and Blank Rome in attendance. Representatives of Macquarie Capital provided an update regarding their conversations with each of Scientific Games and Bidder X, and representatives from Skadden provided an update regarding the negotiation of the terms of the merger agreement and the related transaction agreements with counsel to Scientific Games.

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During the evening of January 25, 2013, Skadden and Cleary, along with representatives from each of the Company and Scientific Games, met at the Company's Technology Campus in Chicago, Illinois, and discussed the mark-up of the draft merger agreement that Skadden had previously provided to Cleary.

During the period from January 26 to January 30, 2013, Skadden and Cleary exchanged mark-ups of the merger agreement and the management of the Company and Scientific Games, with the assistance of their respective advisors, continued to negotiate the issues that remained open between the parties, including (i) the appropriate level of efforts Scientific Games would agree to undertake in connection with obtaining applicable regulatory approvals, (ii) the amount of the company termination fee and the instances in which any such fee would be payable, (iii) the inclusion, and amount, of the reverse termination fees payable by Scientific Games and the circumstances in which any such fees would be payable, (iv) the scope of acceptable limitations on the Company's operation of its business pending consummation of the merger, (v) limitations on the ability of the WMS board of directors to change its recommendation with respect to the merger or to terminate the merger agreement in favor of a superior proposal and (vi) employee benefit matters during the period between the signing of a definitive agreement and the consummation of the merger.

On January 27, 2013, Bidder X indicated to Macquarie Capital that it would be interested in continuing to pursue a transaction with the Company in a range similar to the previously discussed price range of \$25.00 per share in cash.

On the evening of January 28, 2013, Bidder X delivered a letter of continuing interest in acquiring the Company to Macquarie Capital expressing confidence in its ability to increase its bid to an indicative purchase price of \$25.00 per share in cash and in reaching a definitive agreement to acquire the Company within a matter of days. The letter, however, provided no substantive reasons for the increase over the prior indication of \$22.50 that had been submitted based on Bidder X's substantial review of non-public information concerning the Company and also did not address Bidder X's prior request for an additional 30 days for further diligence or provide updated financing commitments. The WMS board of directors reviewed and considered the letter but determined it did not provide a credible basis to continue discussions with Bidder X at that time.

On January 29, 2013, in advance of the meeting of the WMS board of directors to be held on January 30, 2013, members of the WMS board of directors received discussion materials via e-mail, which included, among other items, a then-current draft of the merger agreement and proposed resolutions for consideration by the WMS board of directors.

During the course of January 30, 2013, the Company and Scientific Games had a series of telephonic negotiations, in which each party's respective senior management and legal advisors and Macquarie Capital participated, to address the remaining open issues. As part of these discussions, representatives of Scientific Games and Macquarie Capital had a call in which it was agreed that (i) the purchase price would be \$26.00 per share, in cash, (ii) the regulatory termination fee would be equal to \$80,000,000 and (iii) the funding failure termination fee would be equal to \$100,000,000. In exchange for, among other things, Scientific Games' increase in its purchase price, the Company agreed to the company termination fee being set at 3% of the equity value of the transaction. In addition, the parties also had a call to reach agreement on the provisions relating to the restrictions on the Company's interim operations pending the consummation of the merger and various employee benefit matters.

On the afternoon of January 30, 2013, the WMS board of directors held a special meeting at the Company's Technology Campus in Chicago, Illinois to discuss the proposed merger transaction with Scientific Games. Members of Company senior management and representatives of Macquarie Capital, Skadden and Blank Rome were also in attendance. Members of senior management and representatives of Macquarie Capital and Skadden updated the WMS board of directors on the status of negotiations with Scientific Games. Skadden then reviewed in detail the terms of the merger agreement and ancillary documents and provided a review of the fiduciary duties of the WMS board of directors in connection with evaluating the Company's strategic

