

INTERNATIONAL GAME TECHNOLOGY
Form DEF 14A
January 14, 2004

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT SCHEDULE
14A INFORMATION
(Pursuant to Section 14(a) of the Securities Exchange Act of 1934)

Filed by the Registrant ☒ **IXI**

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

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International Game Technology

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3) Filing Party:

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2004 PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of International Game Technology
will be held at

International Game Technology
9295 Prototype Drive
Reno, Nevada

on Tuesday, March 2, 2004, at 1:30 p.m.

PROXY VOTING OPTIONS

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the annual meeting, please vote as soon as possible. You may vote over the internet, as well as by telephone or by mailing a traditional proxy card. Voting over the internet, by phone or by written proxy will ensure your representation at the annual meeting if you do not attend in person. Please review the instructions on the proxy card regarding each of these voting options.

Voting by the internet or telephone is fast and convenient, and your vote is immediately tabulated. By using the internet or telephone, you help IGT reduce the cost of postage and proxy tabulations.

**PLEASE DO NOT RETURN THE ENCLOSED PAPER BALLOT
IF YOU ARE VOTING OVER THE INTERNET OR BY TELEPHONE.**

VOTE BY INTERNET

Go to the internet address on the enclosed proxy card to create an electronic ballot. You can also register to receive your Annual Report and Proxy Statement electronically, instead of in print

VOTE BY TELEPHONE

Call the toll free number on the enclosed card and follow the simple recorded instructions.

MAP

January 23, 2004

Dear Shareholders:

International Game Technology hereby invites you, as one of our shareholders, to attend our annual meeting of shareholders either in person or by proxy. The meeting will be held at our corporate headquarters at 9295 Prototype Drive, Reno, Nevada, on Tuesday, March 2, 2004, at 1:30 p.m., local time, for the purpose of considering and acting upon the following matters:

1. Electing nine directors for the ensuing year;
2. Amending the International Game Technology Employee Stock Purchase Plan;
3. Ratifying the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending September 30, 2004; and
4. Transacting any other business that may properly come before the meeting.

MAP

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Only shareholders of record at the close of business on January 2, 2004 are entitled to receive notice of and to vote at the annual meeting or any adjournment of the meeting.

By Order of the Board of Directors,

David D. Johnson
Secretary

TABLE OF CONTENTS

	Page
QUESTIONS AND ANSWERS ABOUT THE MEETING	1
PROPOSAL 1 - ELECTION OF DIRECTORS	5
Nominees for Election of Directors	5
Board of Directors and Committees of the Board	7
Compensation Committee Interlocks and Insider Participation	7
Corporate Governance Matters	8
Compensation of Directors	9
Recommendation of IGT Board of Directors	9
PROPOSAL 2 - APPROVAL OF THE AMENDMENT TO THE INTERNATIONAL GAME TECHNOLOGY EMPLOYEE STOCK PURCHASE PLAN	10
Summary Description of the ESPP	10
Federal Income Tax Consequences of the ESPP	12
Specific Benefits	13
Equity Compensation Plan Information	14
Recommendation of IGT Board of Directors	14
OTHER INFORMATION	15
Executive Officers	15
Equity Security Ownership of Management and Other Beneficial Owners	17
Executive Compensation	18

Options	20
Employment Contracts and Change in Control Arrangements	20
Compliance with Section 16(a) of the Securities Exchange Act of 1934	22
BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION	23
PERFORMANCE GRAPH	25
PROPOSAL 3 - RATIFICATION OF INDEPENDENT AUDITORS	26
AUDIT COMMITTEE REPORT	26
Fees Paid to Independent Public Accountants	28
Pre-Approval Policies and Procedures	28
Recommendation of IGT Board of Directors	28
Shareholder Proposals for the 2005 Annual Meeting	29
GENERAL	29

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INTERNATIONAL GAME TECHNOLOGY
9295 Prototype Drive
Reno, Nevada 89521
(775) 448-7777

PROXY STATEMENT

The board of directors of International Game Technology (IGT) is soliciting the enclosed proxy for use at our annual meeting of shareholders to be held on Tuesday, March 2, 2004, at 1:30 p.m., local time, or at any adjournments of the meeting. This proxy statement and the accompanying Notice of Annual Meeting of Shareholders describe the purposes of the annual meeting. The annual meeting will be held at our headquarters at 9295 Prototype Drive, Reno, Nevada. A map with directions to our headquarters is included with this proxy statement. These proxy solicitation materials were mailed on or about January 23, 2004 to all shareholders entitled to vote at the annual meeting.

QUESTIONS AND ANSWERS ABOUT THE MEETING

Q: What am I being asked to vote on?

- A: (1) The election of nominees to serve on our board of directors;
- (2) An amendment to the International Game Technology Employee Stock Purchase Plan to increase the number of shares of common stock authorized to be issued under the plan; and
- (3) The ratification of the appointment of Deloitte & Touche LLP as our independent auditors for our fiscal year ending September 30, 2004.

Q: How does the board recommend I vote on these proposals?

A: Our board of directors recommends a vote FOR each of the nominees for director, FOR the amendment to the International Game Technology Employee Stock Purchase Plan, and FOR the ratification of Deloitte & Touche LLP as our independent auditors.

