

INTERNATIONAL GAME TECHNOLOGY

Form S-4/A

October 31, 2001

As filed with the Securities and Exchange Commission on October 31, 2001

Registration No. 333-67928

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

INTERNATIONAL GAME TECHNOLOGY

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation or organization)

3990
(Primary Standard Industrial
Classification Code Number)

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

9295 Prototype Drive

Reno, Nevada 89511
(775) 448-7777

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Sara Beth Brown
Senior Vice President and General Counsel
International Game Technology
9295 Prototype Drive
Reno, Nevada 89511
(775) 448-7777

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Dallas, Texas 75201
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Approximate date of commencement of proposed sale to public:

As soon as practicable after this registration statement becomes effective and the merger has become effective under the agreement and plan of merger as described herein.

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value \$0.000625 per share	17,259,608 shares	Not applicable	\$895,342,165	\$223,835.54(3)

- (1) Represents the number of shares of common stock, par value \$0.000625 per share, of International Game Technology expected to be issued pursuant to the merger based upon the number of shares of common stock, par value \$0.01 per share, of Anchor Gaming outstanding or subject to outstanding options as of July 8, 2001, the date of the merger agreement.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f)(1) and 457(c) under the Securities Act and based on \$51.875, the average of the high and low per share prices of common stock of Anchor Gaming as reported on the Nasdaq National Market on August 15, 2001.
- (3) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this document is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. We may not sell these securities until that registration statement is effective. This document is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 31, 2001

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT!

Dear Stockholder:

I am pleased to report that the boards of directors of International Game Technology and Anchor Gaming have each unanimously approved a merger of the two companies.

In the merger, Anchor stockholders will receive, for each share of Anchor common stock they own, a number of shares of IGT common stock calculated according to an exchange ratio based on the average closing price of IGT common stock during a specified twenty-day measurement period. If the IGT average closing price is between \$50.00 and \$75.00 per share, Anchor stockholders will receive one share of IGT common stock for each share of Anchor common stock they own. If the IGT average closing price is less than \$50.00 per share, Anchor may terminate the merger agreement, subject to IGT's right to provide a higher exchange ratio such that the value of IGT stock received by Anchor stockholders equals \$50.00 per share. Conversely, if the IGT average closing price exceeds \$75.00 per share, IGT may terminate the merger agreement, subject to Anchor's right to accept a lower exchange ratio such that the value of IGT stock received by Anchor stockholders equals \$75.00 per share. In addition, IGT will convert each outstanding option to purchase Anchor common stock into the right to acquire on the same terms and conditions a number of shares of IGT common stock based on the merger exchange ratio. IGT common stock trades on The New York Stock Exchange under the symbol IGT.

One condition for completion of the merger is that IGT's stockholders approve the issuance of IGT common stock to Anchor stockholders in the merger. IGT has scheduled a special meeting for its stockholders to vote on this issuance of shares in the merger.

At the special meeting, IGT's stockholders will also vote on a proposal to increase by 900,000 the number of shares of IGT common stock available for issuance under the International Game Technology 1993 Stock Option Plan to accommodate stock option grants IGT committed to as part of the merger.

We are furnishing you with this joint proxy statement/prospectus in connection with the solicitation by the board of directors of IGT of your vote at the special meeting. The special meeting of IGT stockholders will take place at [place], on [date], at [time].

The board of directors of IGT believes that the merger and the stock option plan amendment are both in the best interests of IGT stockholders, and recommends that you vote **FOR** both of these proposals.

This joint proxy statement/prospectus contains important information that you should consider in determining your vote on the above proposals. **In particular, please see Risk Factors beginning on page 19 for a discussion of some of the risks that you should consider in evaluating the proposed merger.**

Sincerely,

G. Thomas Baker
President and Chief Executive Officer
International Game Technology

Neither the United States Securities and Exchange Commission, any state securities commission, the Nevada Gaming Commission, the Nevada State Gaming Control Board, nor any other gaming regulatory authority has approved or disapproved of the IGT common stock to be issued in the merger or the investment merits of the IGT common stock or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is unauthorized and may violate applicable law.

This joint proxy statement/prospectus is dated _____ and is first being mailed to stockholders on or about _____.

SUBJECT TO COMPLETION, DATED OCTOBER 31, 2001

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT!

Dear Stockholder:

I am pleased to report that the boards of directors of International Game Technology and Anchor Gaming have each unanimously approved a merger of the two companies.

In the merger, Anchor stockholders will receive, for each share of Anchor common stock they own, a number of shares of IGT common stock calculated according to an exchange ratio based on the average closing price of IGT common stock during a specified twenty-day measurement period. If the IGT average closing price is between \$50.00 and \$75.00 per share, Anchor stockholders will receive one share of IGT common stock for each share of Anchor common stock they own. If the IGT average closing price is less than \$50.00 per share, Anchor may terminate the merger agreement, subject to IGT's right to provide a higher exchange ratio such that the value of IGT stock received by Anchor stockholders equals \$50.00 per share. Conversely, if the IGT average closing price exceeds \$75.00 per share, IGT may terminate the merger agreement, subject to Anchor's right to accept a lower exchange ratio such that the value of IGT stock received by Anchor stockholders equals \$75.00 per share. In addition, IGT will convert each outstanding option to purchase Anchor common stock into the right to acquire on the same terms and conditions a number of shares of IGT common stock based on the merger exchange ratio. IGT common stock trades on The New York Stock Exchange under the symbol IGT.

One condition for completion of the merger is that Anchor's stockholders approve the merger. Anchor has scheduled a special meeting for its stockholders to vote on the merger.

We are furnishing you with this joint proxy statement/prospectus in connection with the solicitation by the board of directors of Anchor of your vote at the special meeting. The special meeting of Anchor stockholders will take place at 815 Pilot Road, Suite G, Las Vegas, Nevada 89119, on [date], at [time].

The board of directors of Anchor believes that the merger is in the best interests of Anchor stockholders, and recommends that you vote FOR this proposal.

This joint proxy statement/prospectus contains important information that you should consider in determining your vote on the above proposals. **In particular, please see Risk Factors beginning on page 19 for a discussion of some of the risks that you should consider in evaluating the proposed merger.**

Sincerely,

Thomas J. Matthews
Chairman, Chief Executive Officer and President
Anchor Gaming

Neither the United States Securities and Exchange Commission, any state securities commission, the Nevada Gaming Commission, the Nevada State Gaming Control Board, nor any other gaming regulatory authority has approved or disapproved of the IGT common stock to be issued in the merger or the investment merits of the IGT common stock or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is unauthorized and may violate applicable law.

This joint proxy statement/prospectus is dated _____ and is first being mailed to stockholders on or about _____.

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF
INTERNATIONAL GAME TECHNOLOGY**

International Game Technology hereby invites you, as one of its stockholders, to attend in person or by proxy a Special Meeting of Stockholders of IGT to be held at [place], on [date] at [time] local time, for the purposes of considering and acting on the following proposals:

1. A proposal to approve the issuance of shares of IGT common stock in the merger contemplated by the Agreement and Plan of Merger dated as of July 8, 2001 among IGT, NAC Corporation, a wholly-owned subsidiary of IGT, and Anchor Gaming, as more fully described in the accompanying joint proxy statement/prospectus.
2. A proposal to amend the International Game Technology 1993 Stock Option Plan to increase by 900,000 the number of shares of IGT common stock available for issuance under the stock option plan.
3. To transact any other business that may properly come before the meeting.

Under New York Stock Exchange rules, holders of at least a majority of the outstanding shares of IGT on [record date] must be present in person or by proxy at the meeting to constitute a quorum, which may conduct business at the meeting. The affirmative vote of a majority of the shares voted at the special meeting, in person or by proxy, is required to approve the issuance of IGT common stock to Anchor stockholders in the merger and to approve the stock option plan amendment.

If you were an IGT stockholder at the close of trading on [record date], you are entitled to vote on the proposals to be considered at the meeting. Whether or not you plan to attend the meeting, we urge you to vote now by completing and returning the enclosed proxy card.

IGT's board of directors has unanimously approved the issuance of IGT common stock to Anchor stockholders in the merger and the stock option plan amendment and recommends that you vote **FOR** both of these proposals.

G. Thomas Baker
President and Chief Executive Officer

Reno, Nevada
[date]

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF ANCHOR GAMING

Anchor Gaming hereby invites you, as one of its stockholders, to attend in person or by proxy a Special Meeting of Stockholders of Anchor to be held at 815 Pilot Road, Suite G, Las Vegas, Nevada 89119, on [date] at [time] local time, for the purposes of considering and acting on the following proposals:

1. A proposal to approve and adopt the Agreement and Plan of Merger dated as of July 8, 2001 among International Game Technology, NAC Corporation, a wholly-owned subsidiary of International Game Technology, and Anchor Gaming, and the merger contemplated by that agreement, as more fully described in the accompanying joint proxy statement/prospectus.

2. To transact any other business that may properly come before the meeting.

Under Anchor's bylaws, holders of at least a majority of the outstanding shares of Anchor on [record date] must be present in person or by proxy at the meeting to constitute a quorum, which may conduct business at the meeting. Under Nevada law, the holders of a majority of Anchor's outstanding shares on [record date] must vote for the merger proposal at the special meeting either in person or by proxy for it to be approved.

If you were an Anchor stockholder at the close of trading on [record date], you are entitled to vote on the proposals to be considered at the meeting. Whether or not you plan to attend the meeting, we urge you to vote now by completing and returning the enclosed proxy card.

Anchor's board of directors has unanimously approved the merger proposal and recommends that you vote **FOR** this proposal.

Thomas J. Matthews
*Chairman of the Board, Chief Executive Officer
and President*

Las Vegas, Nevada
[date]

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are the companies proposing the merger?