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alternatives. At the request of the WMS board of directors, representatives of Macquarie Capital then gave a presentation to the WMS board of directors, during which they reviewed Macquarie Capital's financial analysis of the merger consideration and the methodologies and assumptions underlying its analysis, including discussion of historical trading prices, Wall Street analyst price targets, selected public company trading comparables analysis, an analysis of selected precedent transactions and utilization of discounted cash flow analysis. The WMS board of directors then discussed other alternatives available to it with management and its legal and financial advisors, among them remaining with the then-current business plan, possible modifications to the current business plan (particularly with respect to the timing of investment in existing and new businesses) and a leveraged recapitalization strategy coupled with a potential share buyback. Also at this meeting, Macquarie Capital rendered to the WMS board of directors an oral opinion, which was subsequently confirmed by delivery of a written opinion dated January 30, 2013, to the effect that, as of that date and based on and subject to various assumptions and limitations described in its opinion, the merger consideration to be received by the WMS stockholders (other than holders of the excluded shares), was fair, from a financial point of view, to such holders. Macquarie Capital's financial analysis and written opinion is described below in Proposal 1: Adoption of the Merger Agreement Opinion of WMS Financial Advisor beginning on page 50 of this proxy statement. In connection with Macquarie Capital's discussion of the fairness of the proposed transaction, the WMS board of directors also discussed the relationships that Macquarie Capital had with Scientific Games and their respective affiliated entities. Macquarie Capital noted that they maintained a minority investment in Scientific Games existing credit facility, which would be redeemed as part of the financing of the contemplated transactions and that it held a non-beneficial equity position in the Company constituting less than 0.5% of the outstanding common stock of the Company.

Following these presentations and extensive discussion and deliberation, and after considering all of the factors that it deemed relevant, the WMS board of directors unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of WMS and its stockholders, and unanimously approved the merger agreement and the transactions contemplated by the merger agreement, including the merger. Later that evening, members of management of each of WMS and Scientific Games, along with Skadden and Cleary, finalized the provisions of the merger agreement and all ancillary documents and execution versions of the merger agreement and the ancillary documents were circulated reflecting the agreement reached earlier that day. After execution of the debt commitment letter by the respective banks, a copy of which was provided to WMS and its financial and legal advisors, each of WMS, Scientific Games, Financing Sub and Merger Sub executed and delivered the merger agreement, effective as of January 30, 2013.

On the morning of January 31, 2013, the Company and Scientific Games issued a joint press release announcing the transaction. On January 31, 2013, the Company filed a Current Report on Form 8-K with the SEC disclosing the execution of the merger agreement and filing the joint press release as an exhibit. On February 4, 2013, the Company filed a Current Report on Form 8-K with the SEC summarizing the material terms of the merger agreement and filing the merger agreement as an exhibit.

Following the announcement by the parties that they had entered into the merger agreement on January 30, 2013, certain putative stockholder class action lawsuits were filed by purported stockholders of WMS challenging the merger. The complaints in the actions name as defendants WMS and/or various members of the WMS board of directors as well as Scientific Games and, in certain cases, Merger Sub and Financing Sub. The defendants believe that the claims asserted against them in the lawsuits are without merit and plan to defend them vigorously. The complaints are further described below under the section Proposal 1: Adoption of the Merger Agreement Litigation Related to the Merger beginning on page 75 of this proxy statement.

**Reasons for the Merger**

In evaluating the merger agreement and the merger, the WMS board of directors consulted with WMS management and legal and financial advisors. In reaching its decision to approve the merger agreement and to

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recommend the WMS stockholders vote for the adoption of the merger agreement, the WMS board of directors considered a variety of factors, including the following, which are not intended to be exhaustive and are not presented in any relative order of importance:

the fact that the merger consideration of \$26.00 per share to be received by the holders of WMS common stock in the merger represents a significant premium over the market price at which the WMS common stock traded prior to the announcement of the execution of the merger agreement, including the fact that the merger consideration of \$26.00 per share represents an approximate premium of:

58.8% based on the closing price per share of \$16.37 on January 30, 2013, the last full trading day before the execution of the merger agreement was publicly announced;

50.6% based on the volume-weighted average closing price per share of \$17.26 over the 30-day period ending January 29, 2013;

56.4% based on the volume-weighted average closing price per share of \$16.62 over the 60-day period ending January 29, 2013;

57.3% based on the volume-weighted average closing price per share of \$16.53 over the 90-day period ending January 29, 2013;

47.4% based on the volume-weighted average closing price per share of \$17.64 over the 180-day period ending January 29, 2013;