Q: Who is entitled to vote?

A: The record date for the annual meeting is January 2, 2004. Shareholders of record as of the close of business on that date are entitled to vote at the annual meeting.

Q: How do I vote?

A: If you are the record holder of your shares, you may sign and date the enclosed proxy card and return it in the pre-paid envelope, vote via the internet or by telephone following the instructions included below and with your proxy card, or attend and vote at the annual meeting in person.

Q: What if my shares are held by a broker?

A: If your shares are held by your broker as your nominee (that is, in street name), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Discretionary items are proposals considered routine under the rules of the New York Stock Exchange (NYSE) on which your broker may vote shares held in street name in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. The proposals discussed in this proxy statement, other than the proposal to amend the International Game Technology Employee Stock Purchase Plan, are considered routine and therefore may be voted upon by your broker if you do not give instructions to your broker.

Q: How can I vote by telephone or the internet?

A: If you are the record holder of your shares, you may grant a proxy to vote your shares at the annual meeting by telephone, by calling (866) 593-3362 and following the simple recorded instructions, twenty-four hours a day, seven days a week, at any time prior to 11:59 p.m. Eastern Time the day before the annual meeting. Alternatively, you may vote via the internet at any time prior to 11:59 p.m. Eastern Time the day before the annual meeting, by going to <http://www.proxyvotenow.com/igt> and following the instructions to create an electronic ballot. If you vote by telephone or the internet, you will be required to provide the control number contained on your proxy card. If your shares are held in street name, your proxy card may contain instructions from your broker that allow you to vote your shares using the internet or by telephone; please consult with your broker if you have any questions regarding the electronic voting of shares held in street name. The granting of proxies electronically is allowed by Subsection 2(b) of Section 78.355 of the Nevada General Corporation Law.

Q: Can I revoke my proxy later?

A: Yes. You have the right to revoke your proxy at any time before the annual meeting by:

(1) voting electronically via the internet or by telephone on a subsequent date prior to 11:59 p.m. Eastern Time the day before the annual meeting,

(2) delivering a signed revocation or a subsequently dated, signed proxy card to the Secretary of IGT before the annual meeting, or

(3) attending the annual meeting and voting in person.

However, if you have voted electronically or delivered a valid proxy, your mere presence at the annual meeting will not, by itself, revoke that proxy.

Q: How many shares can vote?

A: As of the close of business on the record date of January 2, 2004, 346,542,237 shares of common stock were issued and outstanding. We have no other class of voting securities outstanding. Each share of common stock entitles its holder to one vote.

Q: How is a quorum determined?

A: For a quorum to be present, a majority of our outstanding shares of common stock must be represented in person or by proxy at the annual meeting. For the purposes of determining a quorum, shares held by brokers or nominees will be treated as present even if the broker or nominee does not have discretionary power to vote on a particular matter or if instructions were never received from the beneficial owner. Abstentions will be counted as present for quorum purposes.

Q: What is required to approve each proposal?

A: Once a quorum has been established, directors are elected by a plurality of the votes cast by holders of shares entitled to vote at the annual meeting. This means that the individuals who receive the largest number of votes are selected as directors up to the maximum number of directors to be elected at the meeting.

To approve the amendment to the International Game Technology Employee Stock Purchase Plan, holders of a majority of the shares represented at the annual meeting, either in person or by proxy, must vote in favor of the proposal.

To approve the ratification of Deloitte & Touche LLP as our independent auditors, holders of a majority of the shares represented at the annual meeting, either in person or by proxy, must vote in favor of the proposal.

If a broker indicates on its proxy that it does not have discretionary authority to vote on a particular matter, we will treat the affected shares as not present and entitled to vote with respect to that matter, even though the same shares may be considered present for quorum purposes and may be entitled to vote on other matters.

Q: What happens if I abstain?

A: We will count proxies marked `abstain` as shares present for the purpose of determining the presence of a quorum, but for purposes of determining the outcome of the proposal, the shares represented by these proxies will not be treated as affirmative votes. In other words, abstentions are treated as votes cast against the proposal.

Q: How will my shares be voted if I return a blank proxy card?

A: If you sign and send in your proxy card and do not indicate how you want to vote, we will count your proxy as a vote FOR each of the director nominees named in this proxy statement, FOR approval of the amendment to the International Game Technology Employee Stock Purchase Plan and FOR the ratification of Deloitte & Touche LLP as our independent auditors. If a broker or nominee who does not have discretion to vote has delivered a proxy but has failed to physically indicate on the proxy card that broker's lack of authority to vote, we will treat the shares as present and count the shares as votes FOR each of the director nominees named in this proxy statement, FOR approval of the amendment to the International Game Technology Employee Stock Purchase Plan and FOR the ratification of Deloitte & Touche LLP as our independent auditors.

Q: How will voting on any other business be conducted?

A: Although we do not know of any business to be considered at the annual meeting other than the proposals described in this proxy statement, if any other business comes before the annual meeting, your signed proxy card gives authority to the proxyholders, G. Thomas Baker, Thomas J. Matthews and David D. Johnson, to vote on those matters at their discretion.