A: IGT and Anchor have been working together since 1996 as joint venture partners. The combination of the companies will permit the companies to work even more closely together to develop new games and use their complementary resources to benefit casinos and casino customers. In addition, Anchor has attractive businesses that IGT is not currently in, most notably the lottery business, and the companies believe that their combined resources will make them a more effective competitor in these businesses.

Q: What happens to my shares in the merger?

A: *IGT stockholders:* Upon completion of the merger, you will retain the same number of shares of IGT common stock as you currently own. *Anchor stockholders:* Upon completion of the merger, the outstanding shares of Anchor common stock will be converted into shares of IGT common stock. The number of shares of IGT common stock each Anchor stockholder will receive depends on the final exchange ratio for the merger, which will depend in turn on the IGT average share value. If the IGT average share value is

between \$50.00 per share and \$75.00 per share, inclusive, IGT will exchange each share of Anchor common stock for one share of IGT common stock.

less than \$50.00 per share, and

Anchor does not notify IGT in writing of its intention to terminate the merger agreement, IGT will exchange each share of Anchor common stock for one share of IGT common stock; or

Anchor notifies IGT in writing of its intention to terminate the merger agreement and IGT, in its sole and absolute discretion, elects to adjust the exchange ratio rather than allow the merger agreement to terminate, IGT will exchange each share of Anchor common stock for the number of shares of IGT common stock equal to a fraction, the numerator of which is \$50.00 and the denominator of which is the IGT average share value.

greater than \$75.00 per share, and

IGT does not notify Anchor in writing of its intention to terminate the merger agreement, IGT will exchange each share of Anchor common stock for one share of IGT common stock; or

IGT notifies Anchor in writing of its intention to terminate the merger agreement and Anchor, in its sole and absolute discretion, elects to adjust the exchange ratio rather than allow the merger agreement to terminate, IGT will exchange each share of Anchor common stock for the number of shares of IGT common stock equal to a fraction, the numerator of which is \$75.00 and the denominator of which is the IGT average share value.

IGT and Anchor intend to issue a press release announcing the final exchange ratio for the merger promptly after it is determined. The following toll-free number is available for stockholders of IGT and Anchor to obtain a daily closing price for IGT common stock: 800-

Anchor stockholders will not receive any fractional shares. Instead, they will receive cash based upon the market value of a share of IGT common stock upon the closing of the merger multiplied by the appropriate fraction in lieu of any fractional shares.

Please see Terms of the Merger Agreement and Related Agreements Conversion of Shares in the Merger on page 68 for a more detailed explanation of the merger consideration.

Q: How will the companies calculate the IGT average share value?

A: The IGT average share value is equal to the average per share closing price of IGT common stock on the New York Stock Exchange during a specified period before the closing of the merger. The period for determining the IGT average share value is

the twenty consecutive trading days ending on the third trading day before the Anchor stockholders meeting, or

if the closing of the merger is more than five trading days after the Anchor stockholders meeting, the twenty consecutive trading days ending on the third trading day before the closing date.

Q: Will the merger dilute the ownership of IGT stockholders?

A: Yes. The issuance of shares of IGT common stock to Anchor stockholders will dilute the ownership of existing IGT stockholders. After completion of the merger and assuming an exchange ratio of one-for-one, former Anchor stockholders will own approximately 16.6% of the outstanding shares of IGT common stock, and existing IGT stockholders will own approximately 83.4% of the outstanding shares of IGT common stock. Assuming the exercise of all 2.4 million vested and unvested Anchor stock options, which will become options to purchase IGT common stock upon completion of the merger, Anchor stockholders would own approximately 18.7% of the outstanding shares of IGT common stock if the final exchange ratio is one-for-one.

Q: When do the companies expect to complete the merger?

A: The companies intend to complete the merger as soon as possible after the stockholders meetings. Currently, the companies expect to complete the merger before January 30, 2002. However, the companies cannot complete the merger until they satisfy additional conditions, including the receipt of all required gaming regulatory authority and other governmental approvals. The companies are unable to predict when they will complete the merger since they do not know when they will satisfy all of the conditions set forth in the merger agreement. However, either company can terminate the merger agreement if the merger is not completed by January 30, 2002, unless the reason the merger has not been completed by that date is that the companies are still awaiting approval from a governmental authority, in which event either IGT or Anchor can extend the date of termination from January 30, 2002 to April 30, 2002. Please see Terms of the Merger Agreement and Related Agreements Conditions to the Merger on page 77 and Termination on page 79 for a more detailed explanation of the conditions to and termination of the merger.

Q: What am I being asked to vote on?

A: *IGT stockholders:* You are being asked to vote on the following two proposals:

to approve the issuance of IGT common stock to Anchor stockholders in connection with the merger; and

to approve an amendment to the International Game Technology 1993 Stock Option Plan to increase by 900,000 the number of shares of IGT common stock available for issuance under the stock option plan. Please see Proposal Amendment to the 1993 Stock Option Plan on page 94 for a more detailed explanation of the stock option plan amendment.

Anchor stockholders: You are being asked to vote on the proposal to approve and adopt the merger agreement.

Q: Do the boards of directors of IGT and Anchor recommend voting in favor of the merger?

A: Yes. After careful consideration, the boards of directors of both IGT and Anchor recommend voting in favor of the merger. See The Merger IGT Board Reasons for the Merger; Recommendation of the IGT Board on page 41 and Anchor Board Reasons for the Merger; Recommendation of the Anchor Board on page 43.

Q: How do I vote?

A: If you hold shares of IGT or Anchor common stock, mail your signed proxy card in the enclosed return envelope as soon as possible. You may also attend the respective special stockholders meeting in person instead of submitting a proxy. If your shares are held by your broker as your nominee, your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Unless you instruct your broker how to vote, your shares will not be voted at the special meeting.

Q: How will the companies vote my shares if I return a blank proxy card?

A: *IGT stockholders:* If you sign and send in your proxy card and do not indicate how you want to vote, IGT will count your proxy as a vote FOR the merger and stock option plan amendment proposals submitted at the special meeting.

Anchor stockholders: If you sign and send in your proxy card and do not indicate how you want to vote, Anchor will count your proxy as a vote FOR the merger proposal submitted at the special meeting.

Q: How can I change my vote after I have mailed my proxy?

A: You may change your vote by delivering a signed revocation or a subsequently dated, signed proxy card to the corporate Secretary of either IGT or Anchor, as applicable, before the stockholder meeting, or by attending the stockholder meeting and voting in person. However, if you have delivered a valid proxy, your mere presence at the stockholder meeting will not, by itself, revoke that proxy.

Q: Are there risks I should consider in deciding whether to vote for the merger?

A: Yes. The companies have set out under the heading *Risk Factors* beginning on page 19 of this joint proxy statement/prospectus a number of risk factors that you should carefully consider before voting.

Q: Should I send in my stock certificates now?

A: *IGT stockholders:* No. You will continue to own your shares of IGT common stock after the merger and should continue to hold your stock certificates.

Anchor stockholders: No. IGT will appoint an exchange agent to coordinate the exchange of your shares of Anchor common stock for shares of IGT common stock after the completion of the merger. The exchange agent will send you written instructions on how to exchange your stock certificates.

Q: May Anchor stockholders sell the shares of IGT common stock they receive in the merger?

A: Anchor stockholders will generally have the right to resell the IGT common stock they receive in the merger. See *The Merger Resales of IGT Common Stock* on page 67.

Q: Do Anchor stockholders have dissenters' rights of appraisal?

A: No. Under the corporation laws of the State of Nevada, Anchor's state of incorporation, Anchor stockholders do not have any appraisal or dissenters' rights in connection with the merger.

Q: How can I find out whether the stockholders of IGT and Anchor approved the merger proposals?

A: IGT and Anchor each intend to issue a press release announcing the voting results for the respective merger proposals at their respective meetings promptly after each meeting is held.

Who Can Help Answer Your Questions

If you have more questions about the merger you should contact:

International Game Technology
9295 Prototype Drive
Reno, Nevada 89511-0580
Attention: Bob McIver, Investor Relations
(775) 448-0110

Anchor Gaming
815 Pilot Road, Suite G
Las Vegas, Nevada 89119-3739
Attention: Geoff Sage
(702) 896-7568

If you are an IGT or Anchor stockholder and would like additional copies of this joint proxy statement/prospectus, or if you have other questions about the merger, you may contact IGT's and Anchor's proxy solicitor, _____, Inc.: 800-_____ (a toll-free number).

You should rely only on the information contained in this joint proxy statement/ prospectus or what the companies have referred you to. The companies have not authorized anyone to provide you with information that is different.

SUMMARY

This summary highlights the material terms of the merger and other important information from this joint proxy statement/prospectus, but it may not contain all of the information that is important to you. To understand the terms of the merger fully and for a more complete description of these terms, you should carefully read this entire joint proxy statement/prospectus, including the annexes and the documents to which IGT and Anchor have referred you. See Where You Can Find More Information on page 103.

The Companies

International Game Technology

9295 Prototype Drive
Reno, Nevada 89511-0580
Attention: Bob McIver, Investor Relations
(775) 448-0110

IGT is a world leader in the design, development and manufacture of microprocessor-based gaming products and software systems in all jurisdictions where gaming is legal.

Anchor Gaming

815 Pilot Road, Suite G
Las Vegas, Nevada 89119-3739
Attention: Geoff Sage
(702) 896-7568

Anchor Gaming is a diversified technology company with operations around the world. Anchor operates in three complementary business segments: gaming machines, gaming operations and gaming systems. The gaming machine segment focuses on the development and placement of unique proprietary games. The gaming operations segment operates a Native American casino in San Diego and two casinos in Colorado, and manages gaming machine routes in Nevada. The gaming systems segment provides equipment and related services to on-line lotteries, video lotteries, and pari-mutuel organizations.