35.6% based on the volume-weighted average closing price per share of \$19.18 over the one-year period ending January 29, 2013;

2.8% based on the 52-week high closing price per share of \$25.30 on February 17, 2012; and

87.1% based on the 52-week low closing price per share of \$13.90 on August 7, 2012;

the financial analyses reviewed and discussed with the WMS board of directors by representatives of Macquarie Capital as well as the oral opinion and financial presentation of Macquarie Capital provided to the WMS board of directors dated on January 30, 2013 (which was subsequently confirmed in writing by delivery of Macquarie Capital's written opinion dated the same date) (including the selected public company analysis, the selected precedent analysis and the discounted cash flow analysis conducted by Macquarie Capital) that, based on and subject to the various considerations, limitations and other matters set forth in its opinion, the consideration to be received pursuant to the merger agreement by holders of shares of common stock is fair, from a financial point of view, to such stockholders. See Proposal 1: Adoption of the Merger Agreement Opinion of WMS Financial Advisor beginning on page 50 of this proxy statement;

the fact that the proposed merger consideration is all cash, which provides stockholders certainty of value and liquidity for their shares of WMS common stock;

the belief of the WMS board of directors that at this time the merger consideration of \$26.00 per share is more favorable to WMS stockholders than the potential value that might result from the alternatives reasonably available to WMS (including the alternative of remaining a stand-alone public company and other strategic or recapitalization strategies that might be pursued as a stand-alone public company, including a leveraged recapitalization followed by a large stock buy-back program or cash dividend and acquisitions of other businesses by WMS);

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after reviewing publicly available and other financial information with respect to Scientific Games with the assistance of legal and financial advisors, the WMS board of directors' assessment that Scientific Games has adequate financial resources to pay the aggregate merger consideration, including the limited, and high likelihood of satisfaction of, conditions to the debt commitment letter obtained by Scientific Games as described below under Proposal 1: Adoption of the Merger Agreement Financing of the Merger beginning on page 59 of this proxy statement, Scientific Games' representations and covenants contained in the merger agreement relating to such financing and the WMS board of directors' assessment, after consultation with its financial advisor, of Scientific Games' ability to obtain financing;

the fact that the price proposed by Scientific Games reflected extensive negotiations between the parties and their respective advisors, and represented the highest offer price that WMS received for shares of its common stock after a broad competitive solicitation of interest as well as the WMS board of directors' belief that the agreed price was the highest price per share to which Scientific Games was willing to agree;

the terms and conditions of the merger agreement and related transaction documents, in addition to those described above (relating to financing), including:

the limited and otherwise customary conditions to the parties' obligations to complete the merger, including the commitment by Scientific Games to use its reasonable best efforts to obtain applicable regulatory approvals and assume the risks related to certain conditions and requirements that may be imposed by regulators in connection with securing such approvals up to a specified threshold, the absence of a financing condition and Scientific Games' representations, warranties and covenants related to obtaining financing for the transaction, which the WMS board of directors assessed, after consultation with its legal advisors, to be substantial assurances that the merger ultimately should be consummated on a timely basis;

the requirement that the merger will only be effective if approved by the holders of a majority of the outstanding shares of common stock and the absence of any stock voting commitments by management or other stockholders so that stockholders will have the right to approve or disapprove of the merger;

the delivery by Scientific Games of letters setting forth the financing commitments and other arrangements regarding the financing Scientific Games contemplated using to consummate the transaction;

the requirement that, in the event the merger is not consummated under certain circumstances relating to a failure to obtain requisite regulatory approvals prior to a specified date, Scientific Games will pay, or cause to be paid, to WMS a termination fee of \$80,000,000;

the requirement that, in the event the merger is not consummated under certain circumstances relating to a failure of Scientific Games' debt financing sources to fund the acquisition when Scientific Games is otherwise obligated to consummate the merger, Scientific Games will pay, or cause to be paid to, WMS a termination fee of \$100,000,000;

WMS' ability to seek damages (less, if applicable, any termination fee previously paid by Scientific Games) in the event of an intentional breach by Scientific Games of its obligations under the merger agreement;

prior to approval of the merger by the WMS stockholders, WMS' ability, under certain limited circumstances, to furnish information to, and conduct negotiations with, any third party regarding an acquisition proposal;