Q: What if a quorum is not present at the meeting?

A: If a quorum is not present at the scheduled time of the annual meeting, we may adjourn the meeting, either with or without the vote of the shareholders. If we propose to have the shareholders vote whether to adjourn the meeting, the proxyholders will vote all shares for which

Q: What if a quorum is not present at the meeting?

they have authority in favor of the adjournment. We may also adjourn the meeting if for any reason we believe that additional time should be allowed for the solicitation of proxies. An adjournment will have no effect on the business that may be conducted at the annual meeting.

Q: How much stock do IGT's directors and executive officers own?

A: As of January 2, 2004, our current directors and executive officers collectively had the power to vote 9,905,977 shares, constituting approximately 2.9% of the outstanding shares. It is expected that these persons will vote the shares held by them for each of the director nominees named in this proxy statement, in favor of the amendment to the International Game Technology Employee Stock Purchase Plan and in favor of the ratification of Deloitte & Touche LLP as our independent auditors.

Q: Who will bear the costs of this solicitation?

A: We will pay the cost of this solicitation of proxies by mail. Our officers and regular employees may also solicit proxies in person or by telephone without additional compensation. We will make arrangements with brokerage houses, custodians, nominees and other fiduciaries to send proxy materials to their principals, and we will reimburse these persons for related postage and clerical expenses.

PROPOSAL 1 ELECTION OF DIRECTORS

The current term of office of all of our directors expires at the 2004 annual meeting. The board of directors proposes re-election of the following nominees, all of whom are currently serving as directors, for a new term of one year and until their successors are duly elected and qualified. Wilbur K. Keating, a current member of our board of directors, is not standing for re-election at this annual meeting. The persons named in the enclosed form of proxy intend, if authorized, to vote the proxies FOR the election as directors of each of the nine nominees named below. If any nominee declines or is unable to serve as a director, which we do not anticipate, the persons named as proxies reserve full discretion to vote for any other person who may be nominated.

Nominees for Election of Directors

G. Thomas Baker, 61, has served on our board of directors since October 2000. Mr. Baker first joined IGT in September 1988 as our Vice President of Finance and Administration and Chief Financial Officer. In October 1991, Mr. Baker was named Vice President of Finance, Chief Financial Officer and Treasurer. He was named Executive Vice President, Corporate Finance, Chief Financial Officer and Treasurer in September 1993, and held these positions until August 1995. Mr. Baker was Senior Vice President and Chief Financial Officer of Boomtown Hotels & Casinos from August 1995 to February 1996. Mr. Baker rejoined IGT in March 1996 as our President, Chief Operating Officer and Chief Financial Officer. In May 1998, he resigned as Chief Financial

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Officer. From August 2000 to March 2001, Mr. Baker served as Chief Financial Officer and Treasurer, in addition to his position as President and Chief Operating Officer. In December 2000, he was appointed Chief Executive Officer. In October 2003, Mr. Baker resigned as President and Chief Executive Officer and assumed the duties of Chairman of the Board. Mr. Baker sits on the boards of the American Gaming Association and the National Center for Responsible Gaming. Mr. Baker has a BS in Business Administration and Liberal Arts from Upper Iowa University. Mr. Baker is a member of the Executive Committee.

Neil Barsky, 46, has served on our board of directors since March 2002. Mr. Barsky is founder and managing partner of Alson Capital Partners, a New York City investment management firm. Through September 30, 2002, Mr. Barsky was managing partner and co-founder of Midtown Capital Partners, LLC. Between 1993 and 1997, Mr. Barsky was an equity research analyst at Morgan Stanley, specializing in real estate, gaming and lodging. Prior to joining Morgan Stanley, Mr. Barsky was an award-winning reporter at the Wall Street Journal. Mr. Barsky has an MS from Columbia University's Graduate School of Journalism and a BA from Oberlin College. Mr. Barsky is a member of the Audit and the Nominating and Corporate Governance Committees.

Robert A. Bittman, 49, has served on our board of directors since May 2000. Mr. Bittman first joined IGT in 1985 as Marketing Research Analyst and was subsequently named Director of Marketing. He was promoted to Vice President of Marketing in 1988 and held this position until December 1995. Mr. Bittman rejoined IGT in March 1996 as our Executive Vice President, Product Development and was named Executive Vice President, Product Strategy in March 2003. From 1980 to 1985, Mr. Bittman worked for Caesar's Tahoe in all phases of slot management, including two years as Director of Slot Operations. Mr. Bittman majored in Systems Analysis at New York University, and Psychology at Queens College and the University of Nevada, Reno.

Richard R. Burt, 56, has served on our board of directors since December 2001, when Anchor Gaming was acquired by IGT. Mr. Burt was a Director and Vice Chairman of Anchor Gaming from June 1999 until the acquisition in December 2001. Mr. Burt served as a Director and Chairman of Powerhouse Technologies, Inc. from 1994 through June 1999. Mr. Burt is Chairman of Diligence LLC in Washington D.C. He is a founder of IEP Advisors, Inc. in Washington D.C., and served as Chairman from 1996 through 2001. At various times between 1981 and 1994, he was a partner in McKinsey & Co., the Chief Negotiator in the Strategic Arms Reduction Talks (START) with the former Soviet Union, the U.S. Ambassador to the Federal Republic of Germany, the Assistant Secretary of State for European and Canadian Affairs and Director of Politico-Military Affairs. Mr. Burt also serves as Chairman of the Board of Weirton Steel, Inc. and as a Director of Paine Webber Mutual Funds and Hollinger International Inc. In addition, he is a member of the Textron Corporation's International Advisory Council. Mr. Burt is a member of the Audit and the Compensation Committees.