Opinions of Financial Advisors

(see page 45)

In deciding to approve the merger, the IGT board of directors considered an opinion from its financial advisor as to the fairness of the consideration to be received by IGT in connection with the merger from a financial point of view. In deciding to approve the merger, the Anchor board of directors considered an opinion from its financial advisor as to the fairness of the exchange ratio from a financial point of view to the Anchor stockholders. IGT received an opinion from Houlihan Lokey Howard & Zukin Financial Advisors, Inc., attached as Annex B to this joint proxy statement/prospectus. Anchor received an opinion from Dresdner Kleinwort Wasserstein, Inc., attached as Annex C to this joint proxy statement/prospectus. The companies encourage you to read and consider the opinions in their entirety before voting on the merger proposals.

Interests of Key Persons

in the Merger (see page 60)

When considering the recommendation of the board of directors of Anchor regarding the merger, you should be aware of the interests that key executive officers and directors of Anchor have in the merger that are different from your and their interests as stockholders generally. These interests include, among other things:

employment agreements that two of Anchor's executive officers have entered into, which will become effective upon completion of the merger;

terms of existing stock option and restricted stock agreements, which provide for acceleration of the vesting of underlying options and restricted stock upon the merger; and

provisions in the merger agreement relating to indemnification and insurance.

Thomas J. Matthews, Chairman, President and Chief Executive Officer of Anchor, will become the Chief Operating Officer of IGT as promptly as practicable following completion of the merger and will remain President and Chief Executive Officer of Anchor. In addition, Mr. Matthews and a person to be mutually agreed upon by IGT and Anchor will each become a director of IGT, filling two newly created seats on the IGT board of directors. Joseph Murphy will remain Chief Operating Officer - Gaming Operations of Anchor following completion of the merger. Messrs. Matthews and Murphy will be granted 500,000 and 100,000 IGT stock options, respectively, at the time of completion of the merger.

Comparison of Stockholder Rights

(see page 91)

Nevada law and Anchor's articles of incorporation and by-laws govern the rights of Anchor stockholders. If the merger is completed, Anchor stockholders will receive shares of IGT common stock. As stockholders of IGT, former Anchor stockholders will have rights governed by Nevada law and IGT's articles of incorporation and by-laws. Please see "Comparison of the Rights of Holders of Anchor Common Stock and International Game Technology Common Stock" for a description of the material differences in these provisions.

IGT Stockholder Approval

(see pages 31 and 34)

Approval of the issuance of IGT common stock to Anchor stockholders pursuant to the merger agreement and approval of the stock option plan amendment each require the affirmative vote of the holders of a majority of the votes cast at the IGT stockholders' meeting in person or by proxy.

On October 29, 2001, directors and executive officers of IGT and their affiliates beneficially owned approximately 3.5% of the outstanding shares of IGT common stock, excluding shares issuable pursuant to options.

Anchor Stockholder Approval

(see pages 31 and 36)

Approval of the merger agreement requires the affirmative vote at the Anchor stockholders' meeting either in person or by proxy of the holders of a majority of the shares of Anchor common stock outstanding on the record date.

On October 29, 2001, directors and executive officers of Anchor and their affiliates beneficially owned approximately 1.7% of the outstanding shares of Anchor common stock, excluding shares issuable pursuant to options.

In connection with the execution of the merger agreement, Anchor stockholders Thomas J. Matthews and Joseph Murphy, who, as of the date of this joint proxy statement/prospectus, beneficially own an aggregate of approximately 1.6% of the outstanding Anchor common stock, excluding shares issuable pursuant to options, entered into voting agreements with IGT. In these agreements, Messrs. Matthews and Murphy agreed to vote all Anchor common stock over which they have voting control in favor of the merger proposal.

Our Recommendations to Stockholders

(see pages 41 44 and 101)

To IGT Stockholders:

The IGT board of directors believes that the merger and the stock option plan amendment are advisable and are in your best interests and unanimously recommends that you vote FOR the proposals to approve the issuance of IGT common stock in the merger and to amend IGT's stock option plan.

To Anchor Stockholders:

The Anchor board of directors believes that the merger is advisable and is in your best interests and unanimously recommends that you vote FOR the proposal to approve the merger agreement and the merger.

The Merger

The merger agreement is attached as Annex A to this joint proxy statement/prospectus. The companies encourage you to read the merger agreement because it is the legal document that governs the merger.

Anchor Stockholders Will Receive Shares of IGT Common Stock

(see page 68)

IGT and Anchor are proposing a transaction in which IGT will acquire Anchor in a merger of Anchor with NAC Corporation, a wholly-owned subsidiary of IGT. Anchor will survive the merger and will continue as a wholly-owned subsidiary of IGT. Subject to receipt of approval of both IGT and Anchor stockholders, regulatory approvals and other matters, IGT and Anchor expect to complete the merger before January 30, 2002.

Upon completion of the merger, the outstanding shares of Anchor common stock will be converted into shares of IGT common stock. The number of shares of IGT common stock each Anchor stockholder will receive depends on the final exchange ratio for the merger, which will depend in turn on the IGT average share value. The IGT average share value is equal to the average per share closing price of IGT common stock on the New York Stock Exchange during a specified period before the closing of the merger. The period for determining the IGT average share value is

the twenty consecutive trading days ending on the third trading day before the Anchor stockholders' meeting, or

if the closing of the merger is more than five trading days after the Anchor stockholders' meeting, the twenty consecutive trading days ending on the third trading day before the closing date.

For example, if the Anchor stockholders' meeting is on a Wednesday and the closing date falls on the following Monday (that is, less than five trading days after the meeting), the last day of the measurement period will be the Friday preceding the meeting (assuming that the interim days and the Friday were all trading days). Alternatively, if the Anchor stockholders' meeting is on a Wednesday and the closing date falls on the third Wednesday (that is, more than five trading days) after the meeting, the last day of the measurement period will be the Friday preceding the Wednesday on which the closing occurs.

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If the IGT average share value is

between \$50.00 per share and \$75.00 per share, inclusive, IGT will exchange each share of Anchor common stock for one share of IGT common stock.

less than \$50.00 per share, and

Anchor does not notify IGT in writing of its intention to terminate the merger agreement, IGT will exchange each share of Anchor common stock for one share of IGT common stock; or

Anchor notifies IGT in writing of its intention to terminate the merger agreement and IGT, in its sole and absolute discretion, elects to adjust the exchange ratio rather than allow the merger agreement to terminate, IGT will exchange each share of Anchor common stock for the number of shares of IGT common stock equal to a fraction, the numerator of which is \$50.00 and the denominator of which is the IGT average share value.

For example, if the IGT average share value was \$48.00, and Anchor delivered its termination notice to IGT under the terms of the merger agreement, IGT could, at its sole option, adjust the exchange ratio to 1.0417 ($\$50.00/\48.00), and Anchor stockholders would receive 1.0417 shares of IGT common stock for each share of Anchor common stock they own.

greater than \$75.00 per share, and

IGT does not notify Anchor in writing of its intention to terminate the merger agreement, IGT will exchange each share of Anchor common stock for one share of IGT common stock; or

IGT notifies Anchor in writing of its intention to terminate the merger agreement and Anchor, in its sole and absolute discretion, elects to adjust the exchange ratio rather than allow the merger agreement to terminate, IGT will exchange each share of Anchor common stock for the number of shares of IGT common stock equal to a fraction, the numerator of which is \$75.00 and the denominator of which is the IGT average share value.

For example, if the IGT average share value was \$77.00 and IGT delivered its termination notice to Anchor under the terms of the merger agreement, Anchor could, at its sole option, adjust the exchange ratio to 0.9740 ($\$75.00/\77.00), and Anchor stockholders would receive 0.9740 shares of IGT common stock for each share of Anchor common stock they own.

IGT and Anchor encourage you to obtain current stock price quotations for IGT common stock from a newspaper, the Internet or your broker. IGT common stock trades on the New York Stock Exchange under the symbol IGT. The final calculation of the exchange ratio in the merger will occur before completion of the merger but after the IGT and Anchor stockholders' meetings. IGT intends to issue a press release announcing the final exchange ratio promptly after it is determined. The following toll-free number is also available for stockholders of IGT and Anchor to obtain a daily closing price for IGT common stock: 800- . IGT will pay Anchor stockholders the value of any fractional shares in cash rather than issuing any fractional shares of IGT common stock in the merger.

Upon completion of the merger, by virtue of the merger and without any additional action on the part of stockholders of Anchor, IGT or NAC Corp.:

the Anchor common stock converted as described above will no longer be outstanding, will automatically be canceled and retired, and will cease to exist;

each holder of Anchor common stock will cease to have any rights in Anchor common stock, except the right to receive the appropriate number of shares of IGT common stock, cash in lieu of fractional shares and dividends, if any, declared with a record date after the effective time of the merger; and

each share of common stock of NAC Corp. outstanding immediately before the effective time of the merger will become one share of common stock of the surviving corporation.

IGT stockholders will not have to surrender their stock certificates. Anchor stockholders will have to surrender their Anchor common stock certificates to receive new stock certificates representing IGT common stock. **Please do not send any certificates now.** IGT's exchange agent will send you written instructions on how to surrender your Anchor common stock certificates for new IGT common stock certificates after completion of the merger.

Shares of Anchor common stock owned by Anchor, IGT, or their wholly-owned subsidiaries will be cancelled in the merger and will not be exchanged for shares of IGT common stock.

The Merger Will Generally Be Tax-Free to Stockholders

(see page 62)

IGT may elect not to complete the merger unless it receives an opinion from its counsel, O Melveny & Myers LLP, and Anchor may elect not to complete the merger unless it receives an opinion from its counsel, Hughes & Luce, LLP, in each case to the effect that the merger will be treated as a reorganization under the Internal Revenue Code, which is a transaction that is generally tax-free for United States federal income tax purposes. Assuming that the merger constitutes a reorganization under the Internal Revenue Code, the exchange by Anchor stockholders of shares of Anchor common stock for shares of IGT common stock generally will not cause either IGT stockholders or Anchor stockholders to recognize any gain or loss for U.S. federal income tax purposes. Anchor stockholders, however, will have to recognize income or gain or loss in connection with any cash received in lieu of fractional shares.

