

MISSOURI GAMING COMMISSION  
COMMISSION RESOLUTION NO. 17-010

APPROVING THE JOINT PETITION OF  
SCIENTIFIC GAMES CORPORATION AND DEQ SYSTEMS CORP.  
FOR APPROVAL OF CHANGE OF CONTROL

January 11, 2017

WHEREAS, DEQ Systems Corp., (DEQ), is a holder of a Suppliers license issued by the Missouri Gaming Commission; and

WHEREAS, Scientific Games Corporation (SGC) is a holder of a Key Business Entity License issued by the Missouri Gaming Commission; and

WHEREAS, DEQ and SGC have a contract which, if consummated, would result in DEQ becoming a wholly owned subsidiary of SGC; and

WHEREAS, 11 CSR 45-10.040 (12) requires approval of the Commission prior to the closing of any sale which would constitute a change of control; and

WHEREAS, the Commission has reviewed the Joint Petition for Change of Control filed on September 21, 2106, and other documents and information relating to said Petition.

THEREFORE, BE IT RESOLVED by the Missouri Gaming Commission that the Joint Petition for Approval of Change of Control filed by DEQ and SGC, a copy of which is attached hereto and incorporated herein by reference, is hereby approved.

**IN THE MISSOURI GAMING COMMISSION  
STATE OF MISSOURI**

In re: )  
)  
SCIENTIFIC GAMES CORPORATION )  
1500 Bluegrass Lakes Parkway )  
Alpharetta, GA 30004 )  
)  
and )  
)  
DEQ SYSTEMS CORP., )  
1840, 1<sup>st</sup> Street, Suite 103-A )  
Levis, Quebec G6W 5M6 )

**JOINT PETITION**  
**FOR APPROVAL OF CHANGE IN CONTROL**

COME NOW SCIENTIFIC GAMES CORPORATION, a Delaware corporation (“SGC”), and DEQ SYSTEMS CORP, a Canada corporation (“DEQ”), by and through counsel and pursuant to 11 CSR 45-10.040, to petition the Missouri Gaming Commission (the “Commission”) for its approval of the acquisition of DEQ by SGC (the “Acquisition”). Said Acquisition is proposed to be accomplished through the consummation of that certain Arrangement Agreement dated as of August 30, 2016 by and among SGC, SG Canada Acquisitions, Inc. (“Acquisition Sub”), and DEQ (the “Arrangement Agreement”). Pursuant to the Arrangement Agreement, Acquisition Sub, which is a recently formed, wholly owned subsidiary of SGC, will be amalgamated, under the laws of Province of Quebec, Canada, with DEQ, with the name DEQ remaining as the amalgamated corporation, resulting in SGC indirectly owning 100% of the outstanding equity of DEQ following the Acquisition.

In support of their petition for approval of this transfer of ownership interest and “change in control,” as defined in 11 C.S.R. 45-10.040(8)(A), the parties state as follows:

1. SGC is a duly organized Delaware corporation in good standing that obtained a

Business Entity Key Person License from the Commission on September 17, 2013.

2. DEQ is a Canada corporation in good standing that is currently licensed by the Commission as a Supplier Licensee. The Supplier License for DEQ is anticipating being renewed by the Missouri Gaming Commission on September 28, 2016 and the current period of licensure is set to expire on September 30, 2016.

3. DEQ is a publicly-held corporation owned by a variable set of public shareholders (the "Sellers") and traded on the Toronto Stock Exchange. In the event that the requisite number of Sellers approve the sale of DEQ to SGC pursuant to the Arrangement Agreement, the sale through amalgamation will be consummated as soon thereafter as possible subject to regulatory approval.

4. The Arrangement Agreement executed on August 30, 2016 contemplates the acquisition of 100% of the equity of DEQ from the Sellers through an amalgamation, following the satisfaction of specified conditions to closing, including receipt of certain regulatory approvals, in exchange for an aggregate purchase price of \$0.38 (CAD) or approximately Twenty Seven Million Dollars (\$27,000,000) (CAD) as further described therein. Petitioners have previously provided a fully executed copy of the Arrangement Agreement to the Commission.

5. At the time of the Acquisition, DEQ will amalgamate with Acquisition Sub, which is wholly owned by SGC. In connection with this amalgamation, DEQ will continue as a surviving entity with 100% of its equity indirectly owned by SGC. At the time of the Acquisition, each outstanding share of DEQ equity (subject to certain exceptions as further described in the Arrangement Agreement) will be cancelled and converted into a right to receive \$0.38 (CAD) for each share of such equity. Following the consummation of the Acquisition,

Sellers will no longer possess any ownership interest in DEQ or have any control over its operations with such control and ownership being vested solely in SGC.

6. To initiate an investigation with respect to the Acquisition, SGC and DEQ are filing this Joint Petition for Approval of Change in Control and have provided and will continue to provide information for the Commission's review regarding the financing structure for the Acquisition and the anticipated operation of DEQ as a subsidiary of SGC should the Acquisition be consummated. SGC will finance the transaction out of free cash flow and availability under SGC's current credit facilities.

7. Subject to the final review and approval of the Commission, DEQ will continue to operate as a Missouri Supplier Licensee under its existing Supplier License after the Acquisition is consummated. However, within approximately two (2) business days of the consummation of the Acquisition, DEQ shall be merged with and into Bally Gaming, Inc. at which point the Missouri Supplier License of DEQ shall be extinguished as DEQ is merged out of existence. The historic DEQ enterprise and brand shall thereafter be operated under the existing supplier license of Bally Gaming, Inc. Appropriate updates to the Missouri Supplier License Application of Bally Gaming, Inc. will be filed with the Missouri Gaming Commission to reflect the merged operation.

8. The closing of the Acquisition is subject to the satisfaction of specified conditions, including receipt of certain regulatory approvals and the approval of this Commission. It is anticipated that the Acquisition will be completed immediately after the receipt of such regulatory approvals and the approval of the DEQ shareholders.

9. Section 11 C.S.R. 45-10.040 provides that "[u]pon any change in control, the license held by the gaming licensee that is the subject of the change in control or that is a direct

or indirect subsidiary of the holding company that is the subject of the change in control, shall automatically become null and void and of no legal effect, unless the commission has approved such change in control by vote of the commissioners prior to its consummation.” Under this section of the Missouri gaming regulations, the transfer of the ownership interest to SGC and change in control of DEQ contemplated by the Arrangement Agreement requires the approval of the Commission.

**WHEREFORE**, DEQ and SGC respectfully request that the transfer of ownership interest and change in control to be effected through the Arrangement Agreement be approved by the Commission.

Respectfully submitted,

LATHROP & GAGE LLP

By:  \_\_\_\_\_

Robert D. Cantwell, Bar Number 45027

Lathrop & Gage LLP

7701 Forsyth Boulevard, Suite 400

Clayton, Missouri 63105

Telephone No.: (314) 613-2831

Facsimile No.: (314) 613-2801