Leslie S. Heisz, 43, has served on our board of directors since June 2003. Ms. Heisz has been with Lazard Freres & Co. LLC since March 2003, where she was a Senior Advisor until her appointment as Managing Director in January 2004. From 1995 to 2002, Ms. Heisz held the positions of Director and Managing Director of Dresdner Kleinwort Wasserstein (and its predecessor, Wasserstein Perella & Co.), where she headed the Gaming and Leisure Group, specialized in mergers and acquisitions advisory services as well as corporate financing transactions, and managed the Los Angeles office. From 1987 to 1995, Ms. Heisz was with Salomon Brothers Inc., first as an Associate and then as Vice President and a senior member of the Gaming and Lodging Group. Ms. Heisz was a Consultant and Senior Consultant at Price Waterhouse from 1982 to 1986. Ms. Heisz is a member of the board of Eldorado Resorts LLC. Ms. Heisz received a Bachelor of Science degree from the University of California at Los Angeles in 1982 and an MBA from the UCLA Anderson School of Management in 1987. Ms. Heisz is a member of the Audit Committee.

Robert A. Mathewson, 39, has served on our board since December 2003. Mr. Mathewson is President of RGC, Inc., a privately owned real estate investment company investing primarily in hotels and other commercial real estate. From December 1999 to August 2000, he served as the Vice President of Business Development for Televoke Inc., an internet application service provider focusing on web, wireless and telephone integration. Mr. Mathewson has been a member of the board of directors of FelCor Lodging Trust since May 2002. He previously worked as an international manager for IGT in 1989. Mr. Mathewson received a bachelor's degree in Economics and a master's degree in Business Administration from the University of California at Berkeley, and a Juris Doctorate from the Hastings College of Law.

Thomas J. Matthews, 38, has served on our board of directors since December 2001, when Anchor Gaming was acquired by IGT. He was named our Chief Operating Officer in December 2001. In October 2003, Mr. Matthews was appointed President and Chief Executive Officer. From February 1994 until its acquisition by IGT in December 2001, Mr. Matthews held a number of key positions at Anchor Gaming, including President, Chief Executive Officer and Chairman of the Board. Mr. Matthews previously served as President of Global Gaming Distributors, Inc. until it was acquired by Anchor Gaming in 1994. Mr. Matthews graduated with a BS in Finance from the University of Southern California in 1986. Mr. Matthews is a member of the Executive Committee.

Robert Miller, 58, has served on our board of directors since January 2000. Governor Miller has been a partner at the law firm of Jones Vargas since January 1999, which has provided and continues to provide legal services to IGT. From January 1989 until December 1998, he served as Governor of the State of Nevada and as Lieutenant Governor of the State of Nevada from 1987 to 1989. Governor Miller was the Clark County District Attorney from 1979 to 1986 and was Las Vegas Township Justice of the Peace from 1975 to 1978. He was first legal advisor for the Las Vegas Metropolitan Police Department from 1973 to 1975 and was a Clark County Deputy District Attorney from 1971 to 1973. Prior to 1973, Governor Miller was a uniformed commissioned officer for the Clark County Sheriff's Department and the Los Angeles County Sheriff's Department. During Governor Miller's political and professional careers, he has served on many local and national boards and chaired or co-chaired numerous committees within the National Governor's Association, including the Chairmanship of the Association during 1996-1997. He was appointed by President Reagan to the nine-member President's Task Force on Victims of Crime in 1982 and was appointed to the Advisory Commission on Intergovernmental Relations by President Bill Clinton in 1993. Current board memberships include Newmont Mining Corporation, America West Holdings, American Cancer Society Foundation-National, Zenith National Insurance Corp., K12, Inc., National Center for Missing and Exploited Children and Wynn Resorts, Ltd. Governor Miller received his law degree in 1971 from Loyola Law School, Los Angeles. Mr. Miller is a member of the Compensation Committee.

Frederick B. Rentschler, 64, has served on our board of directors since May 1992. Mr. Rentschler served as President and Chief Executive Officer of Northwest Airlines in 1991. He served as President and Chief Executive Officer of Beatrice Company from 1987 to 1989, and as President and Chief Executive Officer of Beatrice U.S. Foods from 1985 to 1987. Mr. Rentschler was President and Chief Executive Officer of Hunt-Wesson, Inc. from 1980 to 1984, and President of Armour-Dial from 1977 to 1980. Mr. Rentschler is Chairman of the Executive Committee and Vice Chairman of the Board of Trustees of the Salk Institute, La Jolla, California. Additionally, Mr. Rentschler serves on the Board of Trustees of Vanderbilt University, Nashville, Tennessee and is an emeritus trustee of the Scottsdale Health Care Systems in Arizona. Mr. Rentschler received his undergraduate degree from Vanderbilt and an MBA degree from Harvard University. He was awarded a Doctor of Laws degree honoris from the University of Wyoming. Mr. Rentschler is a member of the Compensation and the Nominating and Corporate Governance Committees.