This tax treatment may not apply to all Anchor stockholders. Determining the actual tax consequences of the merger to you can be complicated. The actual tax consequences will depend on your specific situation and on variables not within the control of IGT or Anchor. You should consult with your own tax advisor for a full understanding of the merger's tax consequences to you.

Conditions to the Merger

(see page 77)

The companies will not complete the merger until they have satisfied numerous conditions. Some of the conditions are listed below:

the Anchor stockholders and IGT stockholders have each approved their respective merger proposals;

the New York Stock Exchange has authorized the shares of IGT common stock to be issued in the merger for trading on that exchange;

no law or court order has prohibited the merger;

the Securities and Exchange Commission has declared the registration statement on Form S-4 of which this joint proxy statement/prospectus forms a part effective under the Securities Act of 1933 and has not issued or sought a stop order;

all applicable waiting periods under United States federal antitrust laws have expired;

the parties have received all necessary gaming approvals from any gaming regulatory authorities;

each party has received an opinion of its respective tax counsel that the merger will be treated as a tax-free reorganization; and

the representations and warranties of the parties contained in the merger agreement are true and correct in accordance with the requirements of the merger agreement and the parties have performed or complied in all material respects with all their agreements and covenants required under the merger agreement.

Where the law permits, either IGT or Anchor can elect to waive a condition to its obligation to complete the merger. IGT and Anchor cannot be certain when or if the conditions to the merger will be satisfied or waived or that the merger will be completed.

Regulatory Approvals

(see page 64)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, the companies must furnish information and materials relating to the business of each of the companies to the Department of Justice and the Federal Trade Commission and wait a specified period of time before the companies can complete the merger. The DOJ or the FTC has the authority to challenge the merger on antitrust grounds before the companies complete the merger. IGT and Anchor made the initial filing with the United States antitrust authorities on July 30, 2001. On August 29, 2001, the FTC requested additional information from the parties, which the parties are in the process of supplying to that agency.

As a result of the merger, IGT will own Anchor's gaming activities in a number of jurisdictions, each of which is subject to various licensing and other regulatory requirements administered by various governmental entities. Some of these laws and regulations require that the applicable gaming regulatory authorities approve the merger. IGT and Anchor have filed or will file applications in each jurisdiction in which they conduct gaming activities with appropriate gaming regulatory authorities. The companies cannot complete the merger unless and until they comply with all applicable gaming regulatory requirements and obtain all requisite gaming approvals.

Termination of the Merger Agreement

(see page 79)

The boards of directors of both companies can jointly agree to terminate the merger agreement at any time without completing the merger. In addition, either company can individually terminate the merger agreement if the stockholders of either IGT or Anchor fail to approve the merger proposal, or if the companies do not complete the merger by January 30, 2002, unless the reason the merger has not closed by that date is that the companies are still awaiting approval from a governmental authority, in which event either IGT or Anchor can extend the date of termination from January 30, 2002 to April 30, 2002.

Anchor also has termination rights if it receives an unsolicited superior proposal, which is a proposal relating to a business combination that the Anchor board determines, in good faith and after consulting with outside legal counsel, it must accept to comply with its fiduciary duties to the Anchor stockholders under applicable laws. Under the merger agreement, Anchor may not solicit alternative proposals to the merger. Anchor also may elect to terminate the merger agreement if the IGT average share value falls below \$50.00, subject to IGT's right, in its sole discretion, to adjust the exchange ratio according to a specified formula instead of allowing the merger agreement to terminate.

In addition, if the IGT average share value exceeds \$75.00, IGT may elect to terminate the merger agreement, subject to Anchor's right, in its sole discretion, to adjust the exchange ratio according to a specified formula instead of allowing the merger agreement to terminate. Both companies have additional termination rights more specifically described in Terms of the Merger Agreement and Related Agreements Termination on page 79.

Anchor must pay IGT a termination fee of \$30,000,000 if the merger agreement is terminated:

by Anchor because it received a superior proposal;

by IGT because the Anchor board withdrew or modified its recommendation to stockholders, recommended a takeover proposal made by a third party to the Anchor stockholders, or failed to call or hold the Anchor stockholders' meeting following receipt of a takeover proposal;
or

by IGT because Anchor willfully and materially breached its covenant not to solicit, initiate, encourage or participate in a takeover proposal except to the extent required for the Anchor board to comply with its fiduciary duties as more specifically described in Terms of the Merger Agreement and Related Agreements No Inconsistent Activities on page 74.

Anchor must also pay the fee if:

a takeover proposal was made before the Anchor stockholders' meeting (whether or not rejected or withdrawn);

the Anchor stockholders did not approve the Anchor merger proposal; and

within twelve months after the termination of the merger agreement Anchor entered into an agreement for, and, within twenty-four months after the termination of the merger agreement, completed a transaction that would constitute a takeover proposal (whether or not with the party who made the initial takeover proposal).

Discretion of IGT and Anchor Boards With Respect to the Merger

If the IGT average share value falls below \$50.00, the board of directors of Anchor, without any further vote of its stockholders, may either elect to proceed with the merger with an exchange ratio equal to one-for-one without any adjustment or elect to terminate the merger agreement. If Anchor were to make the latter election, the merger agreement would terminate unless IGT elected at its sole option to adjust the exchange ratio to provide the Anchor stockholders at least \$50.00 in value (based on the IGT average share value) per share of Anchor common stock. If the IGT average share value during the applicable period exceeds \$75.00, the board of directors of IGT, without any further vote of its stockholders, may either elect to proceed with the merger with an exchange ratio equal to one-for-one without any adjustment or elect to terminate the merger agreement. If IGT were to make the latter election, the merger agreement would terminate unless Anchor elected at its sole option to adjust the exchange ratio to provide the Anchor stockholders \$75.00 in value (based on the IGT average share value) per share of Anchor common stock. See Risk Factors Risks Related to the Merger Stockholder approval confers broad discretion on the Anchor and IGT boards to proceed with the merger despite an IGT average share value that may result in lower overall merger consideration for Anchor stockholders or greater dilution for IGT stockholders on page 20.

Accounting Treatment

The merger will be accounted for as a purchase for financial reporting and accounting purposes, under the newly issued Statement of Financial Accounting Standards (SFAS) No. 141 Business Combinations and SFAS No. 142 Goodwill and Other Intangible Assets. SFAS No. 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. The purchase price will be allocated to Anchor's assets and liabilities based upon the fair values of the assets acquired and liabilities assumed. Goodwill and intangible assets acquired after June 30, 2001, will be subject immediately to SFAS No. 142 which changes the accounting for goodwill and intangible assets with indefinite lives from an amortization method to an impairment-only approach. A portion of the purchase price will be allocated to identifiable intangible assets. Any excess of the cost over the fair values of the net tangible and identifiable intangible assets acquired from Anchor will be recorded as goodwill. Goodwill and intangible assets with indefinite lives acquired from Anchor will not be amortized. Amortization will be required for identifiable intangible assets with finite lives. We have included unaudited pro forma financial information in this joint proxy statement/prospectus under the caption Unaudited Pro Forma Combined Condensed Financial Statements on page 83. The pro forma adjustments and the resulting unaudited pro forma combined condensed financial statements were prepared based on available information and assumptions and estimates described in notes to the unaudited pro forma combined condensed financial statements. IGT has not made a final determination of required purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed and you should consider the allocation reflected in the unaudited pro forma consolidated financial statements preliminary. After the completion of the merger, IGT will include the results of operations of Anchor in the consolidated financial statements of IGT.

Anchor Stockholders Do Not Have Appraisal Rights

(see page 67)

Under the corporation laws of the State of Nevada, Anchor's state of incorporation, Anchor stockholders do not have any appraisal or dissenters' rights in connection with the merger.

International Game Technology

Selected Historical Financial Data

The following selected consolidated financial data as of and for the five years in the period ended September 30, 2000 have been derived from the audited consolidated financial statements of IGT, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The selected historical consolidated financial data for the nine months ended July 1, 2000 and June 30, 2001 and as of June 30, 2001 have been derived from the unaudited consolidated financial statements of IGT. These unaudited consolidated financial statements have been prepared on a basis consistent with the audited financial statements. The unaudited consolidated financial statements include, in the opinion of IGT, all normal recurring adjustments necessary for a fair presentation of the information. Operating results for the nine months ended June 30, 2001 are not necessarily indicative of the results that will be achieved for future periods, including the fiscal year ended September 29, 2001. In March 1998, IGT purchased Barcrest Limited and Olympic Amusements Pty. Limited. In September 1999, IGT completed the purchase of Sodak Gaming, Inc., and in March 2001, IGT completed the purchase of Silicon Gaming, Inc. The operating results of these acquired entities have been included in the consolidated financial statements of IGT since the respective acquisition dates. These selected historical data are only a summary and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes to those financial statements contained in IGT's Annual Report on Form 10-K, as amended on Form 10-K/A for the year ended September 30, 2000, IGT's Quarterly Reports on Form 10-Q for the quarters ended December 30, 2000 and March 31, 2001, each as amended on Form 10-Q/A and IGT's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, which are incorporated by reference in this joint proxy statement/prospectus. See Incorporation of Documents by Reference.

