

INTERNATIONAL GAME TECHNOLOGY
Form 10-Q
May 14, 2009

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2009

OR

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

For the transition period from ____ to ____

Commission File Number 001-10684

International Game Technology

Nevada
(State of Incorporation)

88-0173041
(I.R.S. Employer Identification No.)

9295 Prototype Drive

Reno, Nevada 89521

(Address of principal executive offices)

(775) 448-7777

(Registrant's telephone number, including area code)

www.IGT.com

(Registrant's website)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company and in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes No

At May 11, 2009, there were 296.3 million shares of our \$.00015625 par value common stock outstanding.

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GLOSSARY OF TERMS AND ABBREVIATIONS (as used in this document)

Acronym

AICPA

Anchor

APB

APIC

ARS

AVP®

bps

CAD

CCSC

CDS

CEO

CFO

CLS

Cyberview

DCF

Debentures

DigiDeal

EBITDA

EITF

EPA

EPS

FAS

FASB

FIN

FSP

GAAP

IGT

IP

IRS

LIBOR

LVGI

M-2-1

Terminology

American Institute of Certified Public Accountants

Anchor Gaming

Accounting Principles Board Opinion

additional paid-in capital

auction rate securities

Advanced Video Platform®

basis points

Canadian dollars

Colorado Central Station Casino

central determination system

Chief Executive Officer

Chief Financial Officer

China LotSynergy Holdings, Ltd.

Cyberview Technology, Inc.

discounted cash flow

2.6% Convertible Debentures

DigiDeal Corporation

earnings before interest, tax, depreciation, and amortization

Emerging Issues Task Force

Environmental Protection Agency

earnings per share

Financial Accounting Standard

Financial Accounting Standards Board

FASB Interpretation

FASB Staff Position

generally accepted accounting principles

International Game Technology

intellectual property

Internal Revenue Service

London Inter-Bank Offering Rate

Las Vegas Gaming International

Million-2-1

MDA	management's discussion and analysis
Notes	3.25% Convertible Notes due 2014
OSHA	Occupational Safety & Health Administration
pp	percentage points
PGIC	Progressive Gaming International Corporation
R&D	research and development
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SFAS 115	Accounting for Investments in Debt and Equity Securities
SFAS 133	Accounting for Derivative Instruments
SFAS 157	Fair Value Measurements
SFAS 159	Fair Value Option for Financial Assets and Liabilities
SG&A	selling, general and administrative
SIP	Stock Incentive Plan
SOP	Statement of Position
UK	United Kingdom
US	United States
VIE	variable interest entity
VSOE	vendor specific other evidence
WAP	wide area progressive
WDG	Walker Digital Gaming, LLC
*	not meaningful (in table)

PART I FINANCIAL INFORMATION

Item 1.

Unaudited Condensed Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENTS

	Quarters Ended		Six Months Ended	
	March 31,		March 31,	
	2009	2008	2009	2008
<i>(In millions, except per share amounts)</i>				
Revenues				
Gaming operations	\$ 294.5	\$ 341.0	\$ 607.8	\$ 673.4
Product sales	181.2	232.2	469.5	545.8
Total revenues	475.7	573.2	1,077.3	1,219.2
Costs and operating expenses				
Cost of gaming operations	121.5	157.1	273.4	290.0
Cost of product sales	94.2	105.6	238.0	252.0
Selling, general and administrative	109.3	111.5	224.3	211.8
Research and development	52.8	53.8	106.3	105.1
Restructuring charges	8.3		25.7	
Depreciation and amortization	19.4	18.6	39.4	37.8
Total costs and operating expenses	405.5	446.6	907.1	896.7
Operating income	70.2	126.6	170.2	322.5
Other income (expense)				
Interest income	14.8	17.0	31.3	34.3
Interest expense	(28.0)	(25.1)	(58.4)	(49.9)
Other	1.6	(0.7)	(4.3)	(1.0)
Total other income (expense)	(11.6)	(8.8)	(31.4)	(16.6)
Income before tax	58.6	117.8	138.8	305.9
Income tax provision	20.3	49.4	34.8	123.8
Net income	\$ 38.3	\$ 68.4	\$ 104.0	\$ 182.1
Basic earnings per share	\$ 0.13	\$ 0.22	\$ 0.35	\$ 0.58

Diluted earnings per share	\$	0.13	\$	0.22	\$	0.35	\$	0.57
Cash dividends declared per share	\$	0.060	\$	0.140	\$	0.205	\$	0.280
Weighted average shares outstanding								
Basic		293.6		312.3		293.4		313.4
Diluted		293.9		315.9		293.7		317.2

See accompanying notes

CONSOLIDATED BALANCE SHEETS

	March 31,	September 30,
	2009	2008
(In millions, except par value)		
Assets		
Current assets		
Cash and equivalents	\$ 191.2	\$ 266.4
Restricted cash and investments	96.7	108.0
Accounts receivable, net	314.4	436.8
Current maturities of notes and contracts receivable, net	107.7	93.5
Inventories	189.3	218.3
Jackpot annuity investments	67.9	67.5
Deferred income taxes	106.4	115.8
Prepaid expenses and other	207.0	163.8
Total current assets	1,280.6	