Board of Directors and Committees of the Board

During fiscal 2003, our board of directors held four regular meetings, four special meetings and acted by unanimous written consent on three other occasions. Each director attended at least 75% of the board meetings and committee meetings during the period he or she served as a member. Our non-management directors met three times during fiscal 2003. We encourage our directors to attend our annual meetings of shareholders. All but one of our directors attended our 2003 annual meeting of shareholders.

Our board of directors has made an affirmative determination that a majority of the members of the board meet the standards for independence set forth in applicable NYSE rules.

Our board of directors has four standing committees: the Executive Committee, the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee.

The **Executive Committee**, comprised of Messrs. Baker and Matthews, exercises the powers and authority of our board of directors in the management of IGT's business affairs during the intervals between board meetings. The power and authority of the Executive Committee is subject to the provisions of applicable Nevada law and our charter documents. The Executive Committee does not have any power or authority over any of the matters reserved exclusively for the Compensation Committee, the Audit Committee or the Nominating and Corporate Governance Committee under any federal laws, the rules and regulations of the Securities and Exchange Commission (SEC), and the rules of the NYSE. During fiscal 2003, the Executive Committee did not hold any meetings, but acted by unanimous written consent on three occasions.

The **Audit Committee**, a separately-designated, standing committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934, assists our board of directors in overseeing the accounting and financial reporting processes of IGT and audits of our financial statements, including the integrity of our financial statements, compliance with legal and regulatory requirements, our independent public accountants' qualifications and independence, the performance of our internal audit function and independent public accountants, and such other duties as may be directed by our board of directors. The Audit Committee Charter requires that the Audit Committee consist of three or more board members who satisfy the independence requirements of the SEC and NYSE for audit committee members. The Audit Committee consists of Messrs. Barsky, Burt and Keating and Ms.

Heisz, each of whom satisfies these requirements. Our board of directors has determined that Ms. Heisz and Mr. Barsky both meet the definition of an audit committee financial expert, as set forth in Item 401(h)(2) of SEC Regulation S-K. The Audit Committee held twelve meetings during fiscal 2003. A copy of the report of the Audit Committee is contained in this proxy statement. A copy of the current charter of the Audit Committee is available on our website at <http://www.igt.com>.

Compensation Committee Interlocks and Insider Participation

The **Compensation Committee** discharges the responsibilities of our board of directors relating to compensation of IGT's executives and directors, produces an annual report on executive compensation for inclusion in our proxy statements, and takes such other actions deemed necessary or appropriate within the scope of the Compensation Committee Charter. The Charter requires that this Committee consist of three or more board members who satisfy the independence requirements of the NYSE. The Compensation Committee consists of Messrs. Burt, Miller and Rentschler, each of whom satisfies these requirements. During fiscal 2003, this Committee held four regular meetings, one special meeting, and acted by unanimous written consent on two other occasions. A copy of the report of the Compensation Committee is contained in this proxy statement. A copy of the current charter of the Compensation Committee is available on our website at <http://www.igt.com>.

7

Members of our Compensation Committee have never been officers or employees of IGT or its subsidiaries. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or Compensation Committee.

Corporate Governance Matters

The **Nominating and Corporate Governance Committee**, which consists of Messrs. Barsky, Keating and Rentschler, is responsible for identifying qualified candidates to be presented to our board for nomination as directors, ensuring that our board and our organizational documents are structured in a way that best serves our practices and objectives, and developing and recommending a set of corporate governance principles. The Nominating and Corporate Governance Charter requires that this Committee consist of no fewer than three board members who satisfy the independence requirements of the NYSE. Each member of our Nominating and Corporate Governance Committee meets these requirements. Our Nominating and Corporate Governance Committee held four regular meetings and one special meeting during fiscal 2003. A copy of the current charter of the Nominating and Corporate Governance Committee is available on our website at <http://www.igt.com>.

The Nominating and Corporate Governance Committee will consider nominees for our board of directors recommended by shareholders. Notice of proposed shareholder nominations for director must be delivered not less than 120 days prior to any meeting at which directors are to be elected. Nominations must include the full name of the proposed nominee, a brief description of the proposed nominee's business experience for at least the previous five years, and a representation that the nominating shareholder is a beneficial or record owner of IGT common stock. Any such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director if elected. Nominations should be delivered to the Nominating and Corporate Governance Committee at the following address:

International Game Technology
c/o Corporate Secretary
9295 Prototype Drive
Reno, Nevada 89521-8986

In considering possible candidates for election as a director, the Nominating and Corporate Governance Committee is guided by the principle that each director should:

be an individual of high character and integrity;

be accomplished in his or her respective field, with superior credentials and recognition;

have relevant expertise and experience upon which to be able to offer advice and guidance to management;

have sufficient time available to devote to the affairs of IGT;

represent the long-term interests of our shareholders as a whole; and

be selected such that the board of directors represents a diversity of background and experience.