	Fiscal Year Ended					Nine Months Ended	
	Sept. 30, 1996	Sept. 30, 1997	Sept. 30, 1998	Oct. 2, 1999	Sept. 30, 2000	July 1, 2000	June 30, 2001
(in thousands, except per share amounts)							
Operating Data:							
Total revenues	\$ 733,452	\$ 730,799	\$ 758,942	\$ 854,106	\$ 898,404	\$ 614,966	\$ 903,308
Operating costs and expenses(1)	563,619	552,533	605,246	813,344	736,867	512,274	715,767
Earnings of unconsolidated affiliates		13,171	65,181	75,556	105,991	73,274	104,049
Operating income	169,833	191,437	218,877	116,318	267,528	175,966	291,590
Other income (expense), net(2)(3)	14,570	21,188	15,655	(14,925)	(22,541)	(12,230)	(40,060)
Income before income taxes and extraordinary item	184,403	212,625	234,532	101,393	244,987	163,736	251,530
Provision for income taxes	66,386	75,378	82,086	36,081	88,195	58,944	93,066
Income before extraordinary item	118,017	137,247	152,446	65,312	156,792	104,792	158,464
Extraordinary loss on early redemption of debt, net of tax(3)				(3,254)			
Net income	\$ 118,017	\$ 137,247	\$ 152,446	\$ 62,058	\$ 156,792	\$ 104,792	\$ 158,464

	Fiscal Year Ended					Nine Months Ended	
	Sept. 30, 1996	Sept. 30, 1997	Sept. 30, 1998	Oct. 2, 1999	Sept. 30, 2000	July 1, 2000	June 30, 2001
(in thousands, except per share amounts)							
Earnings per share:							
Basic Earnings Per Share							
Income before extraordinary item	\$ 0.93	\$ 1.14	\$ 1.35	\$ 0.65	\$ 2.05	\$ 1.34	\$ 2.16
Extraordinary loss				(0.03)			
Net income	\$ 0.93	\$ 1.14	\$ 1.35	\$ 0.62	\$ 2.05	\$ 1.34	\$ 2.16
Diluted Earnings Per Share							
Income before extraordinary item	\$ 0.93	\$ 1.13	\$ 1.33	\$ 0.65	\$ 2.00	\$ 1.33	\$ 2.07
Extraordinary loss				(0.03)			
Net income	\$ 0.93	\$ 1.13	\$ 1.33	\$ 0.62	\$ 2.00	\$ 1.33	\$ 2.07
Weighted average number of common shares outstanding:							
Basic	126,555	120,715	113,064	99,461	76,586	77,953	73,523
Diluted	127,412	121,829	114,703	100,238	78,229	79,014	76,390
Cash dividends declared per common share	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.03	\$	\$	\$

As of

	Sept. 30, 1996	Sept. 30, 1997	Sept. 30, 1998	Oct. 2, 1999	Sept. 30, 2000	June 30, 2001
(in thousands)						
Balance Sheet Data:						
Cash and cash equivalents(3)	\$ 169,900	\$ 151,771	\$ 175,413	\$ 426,343	\$ 244,907	\$ 276,458
Working capital(3)	488,150	406,958	470,003	739,753	555,233	649,022
Total assets	1,154,187	1,215,052	1,543,628	1,765,060	1,623,716	1,872,544
Long-term notes payable(3)	107,155	140,713	322,510	990,436	991,507	992,372
Total stockholders equity(3)(4)	623,200	519,847	541,276	242,218	96,585	324,395

(1) Various impairment and restructuring charges are included in the operating costs and expenses for the fiscal 1999 period.

IGT-Australia

In the fourth quarter of fiscal 1999, IGT incurred an impairment charge of \$86.8 million and restructuring costs of \$6.0 million related to its March 1998 acquisition of Olympic Amusements Pty. Ltd. During fiscal 2000, IGT recorded additional restructuring charges of \$1.9 million related to employee terminations associated with Olympic Amusements Pty. Ltd.

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IGT-Brazil

In the fourth quarter of fiscal 1999, the government of Brazil rescinded the law allowing gaming devices in bingo halls. At that time, IGT recorded impairment charges of \$5.3 million relating to its assessment of the recoverability of inventories and receivables in Brazil.

- (2) In the first quarter of fiscal 2000, IGT recorded a legal settlement gain of \$27.0 million (\$17.3 million net of tax) from the resolution of legal actions between IGT and WMS Gaming, Inc. related to infringement claims involving IGT's Telnaes patent for virtual reel technology.

(3) Senior Notes

In May 1999, IGT completed the private placement of \$1.0 billion in aggregate principal amount of Senior Notes pursuant to Rule 144A under the Securities Act of 1933. IGT issued the Senior Notes in two tranches: \$400.0 million aggregate principal amount of 7.875% Senior Notes, due May 15, 2004, priced at 99.053%; and \$600.0 million aggregate principal amount of 8.375% Senior Notes, due May 15, 2009, priced at 98.974%. In August 1999, IGT exchanged all outstanding Senior Notes for identical registered notes. IGT used a portion of the proceeds to redeem previously outstanding 7.84% Senior Notes due 2004, which resulted in a prepayment penalty of \$3.3 million (net of tax) reflected as an extraordinary item in fiscal 1999. Additionally, IGT repaid outstanding borrowings under both IGT's U.S. and Australian credit facilities. IGT used the remaining net proceeds from the offering to fund its acquisition of Sodak, working capital, and share repurchases. IGT recorded interest expense on the Senior Notes of \$31.2 million and \$83.6 million for the fiscal years ended October 2, 1999 and September 30, 2000, and \$62.6 million and \$63.0 million for the prior and current nine month periods.

(4) IGT purchased shares of its common stock as follows (in thousands):

Period	Shares	Purchase Price
Fiscal year ended September 30, 1997	13,060	\$225,474
Fiscal year ended September 30, 1998	5,547	\$122,180
Fiscal year ended October 2, 1999	21,795	\$361,436
Fiscal year ended September 30, 2000	15,655	\$318,473
Nine months ended June 30, 2001		\$

Anchor Gaming

Selected Historical Financial Data

The following selected consolidated financial data as of and for the five years in the period ended June 30, 2001 have been derived from the audited consolidated financial statements of Anchor, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The closing of Anchor's acquisition of Powerhouse Technologies, Inc. occurred concurrent with the end of the fiscal year ended June 30, 1999, and, as a result, the financial statements for the years ended June 30, 1999 and earlier do not include any Powerhouse results of operations, with the exception of the acquired in-process research and development charge recorded for the year ended June 30, 1999 and per share data. These selected historical data are only a summary and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes to those financial statements contained in Anchor's Annual Report on Form 10-K, for the year ended June 30, 2001, which is incorporated by reference in this joint proxy statement/prospectus. See Incorporation of Documents by Reference. All share amounts and per share data have been adjusted to reflect Anchor's 2 for 1 stock split effected before the beginning of trading on November 16, 2000.

	Fiscal Year Ended June 30,				
	1997	1998	1999	2000	2001
	(in thousands, except per share data)				
Operating Data:					
Total revenues	\$ 145,043	\$ 169,568	\$ 169,310	\$ 425,492	\$ 384,448
Operating costs and expenses(1)(2)(3)	96,403	119,971	158,884	397,560	519,359
Earnings of unconsolidated affiliates	4,554	56,634	73,389	93,404	136,154
Operating income	53,194	106,231	83,815	121,336	1,243
Other income (expense), net(4)(5)	3,483	3,209	3,114	(13,966)	(26,040)
Income (loss) before income taxes and cumulative effect of a change in accounting principle	56,677	109,440	86,929	107,370	(24,797)
Provision for income taxes	21,001	41,040	39,422	42,411	28,999
Income (loss) before cumulative effect of change in accounting principle	35,676	68,400	47,507	64,959	(53,796)
Cumulative effect of change in accounting principle(6)					124
Net income (loss)	\$ 35,676	\$ 68,400	\$ 47,507	\$ 64,959	\$ (53,672)
Earnings (loss) per share:					
Basic	\$ 1.34	\$ 2.68	\$ 1.95	\$ 2.74	\$ (3.13)
Diluted	\$ 1.32	\$ 2.60	\$ 1.91	\$ 2.70	\$ (3.13)
Weighted average number of common shares outstanding:					
Basic	26,642	25,502	24,328	23,666	17,146
Diluted	27,084	26,322	24,856	24,023	17,146
Cash dividends declared per common share					

	As of June 30,				
	1997	1998	1999	2000	2001
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 66,427	\$ 73,187	\$ 32,835	\$ 25,883	\$ 24,147

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Working capital	64,646	54,450	28,908	41,723	17,750
Total assets	188,876	245,134	507,169	548,719	406,430
Long-term debt	2,800		212,805	222,770	406,124
Total stockholders' equity (deficit)	171,331	210,482	220,353	270,520	(70,555)

- (1) Anchor recorded a charge of \$17.5 million for acquired in-process research and development in fiscal 1999 related to the value of research and development projects that were in various stages of completion at the date of the Powerhouse acquisition.

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- (2) Anchor incurred impairment and restructuring charges of \$2.6 million (\$1.6 million net of tax) in fiscal 2000 in connection with the restructuring of its VLC subsidiary.
- (3) During the year ended June 30, 2001, Anchor incurred impairment, restructuring, and other charges of \$129.4 million (\$105.3 million net of tax) primarily related to its AWI subsidiary. Anchor also incurred one-time charges of \$1.7 million (\$1.0 million net of tax) related to immediate vesting of restricted stock grants upon completion of the stock repurchase from the Fulton family and \$7.6 million (\$4.6 million net of tax) for inventory writedowns, contractual disputes and other charges.
- (4) Other income (expense) consists of minority interest in earnings of consolidated subsidiary and other income (expense).
- (5) In the year ended June 30, 2001, Anchor recorded a gain of \$8.1 million on the sale of Sunland Park Racetrack and Casino and Anchor's 25% interest in a Massachusetts horse racing facility to Stanley Fulton, Anchor's former Chairman. This gain is included in other income. The tax expense of \$15.0 million associated with these transactions was the result of tax bases of assets sold lower than the book value.
- (6) In the year ended June 30, 2001, Anchor recorded a cumulative effect of a change in accounting principle of \$124,000, net of tax, related to the implementation of SFAS No. 133.