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prior to approval of the merger by the WMS stockholders, WMS' ability to terminate the merger agreement in order to accept a superior proposal, subject to paying or causing to be paid to Scientific Games the company termination fee, which the WMS board of directors determined was reasonable, in light of, among other things, the benefits of the merger to WMS' stockholders, the typical size of such fees in similar transactions and the likelihood that a fee of such size would not preclude or unreasonably restrict the emergence of alternative transaction proposals as more fully described in Terms of the Merger Agreement Termination Fee; Effect of Termination beginning on page 107 of this proxy statement;

WMS' ability to seek to specifically enforce Scientific Games' obligations under the merger agreement, including Scientific Games' obligations to consummate the merger, under certain limited circumstances;

the ability of the WMS board of directors, subject to certain conditions, to change its recommendation supporting the merger, regardless of the existence of a competing or superior acquisition proposal, to the extent the board of directors determines that the failure to take such action would be inconsistent with its fiduciary duties;

the customary nature of the other representations, warranties and covenants of WMS in the merger agreement; and

the WMS board of directors' assessment that the financial and other terms and conditions of the merger agreement minimize, to the extent reasonably practical, the risk that a condition to closing would not be satisfied and also provide reasonable flexibility to operate WMS' business during the pendency of the merger;

the fact that WMS has conducted a lengthy and thorough process of exploring its strategic alternatives stretching over four months during such time representatives of WMS solicited bids from a broad group of 24 potential buyers, including financial and strategic buyers, 14 of whom entered into confidentiality agreements with WMS and received confidential marketing materials and access to a virtual data room, and none of which, after receiving such non-public information and conducting due diligence, made an offer in cash that exceeded the \$26.00 per share merger consideration;

after lengthy meetings with management, the WMS board of directors' consideration of the WMS' business, strategy, assets, financial condition, capital requirements, results of operations, competitive position and historical and projected financial performance, and the nature of the industry and regulatory environment in which WMS competes, including prospects for WMS' interactive products and services and its new *Blade*<sup>™</sup> and *Gamefield*<sup>™</sup> gaming cabinets, and the risks and upside potential relating thereto and the potential impact of those factors on the trading price of WMS common stock (which cannot be quantified numerically);

the risks and uncertainties associated with maintaining WMS' existence as an independent company and the opportunities presented by the merger, including the risks and uncertainties with respect to:

achieving WMS' growth plans in light of the current and foreseeable future market conditions, including the risks and uncertainties in the U.S. and global economy generally and the gaming industry specifically;

the general risks and market conditions that could affect the price of WMS common stock; and



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the risk factors set forth in WMS' Annual Report on Form 10-K for the fiscal year ended June 30, 2012 and subsequent reports filed with the SEC;

the inherent uncertainty of attaining management's internal financial projections, including those set forth in the section entitled "Proposal 1: Adoption of the Merger Agreement - Certain Projections Prepared by the Management of WMS" beginning on page 70 of this proxy statement, including the fact that WMS' actual financial results in future periods could differ materially and adversely from the projected results;

the negotiation process with Scientific Games, which was conducted at arm's length terms, and the fact that WMS' senior management, legal and financial advisors were involved throughout the negotiations and updated the WMS board of directors directly and regularly;

the WMS board of directors' understanding, based upon consultation with counsel and WMS' management, that Scientific Games has been licensed by gaming authorities or has submitted applications for licensing in many key jurisdictions which is likely to lessen the risk of the merger not closing for failure to achieve required gaming authority pre-approvals;

the WMS board of directors' understanding, based upon consultation with counsel and WMS' management, that the existing businesses of WMS and Scientific Games are sufficiently different so as to lessen the risk of the merger not closing for failure to receive any necessary antitrust clearance; and

the availability of appraisal rights under Delaware law to holders of common stock who do not vote in favor of the adoption of the merger agreement and comply with the requisite procedures under Delaware law, which provides those eligible stockholders with an opportunity to have a Delaware court determine the fair value of their shares, which may be more than, less than, or the same as the amount such stockholders would have received under the merger agreement.