Qualified candidates for membership on the board of directors will be considered without regard to race, color, religion, gender, ancestry, national origin or disability. The Nominating and Corporate Governance Committee will review the qualifications and backgrounds of directors and nominees (without regard to whether a nominee has been recommended by shareholders), as well as the overall composition of the board, and recommend the slate of directors to be nominated for election at the annual meeting of shareholders. IGT does not currently employ or pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees.

8

You can contact our board or any of our directors by writing to them at the same address provided above for delivery of director nominations. Employees and others who wish to contact the board or any member of the Audit Committee to report complaints or concerns with respect to accounting, internal accounting controls or auditing matters, may do so by using this address, or may call IGT's Integrity Action Line at (800) 852-6577. Employees and agents may call the Integrity Action Line anonymously. All calls to the Integrity Action Line are confidential.

We have adopted the International Game Technology Code of Ethics for Executive and Financial Officers (the finance code of ethics), a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Corporate Controller and other finance organization employees, and the International Game Technology Code of Conduct (the code of conduct), which applies to all of our employees. The finance code of ethics and the code of conduct are publicly available on our website at <http://www.igt.com>. If we make any substantive amendments to the finance code of ethics or the code of conduct or grant any waiver, including any implicit waiver, from a provision of these codes to our Chief Executive Officer, Chief Financial Officer or Corporate Controller, we will disclose the nature of such amendment or waiver on our website.

In addition, we have adopted the International Game Technology Corporate Governance Guidelines, which cover such matters as size and independence of our board of directors, board committees and management succession planning. The Corporate Governance Guidelines are publicly available on our website at <http://www.igt.com>. Under the Corporate Governance Guidelines, our non-management directors meet without management in regular executive sessions at each meeting of our board of directors. The chairperson of the Nominating and Corporate Governance Committee chairs these executive sessions.

Compensation of Directors

Through December 2003, non-employee directors received a \$30,000 annual fee and a fee of \$1,500 for each committee meeting attended. Effective January 2004, non-employee director compensation increased to \$50,000 annually. Each non-employee director receives non-qualified stock options to purchase 40,000 shares of common stock upon his initial election to the board of directors at an exercise price equal to the closing price of the common stock on the date of grant. Additionally, every year thereafter, each non-employee director receives non-qualified stock options to purchase 24,000 shares of common stock upon his re-election to the board at an exercise price equal to the closing price of the common stock on the date of grant.

During fiscal 2003, each non-employee director except Ms. Heisz and Mr. Robert A. Mathewson received non-qualified stock options to purchase 24,000 shares of our common stock at an exercise price of \$19.46 per share. Ms. Heisz received non-qualified options to purchase 40,000 shares of common stock at an exercise price of \$21.3375 per share (as adjusted to reflect our four-for-one stock split in June 2003) upon her appointment to the board in June 2003. Mr. Robert A. Mathewson received non-qualified options to purchase 40,000 shares of common stock at an exercise price of \$34.86 per share upon his appointment to the board in December 2003.

Directors who are also executive officers do not receive any fees or additional remuneration to serve on our board or its committees.

Recommendation of IGT Board of Directors

A plurality of favorable votes cast for is required for election of a nominee to the board of directors.

9

Our board of directors recommends a vote FOR the election of each of the above nominees as a director.

PROPOSAL 2 APPROVAL OF THE AMENDMENT TO THE INTERNATIONAL GAME TECHNOLOGY EMPLOYEE STOCK PURCHASE PLAN

At the annual meeting, shareholders will be asked to approve an amendment to our Employee Stock Purchase Plan (the ESPP). The ESPP was originally adopted by our board of directors on February 26, 1987 and was approved by our shareholders on February 16, 1988. The ESPP was amended and restated as of March 1, 1999. The proposed amendment was approved by our board of directors on December 2, 2003, subject to shareholder approval.

Under the ESPP, shares of our common stock are available for purchase by eligible employees who elect to participate in the plan. Such eligible employees are entitled to purchase common stock during specific offering periods, by means of limited payroll deductions, at a 15% discount from the fair market value of the common stock as of specified dates.

The ESPP currently provides that a maximum of 9,600,000 shares of our common stock may be purchased under the plan (after giving effect to our stock splits affecting the common stock through the June 2003 four-for-one stock split). At January 2, 2004, 964,647 shares of our common stock remained available for purchase under the ESPP. Our board of directors considers the ESPP to be an important attraction, retention, and motivational tool for eligible employees and believes that the number of shares currently available under the ESPP is insufficient to continue the ESPP in future offering periods. Therefore, our board of directors approved the proposed amendment to increase the number of shares of our common stock authorized to be issued under the ESPP by an additional 3,000,000 shares (for a new share limit of 12,600,000 shares), subject to certain adjustments as provided in the ESPP and described below. This amendment to the ESPP will not be effective without shareholder approval.