Summary Unaudited Pro Forma Combined Condensed Financial Data

The following summary unaudited pro forma combined financial data give effect to the merger, which IGT will account for as a purchase business combination in accordance with accounting principles generally accepted in the United States of America. The operating data assume that the merger was completed at the beginning of the periods presented, and the balance sheet data assume that the merger was completed as of June 30, 2001. The summary unaudited pro forma combined financial data do not reflect any cost savings and other synergies that may result from the merger and are not necessarily indicative of the results of operations or the financial position that would have occurred had the merger been completed on the dates indicated, nor are they necessarily indicative of future results or financial position. This information is only a summary, and you should read the information presented below in conjunction with the historical financial statements of IGT and Anchor contained in their annual and quarterly reports incorporated by reference and the unaudited pro forma financial statements and the related notes included in this joint proxy statement/prospectus under the caption Unaudited Pro Forma Combined Condensed Financial Statements.

	Year Ended September 30, 2000	Nine Months Ended June 30, 2001
	(in thousands, except per share amounts)	
Operating Data:		
Total revenues	\$ 1,654,938	\$ 1,540,869
Income from operations(1)	\$ 360,268	\$ 232,844
Net income(1)	\$ 212,348	\$ 84,804
Earnings per share:		
Basic	\$ 2.32	\$.96
Diluted(1)	\$ 2.26	\$.92
Other Operating Data:		
Pro forma EBITDA(2)	\$ 515,248	\$ 497,234

	As of June 30, 2001
Balance Sheet Data:	
Total assets	\$ 3,376,627
Long-term notes payable	1,292,542
Total stockholders' equity	1,203,014
Book Value Per Common Share:(3)	
IGT historical	\$ 4.33
Anchor historical	\$ (4.75)
Combined pro forma	\$ 13.40

(1)

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During the nine months ended June 30, 2001, Anchor incurred impairment, restructuring, and other charges of \$129.4 million (\$105.3 million net of tax) primarily related to its AWI subsidiary. Anchor also incurred one-time charges of \$1.7 million (\$1.0 million net of tax) related to immediate vesting of restricted stock grants upon completion of the stock repurchase from the Fulton family and \$7.6 million (\$4.6 million net of tax) for inventory writedowns, contractual disputes and other charges. Excluding these charges, pro forma income from operations for the nine months ended June 30, 2001 would have been \$371.5 million and pro forma net income would have totaled \$195.7 million or \$2.13 per diluted share.

- (2) EBITDA consists of income from operations excluding depreciation and amortization and impairment of assets and restructuring. EBITDA is a measure that the financial community commonly uses but is

not prepared in accordance with accounting principles generally accepted in the United States of America. This definition of EBITDA may not be the same as that of similarly named measures used by other companies. You should consider it in addition to, but not as a substitute for, income from operations, net income and other measures of financial performance prepared in accordance with accounting principles generally accepted in the United States of America that are included or incorporated by reference in this joint proxy statement/prospectus.

- (3) The historical book values per common share are computed by dividing stockholders' equity by the number of common shares outstanding at the end of the period. The combined pro forma book value per common share is computed by dividing pro forma stockholders' equity by the combined pro forma shares outstanding.

Comparative Per Share Market Price and Dividend Information

IGT common stock trades on the New York Stock Exchange under the symbol IGT. Anchor common stock trades on the Nasdaq National Market under the symbol SLOT.

The table below sets forth, for the calendar quarters indicated, the reported high and low sale prices of IGT common stock as reported by the New York Stock Exchange and Anchor common stock as reported on the Nasdaq National Market.

	IGT Common Stock Sale Price		Anchor Common Stock Sale Price*	
	High	Low	High	Low
1999				
First Quarter	\$24.13	\$14.13	\$30.78	\$16.50
Second Quarter	\$19.75	\$14.56	\$27.25	\$18.88
Third Quarter	\$19.75	\$16.19	\$30.19	\$22.00
Fourth Quarter	\$20.94	\$17.38	\$32.22	\$20.25
2000				
First Quarter	\$23.25	\$17.48	\$23.75	\$15.50
Second Quarter	\$28.94	\$19.75	\$24.44	\$16.75
Third Quarter	\$35.63	\$26.56	\$41.25	\$23.34
Fourth Quarter	\$49.38	\$32.63	\$46.81	\$31.13
2001				
First Quarter	\$57.25	\$42.75	\$63.25	\$36.56
Second Quarter	\$66.05	\$46.80	\$66.75	\$49.66
Third Quarter	\$64.35	\$35.70	\$59.30	\$33.60
Fourth Quarter (through October 30, 2001)	\$53.50	\$40.85	\$53.45	\$40.42

* Sale prices through November 15, 2000 have been adjusted to reflect Anchor's 2-for-1 stock split effected before the beginning of trading on November 16, 2000.

On July 6, 2001, the last full trading day before the public announcement of the merger agreement, the high and low sale prices of Anchor common stock as reported on the Nasdaq National Market were \$55.91 and \$52.50, respectively, and the high and low sale prices of IGT common stock as reported by the New York Stock Exchange were \$62.45 and \$58.25, respectively. On October 30, the last full trading day before the date of this joint proxy statement/ prospectus, the closing price of Anchor common stock as reported on the Nasdaq National Market was \$49.66, and the closing price of IGT common stock as reported by the New York Stock Exchange was \$49.55.

IGT and Anchor encourage their stockholders to obtain current market quotations for IGT and Anchor common stock from the newspaper, the Internet or their brokers. The following toll-free number is available for stockholders of IGT and Anchor to obtain a daily closing price for IGT common stock: 800-

IGT paid cash dividends of \$.12 per share in 1998 and \$.03 per share in 1999. IGT paid no cash dividends in 2000 or in 2001. Anchor has paid no cash dividends since its initial public offering in 1994.

RISK FACTORS

In making your determination as to how to vote on the merger proposals, you should consider the following factors:

Risks Relating to the Merger

Stockholders of IGT and Anchor should carefully consider the following factors, in addition to those discussed elsewhere in this joint proxy statement/ prospectus, in evaluating the proposed merger and related transactions between the two companies.

On a pro forma basis, if the acquisition of Anchor had occurred on October 3, 1999, IGT's diluted earnings per share for the nine months ended June 30, 2001 would have decreased.

At the closing of the merger, based on the number of shares of Anchor common stock outstanding at the time the companies signed the merger agreement and assuming an exchange ratio of one-for-one, IGT expects to issue approximately 14.9 million new shares of IGT common stock to current Anchor stockholders (excluding approximately 2.4 million shares to be issued upon the exercise of any currently outstanding Anchor stock options that will, as a result of the merger, become options to purchase IGT common stock). The issuance of this additional IGT common stock in the merger will reduce IGT's earnings per share. On a pro forma basis for the nine months ended June 30, 2001, IGT's diluted earnings per share would have decreased from \$2.07 to \$.92. See Unaudited Pro Forma Combined Condensed Financial Statements on page 83. Any dilution could reduce the market price of IGT common stock unless and until the combined company achieves revenue growth or cost savings and other business economies sufficient to offset the effect of this issuance. IGT may not achieve revenue growth, cost savings or other business economies as a result of the merger sufficient to offset any dilution.

The companies' stockholders may not know the final exchange ratio when they vote on the merger.

Under the merger agreement, the exchange ratio used to determine the number of shares of IGT common stock that Anchor stockholders will receive in the merger is fixed at one-for-one, provided that the IGT average share value, which equals the average per share closing price of IGT common stock on the New York Stock Exchange during the twenty-day trading period ending on the third trading day before the Anchor stockholders' meeting (or, if the closing date is more than five trading days after the Anchor stockholders' meeting, the third trading day before the closing date) is between \$50.00 and \$75.00 per share. See Terms of the Merger Agreement and Related Agreements Conversion of Shares in the Merger. Within this range, any increase in the IGT average share value will result in a higher effective price being paid by IGT to Anchor stockholders for their shares of Anchor common stock, and any decrease in the IGT average share value will result in a lower effective price being paid by IGT to Anchor stockholders for their shares of Anchor common stock. Moreover, it is possible that the merger will not close until more than five trading days after the Anchor stockholders' meeting. If that occurs, then the twenty-day trading period used to determine the final exchange ratio will not end until the third trading day before the closing date, and the IGT and Anchor stockholders will not know the exchange ratio to be applied in the merger at the time of their respective stockholders' meetings or the exact value of the merger consideration payable by IGT, because the value of IGT common stock will fluctuate between the date of the stockholders' meetings and the end of the twenty-day trading period.

Additionally, because the price protections in the merger agreement are based on a twenty-day trading period before the completion of the merger, IGT's share price after the conclusion of the twenty-day trading period through the closing date as well as after the closing date could either fall significantly below \$50.00 or rise significantly above \$75.00 for any period of time without triggering any price protections in favor of either Anchor stockholders or IGT, respectively.

Anchor common stock and IGT common stock have historically experienced substantial price volatility. Anchor and IGT advise their stockholders to obtain recent market quotations for IGT common stock, and to be aware that the market price of IGT common stock may, even during a short period of time, fluctuate significantly in response to various factors, including but not limited to:

quarterly variations in operating results;

the introduction of new products or services by IGT or its competitors;

changes in estimates by securities analysts;

market conditions in the gaming industry;

announcements and actions by competitors;

announcements and actions by customers;

regulatory and judicial actions; and

general economic conditions.

Stockholder approval confers broad discretion on the Anchor and IGT boards to proceed with the merger despite an IGT average share value that may result in lower overall merger consideration for Anchor stockholders or greater dilution for IGT stockholders.

If the IGT average share value falls below \$50.00, the board of directors of Anchor, without any further vote of its stockholders, may either elect to proceed with the merger with an exchange ratio equal to one-for-one or terminate the merger agreement, in which event the merger agreement would terminate unless IGT elects at its sole option to adjust the exchange ratio to provide the Anchor stockholders at least \$50.00 in value (based on the IGT average share value) per share of Anchor common stock. This discretion given to the Anchor and IGT boards presents potential risks to Anchor and IGT stockholders. For example, if the IGT average share value is less than \$50.00 per share and the Anchor board determines it is in the best interest of Anchor and its stockholders to proceed with the merger, Anchor stockholders could receive IGT common stock in the merger with a fair market value that is less than \$50.00 per share. Conversely, if the IGT average share value falls below \$50.00 per share, the Anchor board elects to terminate the merger agreement and IGT elects to adjust the exchange ratio, the exchange ratio will be greater than one-for-one and the number of shares of IGT common stock issued in the merger will increase, resulting in greater dilution to the IGT stockholders.

