

INTERNATIONAL GAME TECHNOLOGY
Form 10-Q
May 13, 2010

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 April 3, 2010

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)

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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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" 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 10, 2010, there were 298.1 million shares of our \$.00015625 par value common stock outstanding.

TABLE OF CONTENTS

GLOSSARY OF TERMS AND ABBREVIATIONS (as used in this document)	iii
PART I – FINANCIAL INFORMATION	1
Item 1. Unaudited Condensed Consolidated Financial Statements	1
CONSOLIDATED INCOME STATEMENTS	1
CONSOLIDATED BALANCE SHEETS	2
CONSOLIDATED STATEMENTS OF CASH FLOWS	3
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	5
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	28
FORWARD LOOKING STATEMENTS	28
OVERVIEW	28
RECENTLY ISSUED ACCOUNTING STANDARDS	30
CRITICAL ACCOUNTING ESTIMATES	31
CONSOLIDATED OPERATING RESULTS – A Year Over Year Comparative Analysis	32
BUSINESS SEGMENT RESULTS – A Year Over Year Comparative Analysis	36
LIQUIDITY AND CAPITAL RESOURCES	38
Item 3. Quantitative and Qualitative Disclosures about Market Risk	41
Item 4. Controls and Procedures	41
PART II – OTHER INFORMATION	42
Item 1. Legal Proceedings	42
Item 1A. Risk Factors	42
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	47

Item 3. Defaults Upon Senior Securities	47
Item 4. (Removed and Reserved)	47
Item 5. Other Information	47
Item 6. Exhibits	47

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

Fiscal dates as presented:

March 31, 2010

March 31, 2009

September 30, 2009

Fiscal dates -- actual:

April 3, 2010

April 4, 2009

October 3, 2009

Abbreviation/term as presented

Anchor

ARS

ASU

AVP®

Bonds

bps

CAD

CCSC

CDS

CEO

CFO

CLS

DCF

Debentures

EBITDA

EPA

EPS

ERISA

FASB

GAAP

ICR

IGT, we, our, the Company

IP

IRS

LIBOR

MBE

MDA

MLD®

MOU

Notes

OSHA

pp

SEC

SIP

TLR

TPE

UK

US

VIE

VSOE

WAP

Definition

Anchor Gaming

auction rate securities

accounting standards update

Advanced Video Platform®

7.5% Notes due 2019

basis points

Canadian dollars

Colorado Central Station Casino

central determination system

Chief Executive Officer

Chief Financial Officer

China LotSynergy Holdings, Ltd.

discounted cash flow

2.6% Convertible Debentures

earnings before interest, tax, depreciation, and amortization

Environmental Protection Agency

earnings per share

Employee Retirement Income Security Act

Financial Accounting Standards Board

generally accepted accounting principles

interest coverage ratio

International Game Technology and its consolidated entities

intellectual property

Internal Revenue Service

London Inter-Bank Offering Rate

management's best estimate

management's discussion and analysis

3-D Multi-Layer Display

Memorandum of understanding

3.25% Convertible Notes due 2014

Occupational Safety & Health Administration

percentage points

Securities and Exchange Commission

Stock Incentive Plan

total leverage ratio

Third-party evidence

United Kingdom

United States

variable interest entity

vendor specific objective evidence

wide area progressive

*

not meaningful (in tables)

iii

PART I – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENTS

	Quarters Ended March 31,		Six Months Ended March 31,	
	2010	2009	2010	2009
(In millions, except per share amounts)				
Revenues				
Gaming operations	\$ 281.3	\$ 294.5	\$ 558.6	\$ 607.8
Product sales	213.1	181.2	451.5	469.5
Total revenues	494.4	475.7	1,010.1	1,077.3
Costs and operating expenses				
Cost of gaming operations	107.3	121.5	211.4	273.4
Cost of product sales	114.5	94.2	229.6	238.0
Selling, general and administrative	86.6	109.3	176.5	224.3
Research and development	52.5	52.8	99.2	106.3
Depreciation and amortization	19.0	19.4	38.6	39.4
Impairment and restructuring	76.2	8.3	76.2	25.7
Total costs and operating expenses	456.1	405.5	831.5	907.1
Operating income	38.3	70.2	178.6	170.2
Other income (expense)				
Interest income	15.4	14.8	31.4	31.3
Interest expense	(39.0)	(32.2)	(82.2)	(67.7)
Other	1.0	(1.5)	(0.1)	(9.5)
Total other income (expense)	(22.6)	(18.9)	(50.9)	(45.9)
Income before tax	15.7	51.3	127.7	124.3
Income tax provision	15.0	17.7	53.7	29.5
Net income	\$ 0.7	\$ 33.6	\$ 74.0	\$ 94.8
Basic earnings per share	\$ 0.00	\$ 0.11	\$ 0.25	\$ 0.32
Diluted earnings per share	\$ 0.00	\$ 0.11	\$ 0.25	\$ 0.32
Cash dividends declared per share	\$ 0.06	\$ 0.06	\$ 0.12	\$ 0.21
Weighted average shares outstanding				
Basic	295.9	293.6	295.5	293.4
Diluted	297.3	293.7	297.7	293.5

See accompanying notes

CONSOLIDATED BALANCE SHEETS

	March 31, 2010	September 30, 2009
(In millions, except par value)		
Assets		
Current assets		
Cash and equivalents	\$ 171.8	\$ 146.7
Investment securities	8.4	21.3
Restricted cash and investments	79.0	79.4
Jackpot annuity investments	66.2	67.2
Accounts receivable, net	294.8	334.3
Current maturities of notes and contracts receivable, net	172.0	154.8
Inventories	125.1	157.8
Deferred income taxes	89.4	82.8
Other assets and deferred costs	166.8	189.4
Total current assets	1,173.5	1,233.7
Property, plant and equipment, net	563.0	558.8
Jackpot annuity investments	381.3	396.9
Notes and contracts receivable, net	208.5	249.4
Goodwill	1,149.5	1,151.5
Other intangible assets, net	228.9	259.2
Deferred income taxes	180.3	172.2
Other assets and deferred costs	278.2	306.4
Total Assets	\$4,163.2	\$4,328.1
Liabilities and Stockholders' Equity		
Liabilities		
Current liabilities		
Short-term debt	\$-	\$5.3
Accounts payable	78.0	90.5
Jackpot liabilities, current portion	157.6	155.5
Accrued employee benefits	14.1	32.8
Accrued income taxes	2.3	9.4
Dividends payable	17.8	17.8
Other accrued liabilities	274.5	313.2
Total current liabilities	544.3	624.5
Long-term debt	1,884.6	2,014.7
Jackpot liabilities	407.7	432.6
Other liabilities	187.7	192.7
Total Liabilities	3,024.3	3,264.5
Commitments and Contingencies		
Stockholders' Equity		
Common stock: \$.00015625 par value; 1,280.0 shares authorized; 338.8 and 337.2 issued; 297.9 and 296.6 outstanding	0.1	0.1
Additional paid-in capital	1,451.8	1,417.8
Treasury stock at cost: 40.9 and 40.6 shares	(801.3) (799.3

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Retained earnings	475.7	437.3
Accumulated other comprehensive income	13.1	6.1
Total IGT Stockholders' Equity	1,139.4	1,062.0
Noncontrolling Interests	(0.5)