The following is a summary of the principal terms of the amended ESPP. Please note that the following description is qualified in its entirety by the full text of the amended ESPP. The full text of the ESPP has been filed as an exhibit to the copy of this Proxy Statement filed electronically with the SEC and can be reviewed at <http://www.sec.gov>. A copy of the ESPP document may also be obtained without charge by written request to:

Investor Relations
International Game Technology
9295 Prototype Drive
Reno, Nevada 89521-8986

Summary Description of the ESPP

Purpose: The purpose of the ESPP is to provide our employees, and the employees of our subsidiaries which have been designated by our board of directors as eligible to participate in the ESPP, with an opportunity to purchase shares of our common stock. The ESPP is also intended to help eligible employees provide for their future security and to encourage them to remain with us and our subsidiaries.

Operation of the ESPP: The ESPP generally operates in successive twelve-month periods (Offering Periods) commencing on each March 1. On the first day of each Offering Period (Grant Date), each eligible employee who has timely filed a valid election

to participate in the ESPP for that Offering Period will be granted an option to purchase shares of our common stock. A participant must designate in the election the percentage of compensation to be withheld from his or her pay during that Offering Period and credited to a bookkeeping account maintained under the ESPP in his or her name on our books.

Each option granted under the ESPP will be for a twelve-month term and will automatically be exercised on the last day of the Offering Period in which it was granted (Exercise Date). The number of shares acquired by a participant upon exercise of his or her option will be determined by dividing the participant's ESPP account balance as of the Exercise Date by the Option Price. The Option Price for each Offering Period will equal 85% multiplied by the *lesser* of the fair market values of a share of our common stock on the Grant Date or the Exercise Date of that Offering Period. A participant's ESPP account will be reduced upon exercise of his or her option by the amount used to pay the Option Price. No interest will be paid to any participant or credited to any account under the ESPP.

A participant may elect to terminate his or her contributions to the ESPP during an Offering Period at any time prior to the Exercise Date. A participant's participation in the ESPP will also terminate prior to the applicable Exercise Date upon termination of employment by us for any reason, or in the event that he or she is no longer an eligible employee.

If a participant's ESPP participation terminates during an Offering Period for any reason other than death, retirement or because he or she elected to withdraw from an Offering Period, he or she will no longer be permitted to make contributions to the ESPP for that Offering Period, his or her option for that Offering Period will automatically terminate, and his or her account balance will be paid to him or her without interest. If a participant's participation terminates because he or she ceases to be an eligible employee, but remains an employee through the Exercise Date or commences a qualified leave of absence, then his or her contributions will cease and his or her account balance will be used to exercise the participant's option on the Exercise Date. If a participant's participation terminates because of retirement or death, the participant (or beneficiary) may elect to either exercise the option as of such termination date or request payment of the accumulated contributions as of that date. A participant's termination from participation will not have any effect upon his or her ability to participate in any succeeding Offering Period, provided that the applicable eligibility and participation requirements are again then met.

Eligibility: Only certain employees are eligible to participate in the ESPP. To be eligible, an employee must be employed by us or one of our designated subsidiaries and must: (1) be customarily employed for more than 20 hours per week and more than five months per calendar year, and (2) have been employed by us or one of our designated subsidiaries as a full-time employee for at least 90 days as of the Grant Date of a given Offering Period. As of January 2, 2004, approximately 4,026 employees, including all of our named executive officers, were eligible to participate in the ESPP. No employee is eligible to participate in the ESPP, however, if, immediately after a grant of an option under the ESPP, the employee would own stock and/or hold outstanding options to purchase stock representing 5% or more of the total combined voting power or value of all classes of our stock or the stock of one of our subsidiaries.

Transfer Restrictions: A participant's rights with respect to options or the purchase of shares under the ESPP, as well as contributions credited to his or her ESPP account, may not be assigned, transferred, pledged or otherwise disposed of in any way except by will or the laws of descent and distribution.

Limits on Authorized Shares and Contributions: Under the proposed amendment to the ESPP, a maximum of 12,600,000 shares of common stock may be delivered under the ESPP. As required by Section 423 of the Internal Revenue Code, a participant cannot purchase more than \$25,000 of stock (valued at the start of the applicable Offering Period) under the ESPP in any one calendar year. The ESPP also provides that, unless the Committee determines otherwise: (1) a participant's elected contribution must result in a minimum contribution of at least \$10 per pay period during an Offering Period, (2) the maximum amount that a participant may elect to set aside under the ESPP in each Offering Period is 10% of his or her eligible compensation, and (3) no participant may purchase more than 12,000 shares in any one Offering Period.

Antidilution Adjustments: As is customary in stock incentive plans of this nature, the number and kind of shares available under the ESPP, as well as ESPP purchase prices and share limits, are subject to adjustment in the case of certain corporate events. These events include reorganizations, mergers, combinations, consolidations, recapitalizations, reclassifications, stock splits, stock dividends, asset sales or other similar unusual or extraordinary corporate events, or extraordinary dividends or distributions of property to the shareholders.

Possible Early Termination of an Offering Period: In the event of our dissolution or upon the occurrence of certain corporate events that we do not survive, the Plan and the current Offering Period will terminate, unless otherwise provided by the Committee. If the Offering Period terminates before the Exercise Date, participants' account balances will be paid in cash.