If the IGT average share value during the applicable period exceeds \$75.00, the board of directors of IGT, without any further vote of its stockholders, may either elect to proceed with the merger with an exchange ratio equal to one-for-one or terminate the merger agreement, in which event the merger agreement would terminate unless Anchor elects at its sole option to adjust the exchange ratio to provide the Anchor stockholders \$75.00 in value (based on the IGT average share value) per share of Anchor common stock. This discretion given to the IGT and Anchor boards also presents potential risks to IGT and Anchor stockholders. For example, if the IGT average share value is greater than \$75.00 per share and the IGT board determines it is in the best interest of IGT and its stockholders to proceed with the merger, IGT could provide holders of Anchor common stock with IGT common stock having a fair market value that is more than \$75.00 per share of IGT common stock exchanged for each share of Anchor common stock. Conversely, if the IGT average share value exceeds \$75.00 per share, the IGT board elects to terminate the merger agreement and Anchor elects to adjust the exchange ratio, the exchange ratio will be less than one-for-one and the percentage interest that the Anchor stockholders will receive in the combined company will decrease.

Officers and directors of Anchor have different interests from yours that may influence them to support or approve the merger.

Officers and directors of Anchor have interests in the merger and participate in arrangements that are different from, or are in addition to, those of Anchor stockholders generally. These include the following interests:

Thomas J. Matthews, Chairman, President and Chief Executive Officer of Anchor, will remain President and Chief Executive Officer of Anchor and will become Chief Operating Officer of IGT, and Joseph Murphy will remain Chief Operating Officer Gaming Operations of Anchor.

Thomas J. Matthews and a person to be mutually agreed upon by IGT and Anchor will become directors of IGT upon the closing of the merger, filling two newly created seats on the IGT board of directors.

Thomas J. Matthews, Joseph Murphy, and the three other members of the Anchor board Stuart Beath, Richard Burt and Glen Hettinger as well as Geoffrey Sage, Chief Financial Officer of Anchor, David Johnson, General Counsel of Anchor, and Christer Roman, Chief Operating Officer Systems Division of Anchor, own stock options to purchase an aggregate of 1,572,300 shares of Anchor common stock at exercise prices ranging from \$15.938 per share to \$50.625 per share. Of these, 1,299,800 shares will be exercisable at the effective time of the merger, 656,000 of which will have become exercisable as a result of the merger. See The Merger Interests of Key Persons in the Merger Treatment of Options and Restricted Stock.

Thomas J. Matthews, Joseph Murphy, Geoffrey Sage, and David Johnson have been granted restricted shares of Anchor common stock in an aggregate amount of 220,000 shares, all of which will be vested at the time of the merger. Of these, 143,000 shares will vest as a result of the merger. See The Merger Interests of Key Persons in the Merger Treatment of Options and Restricted Stock.

Thomas J. Matthews and Joseph Murphy have entered into voting agreements with IGT dated as of July 8, 2001 by which each agrees with IGT to vote his outstanding shares of Anchor common stock in favor of the merger.

As a result, these officers and directors could be more likely to vote to approve the merger agreement and the merger than if they did not hold these interests. Anchor stockholders should consider whether these interests may have influenced these officers and directors to support or recommend the merger.

Risks Relating to the Combined Company After the Merger

Stockholders of both IGT and Anchor should carefully consider the following factors, in addition to those discussed elsewhere in this joint proxy statement/prospectus, in evaluating the proposed merger and related transactions between the two companies.

Any unfavorable changes in the companies' relationships with third parties resulting from the merger may reduce IGT's profits after the merger.

The present and potential relationships of IGT and Anchor with customers and other third parties with whom they have relationships may be affected by the proposed merger. IGT has casino customers and some of these customers may not favor IGT acquiring, through the merger, operating casinos in Colorado and a participation interest in the Pala Tribe casino. Any unfavorable change in its relationships with these customers may reduce IGT's future profits. Anchor markets its products to some of the same customers as does IGT and Anchor does not believe that its business has been adversely affected by its ownership of casinos in Colorado or its interest in the Pala Tribe casino. Anchor customers may, in response to the announcement of the merger, delay or defer decisions concerning Anchor. If this were to occur, Anchor could experience a decrease in expected revenue as a consequence of customers' uncertainties associated with the merger.

Difficulties integrating parts of the operations of Anchor could prevent IGT from realizing some or all benefits of the merger and result in a decline in IGT's stock price.

To achieve the benefits of the merger, IGT must successfully combine its business with Anchor's business and integrate IGT's and Anchor's technologies, products and services so that they operate effectively together. IGT may be unable to integrate parts of Anchor's technologies and operations quickly or smoothly. In addition, integrating the two businesses will entail a diversion of IGT management's time and attention and IGT may be required to spend additional money and resources on integration issues that it would otherwise spend in developing its business and services or other matters. IGT generally has not engaged in the operation of casinos and it has limited experience doing so. IGT will rely substantially on Anchor personnel to conduct Anchor's casino-operating business following the closing. IGT is evaluating its long term plans for Anchor's casino-operating business. If the difficulties described above occur, the combined company may not realize some or all of the anticipated benefits of the merger and IGT's stock price could decline.

IGT's success depends in part on its ability to retain key personnel after the merger, and it may lose some of Anchor's or its own employees after the merger.

IGT's future success will depend on, among other things, the continued service of key IGT and Anchor personnel. Despite IGT's efforts to hire and retain quality employees, it might lose some of Anchor's and its own key employees following the merger. Competitors may recruit IGT or Anchor employees before the merger and during integration, as is common in gaming industry mergers. In addition, some Anchor employees will acquire significant amounts of IGT common stock or vested stock options in the merger. As a result, IGT may be required to provide significant incentives for some of Anchor's key employees to remain with IGT after the merger.

In addition, IGT's future performance depends on its continuing ability to attract and retain highly qualified employees. IGT competes with other potential employers for employees, and may not succeed in hiring and retaining the executives and other employees that it needs. IGT's loss of or inability to hire key employees could reduce its operational capacity, cause it to lose business opportunities and reduce future profits.

The accounting treatment of the merger will result in future non-cash charges to IGT's operations.

IGT will account for the merger as a purchase for financial reporting and accounting purposes, in accordance with the newly issued SFAS No. 141 Business Combinations. After the completion of the merger, the results of operations of Anchor will be included in the consolidated financial statements of IGT. The purchase price will be allocated to Anchor's assets and liabilities based on the fair values of the assets acquired and the liabilities assumed. A portion of the purchase price will also be allocated to identifiable intangible assets with finite lives, which will be amortized by non-cash charges to operations under accounting principles generally accepted in the United States of America. Any excess of the cost over the fair value of the net tangible and identifiable intangible assets of Anchor acquired will be recorded as goodwill. In accordance with SFAS No. 142 Goodwill and Other Intangible Assets, goodwill and intangible assets with indefinite lives will not be amortized but will be evaluated for impairment on an annual basis. IGT will record a non-cash charge to operations if the goodwill or intangible assets with indefinite lives are deemed to be impaired. See Unaudited Pro Forma Combined Condensed Financial Statements.

The pro forma financial information presented in this joint proxy statement/prospectus may not reflect the actual combined financial position of the companies.

Unaudited pro forma combined condensed financial information is presented for illustrative purposes only and is not necessarily indicative of the combined condensed financial position or results of operations of future periods or the results that actually would have been realized had Anchor's results been consolidated with IGT's during this period. IGT has allocated the total estimated purchase price for the

merger on a preliminary basis to assets and liabilities based on IGT's best estimates of the fair value of these assets and liabilities, with the excess costs over the fair value of the net tangible and identifiable intangible assets acquired allocated to goodwill. IGT's preliminary allocation of the purchase price does not include an estimate for in-process research and development as it is not estimated to be material. These allocations and the estimated lives of the assets are subject to change pending a final analysis of the fair values of the assets acquired and liabilities assumed and the estimated lives of the assets. The impact of these changes on allocations and the estimated lives of the assets could be material.

Any failure of IGT to generate sufficient future cash flow to service the \$1.3 billion of debt of the combined company or to refinance this debt on favorable terms could have a negative impact on the financial condition of the combined company.

As of June 30, 2001, Anchor had total consolidated debt of \$406.8 million, consisting of \$156.5 million under its senior credit facility, \$248.5 million under its 9 7/8% Senior Subordinated Notes, and \$1.8 million in equipment financing for one of its subsidiaries. Anchor also has a \$100.0 million guarantee of a credit facility for the Pala Band of Mission Indians. See **Risks Relating to Anchor** below in this section. Concurrently with the merger, IGT will refinance Anchor's obligations under its senior credit facility, which will be repaid in full and terminated. The merger will constitute a change of control of Anchor under the indenture governing the 9 7/8% Senior Subordinated Notes. As a result, Anchor will be required within ten days following the merger to make an offer to purchase the notes in cash in an amount equal to 101% of the aggregate principal amount of the notes plus accrued and unpaid interest to the date of the repurchase. IGT will be required to fund any repurchases of the notes required as a result of note holders electing to have their notes purchased in the change of control offer. IGT anticipates, however, that the 9 7/8% Senior Subordinated Notes will remain outstanding following the merger as the notes are currently trading at prices in excess of 101% of the principal amount of the notes. The equipment financing and the Pala guarantee will also remain outstanding. As of June 30, 2001, IGT had total consolidated debt of \$992.4 million. Based on amounts of outstanding debt as of June 30, 2001, the annual consolidated debt service (principal and interest) for the combined company after the merger would be approximately \$105.8 million for fiscal 2002, \$105.8 million for fiscal 2003 and \$505.8 million for fiscal 2004. IGT's ability to service the debt of the combined company will depend on its ability to generate cash flow in the future. Any inability to generate sufficient cash flow to service the debt of the combined company or to refinance this debt on favorable terms could have a material adverse effect on the financial condition of the combined company including, without limitation, an event of default or acceleration of all or a portion of the debt.