Administration: The ESPP is administered by our board of directors or a committee appointed by our board of directors (the appropriate acting body is referred to as the Committee). Our board of directors has appointed the Compensation Committee of the board as the current administrator of the ESPP. The Committee has the full power and discretion to adopt, amend or rescind any rules and regulations for carrying out the ESPP. The Committee has full power and discretion to construe and interpret the ESPP, which construction or interpretation is final and conclusive on all persons.

No Limit on Other Plans: The ESPP does not limit the ability of our board of directors or the Committee to grant awards or authorize any other compensation under any other plan or authority.

Termination of or Changes to the ESPP: The Board may amend or terminate the ESPP at any time and in any manner. No new Offering Periods will commence after February 26, 2007, unless the Plan is earlier terminated by our board of directors. Participant consent will be required for any amendment to the ESPP to the extent that the then-existing rights of participants are adversely affected in a material manner by the amendment. Shareholder approval for an amendment will only be required to the extent necessary to meet the requirement of Section 423 of the Internal Revenue Code, to the extent otherwise required by law, or to the extent determined to be necessary or advisable by our board of directors. The Committee also has the discretion to, from time to time, without shareholder approval and without limiting our board of directors' amendment authority, designate those Company subsidiaries whose employees may participate in the ESPP.

Securities Underlying Options: The market value of a share of Company common stock as of January 2, 2004 was \$35.30 per share.

Federal Income Tax Consequences of the ESPP

The current federal income tax consequences of the ESPP are summarized in the following general discussion of the general tax principles applicable to the ESPP. This summary is not intended to be exhaustive and does not describe state, local, or international tax consequences.

The ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code. Participant contributions to the ESPP are made on an after-tax basis (that is, the contributions are deducted from compensation that is taxable to the participant and for which we or one of our subsidiaries are generally entitled to a tax deduction).

Generally, no taxable income is recognized by a participant either as of the Grant Date or as of the Exercise Date with respect to an option granted under the ESPP. A participant will generally recognize income (or loss) upon a sale or disposition of the shares acquired under the ESPP. If the shares are held by the participant with respect to an option granted under the ESPP for a period of two years or more from the Grant Date and for at least one year from the Exercise Date (Required Holding Period), and are sold at a price in excess of the purchase price paid by the participant for the shares, the gain on the sale of the shares will be taxed as ordinary income to the participant to the extent of the lesser of (1) the amount by which the fair market value of the shares on the Grant Date exceeded the purchase price, or (2) the amount by which the fair market value of the shares at the time of their sale exceeded the purchase price. Any portion of the gain not taxed as ordinary income will be treated as long-term capital gain. If the shares are held for the Required Holding Period and are sold at a price less than the purchase price paid by the participant for the shares, the loss on the sale will be treated as a long-term capital loss to the participant. The Company will not be entitled to any deduction for federal income tax purposes for shares held for the Required Holding Period that are subsequently sold by the participant, whether at a gain or loss.

If a participant disposes of shares within the Required Holding Period (Disqualifying Disposition), the participant will recognize ordinary income in an amount equal to the difference between the purchase price paid by the participant for the shares and the fair market value of the shares on the Exercise Date, and we will be entitled to a corresponding deduction for federal income tax

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purposes. In addition, if a participant makes a Disqualifying Disposition at a price in excess of the purchase price paid by the participant for the shares, the participant will recognize a capital gain in an amount equal to the difference between the selling price of the shares and the fair market value of the shares on the Exercise Date. Alternatively, if a participant makes a Disqualifying Disposition at a price less than the fair market value of the shares on the Exercise Date, the Participant will recognize a capital loss in an amount equal to the difference between the fair market value of the shares on the Exercise Date and the selling price of the shares. The Company will not receive a deduction for federal income tax purposes with respect to any capital gain recognized by a participant who makes a Disqualifying Disposition.

Specific Benefits

The benefits that will be received by or allocated to eligible employees under the ESPP in the future cannot be determined at this time because the amount of contributions set aside to purchase shares of common stock under the ESPP (subject to the limitations discussed above) is entirely within the discretion of each participant. If the amendment to the ESPP had been in effect for our fiscal year ended September 30, 2003, we do not expect that the number of shares purchased by participants in the plan during that year would have been materially different than the numbers of shares purchased as set forth in the table below.

As of January 2, 2004, 8,635,353 shares of our common stock had been purchased under the ESPP. The following number of shares have been purchased by the persons and groups identified below:

Aggregate Past Purchases Under the Employee Stock Purchase Plan

Name and Position	Aggregate Number of Shares Purchased Under the Plan in the Fiscal Year Ended September 30, 2003	Aggregate Number of Shares Purchased Under the Plan in All Completed Offering Periods
Named Executive Group:		
G. Thomas Baker Chairman ⁽¹⁾	1,476	14,264
Thomas J. Matthews Chief Executive Officer, President and Chief Operating Officer ⁽²⁾	1,476	1,476
Maureen T. Mullarkey Executive Vice President, Chief Financial Officer and Treasurer	0	0
Robert A. Bittman Executive Vice President, Product Strategy	0	0
Anthony Ciorciari Executive Vice President, Operations	1,476	14,052
Charles N. Mathewson Chairman ⁽³⁾	0	0