After the merger, Anchor and its subsidiaries will remain subject to covenant restrictions in Anchor's indenture, which may restrict the combined company's ability to raise needed capital.

The indenture governing Anchor's 9 7/8% Senior Subordinated Notes contains a number of covenants restricting Anchor and its subsidiaries. Among other things, these covenants restrict their ability to borrow money, pay dividends or distributions, engage in transactions with affiliates, engage in sale-leaseback transactions, effect a consolidation or merger or sell, transfer, lease, or otherwise dispose of all or substantially all of their assets, and create liens on their assets. Anchor and its subsidiaries will be required to continue to comply with these covenants after the merger as long as the notes remain outstanding. These covenants may restrict IGT's and Anchor's ability to finance future operations or capital needs of the combined company.

Risks Relating to IGT

By voting in favor of the merger, Anchor stockholders will be choosing to invest in IGT. An investment in IGT common stock involves risk. As a stockholder of Anchor, you should carefully consider the following risk factors relating to an investment in IGT before you decide whether to vote to approve and adopt the merger agreement. You should also consider the other information in this joint proxy

statement/ prospectus and the additional information in IGT's other reports on file with the Securities and Exchange Commission. See "Where You Can Find More Information" on page 103.

Slow growth in new casinos or the rate of replacement of existing gaming machines could reduce future profits.

Demand for IGT's products is driven substantially by the replacement of existing gaming machines and the establishment of new gaming jurisdictions and the addition of new casinos or expansion of existing casinos within existing gaming jurisdictions. The establishment or expansion of gaming in any jurisdiction typically requires a public referendum or other legislative action. As a result, gaming continues to be the subject of public debate, and there are numerous active organizations that oppose gaming. Opposition to gaming could result in restrictions on or even prohibitions of gaming operations in any jurisdiction. In addition, the rate of growth in the North American marketplace has diminished since the substantial growth experienced in the early 1990s. A continued reduction in growth or in the number of gaming jurisdictions or delays in the opening of new or expanded casinos could reduce the demand for IGT's products after the merger. IGT has also recently experienced increased demand for replacement machines. Any decrease in this trend would adversely affect IGT's future profits.

If IGT is unable to continue to effectively compete against its competitors, its profits will decline.

A decline in the popularity of IGT's gaming products with players, a lack of success in developing new products or an increase in the popularity of existing or new games of IGT's competitors could adversely affect IGT's future profits.

The popularity of any of IGT's gaming products may decline over time as consumer preferences change or as IGT's competitors introduce new, competing games. The gaming industry is intensely competitive, and many of IGT's competitors have substantial resources and specialize in the development and marketing of their products. If IGT fails to develop games that achieve customer acceptance or if IGT's existing games become obsolete due to the introduction of popular games by IGT's competitors, the effects on IGT's future profits could be material and adverse.

IGT places its proprietary gaming machines in casinos at no cost to the casinos under short-term arrangements, making these games susceptible to replacement due to pressure from competitors, changes in economic conditions, obsolescence and declining popularity. IGT intends to maintain and expand the number of installed wide-area progressive systems through the enhancement of existing games, the introduction of new games and enhancement of customer service, but these efforts may not be successful.

The events of September 11, 2001 may negatively impact IGT's future profits.

Since the September 11, 2001 terrorist attacks, overall levels of business and leisure travel have declined. The reduced level of travel has resulted in decreased gaming play in resort cities such as Las Vegas and Atlantic City. We expect that the reduced gaming activity in these resort markets will negatively impact IGT's future profits. It is uncertain when and to what extent travel to these resort destinations will return to previous levels.

The gaming industry is highly regulated and failure to comply with, or adverse changes in, these regulations may reduce IGT's future profits.

IGT is subject to extensive gaming regulations. Adverse changes in these regulations or findings of non-compliance could negatively affect IGT's future profits.

The manufacture, sale and distribution of gaming devices and operation of gaming systems are subject to extensive state laws, regulations of the Nevada Gaming Commission and various other gaming regulatory authorities as well as numerous county and municipal ordinances. These laws, regulations and ordinances vary from jurisdiction to jurisdiction, but primarily concern the responsibility, financial stability

and character of gaming equipment manufacturers, distributors and operators, as well as persons financially interested or involved in gaming operations. Gaming manufacturers are currently subject to significant state and local taxation. Increases in applicable taxes in any jurisdiction in which IGT operates could have an adverse effect on IGT's future profits.

IGT and its licensed gaming subsidiaries must submit detailed financial and operating reports to the various gaming regulatory authorities. If a gaming authority were to determine that a licensee had violated gaming laws, that gaming authority might limit, condition, suspend or revoke, the gaming licenses held by the licensee. In addition to the licensee, IGT and the persons involved could incur substantial fines for each separate violation of the gaming laws at the discretion of each gaming regulatory authority. The limitation, conditioning, suspension or revocation of any gaming license could materially and adversely affect IGT's future profits and growth.

Any failure by IGT to receive patents on new technology or the infringement of existing IGT patents by others could have a material adverse impact on IGT's future profits.

IGT has obtained patents and copyrights with respect to various aspects of IGT's games and other products, including progressive systems and player tracking systems. These patents include new game designs, bonus and secondary game features, gaming device components, gaming systems and a variety of other aspects of video and electronic slot machines and associated equipment. IGT's future profits could decline if IGT cannot obtain patents and copyrights to protect its newly developed games and technology or if others infringe its existing patents and copyrights.

The risks associated with IGT's international operations could reduce IGT's profits.

International jurisdictions accounted for approximately 27% of IGT's total revenue for fiscal 2000 and 19% of IGT's total revenues for the first nine months of fiscal 2001. IGT expects international revenues to continue to represent a significant portion of total revenue. International product sales are subject to inherent risks, including:

variation in local economies,

fluctuating exchange rates,

greater difficulty in accounts receivable collection,

trade barriers, and

burdens of complying with a variety of international laws.

In addition, political and economic instability in foreign countries may slow or limit the development of additional international markets for IGT's products. Material adverse developments with respect to one or more of these factors could reduce IGT's future profits.

Risks Relating to Anchor

By voting in favor of the issuance of shares of IGT common stock to Anchor stockholders, IGT stockholders will be approving IGT's acquisition of Anchor. As a stockholder of IGT, you should carefully consider the following risk factors relating to the acquisition of Anchor before you decide whether to vote to approve the issuance of shares of IGT common stock to Anchor stockholders. You should also consider the other information in this joint proxy statement/prospectus and the additional information in Anchor's other reports on file with the Securities and Exchange Commission. See "Where You Can Find More Information" on page 103.

If Anchor is unable to continue to effectively compete against its competitors, its profits will decline.

The popularity of any of Anchor's existing gaming machines may decline over time as consumer preferences change or as Anchor's competitors introduce new games, and Anchor could fail to develop new games that achieve customer acceptance. If either one of these conditions were to occur, Anchor's existing and future games could be unable to successfully compete with those of its competitors.

If Anchor is unable to develop innovative products or systems in the future, or if its current products or systems become obsolete, Anchor may not be able to sustain current revenues with existing customers or generate revenue from new customers. This could reduce Anchor's future profitability or growth potential.

Anchor's strategy of creating recurring revenues from its proprietary games by placing them in casinos under a royalty, revenue participation, fixed daily rental fee or similar arrangement involves a departure from casinos' traditional practice of purchasing gaming machines. Because Anchor's pricing methodology includes revenue-sharing arrangements, Anchor is under pressure to reduce the share of revenues it receives. Anchor believes this pressure will increase if consolidation trends in the casino industry continue.

If the popularity of any of Anchor's gaming machines were to decline relative to the popularity of competitors' gaming machines, Anchor might be unable to retain its revenue-sharing model. Additionally, if Anchor's competitors decide to pursue a revenue-sharing strategy and offer products or terms that are more favorable than Anchor's, Anchor might be unable to successfully pursue its revenue-sharing strategy.

Increased competition from existing or new competitors could adversely affect Anchor's future profits.

Anchor competes with domestic and foreign manufacturers of gaming equipment and providers of traditional on-line lottery systems, many of whom are larger than Anchor and have access to greater financial resources. If Anchor fails to continually adapt its products to consumer preferences, it might be unable to effectively compete in this industry.

Anchor's casinos in Colorado face increasing competition from existing, new and planned casino properties in the immediate vicinity. In particular, in the Black Hawk, Colorado area, a number of competitors have opened large facilities in excellent locations with more available parking and a larger number of gaming machines than Anchor operates, and several more large casinos are in the planning stages. For example, the Black Hawk Hyatt is scheduled to open in December 2001. Anchor expects that the increased competition will have a continued negative effect on its revenues, as well as on costs of gaming operations, including promotions, and costs related to retaining and recruiting employees. Additionally, the completion of a planned new road into Central City, Colorado could negatively affect Anchor's business in that area by altering existing traffic patterns, thereby making the location of Anchor's casino less desirable.

The Pala Casino, which Anchor manages under an agreement with the Pala Band of Mission Indians, operates in a very competitive environment. There are nine operating casinos in the San Diego area alone, many of which are expanding, upgrading or building entirely new facilities.

Anchor's most significant route operations are in southern Nevada, an area which has recently experienced significant population growth. Anchor cannot be certain that this growth trend will continue. If it does not continue, or if Anchor faces increased competition from expanding grocery store chains and local casinos, the profitability of Anchor's route operations could decline.

Anchor's on-line lottery business faces competition from other on-line lottery system providers, instant lottery ticket manufacturers and other competitors, some of whom have substantially greater financial resources than Anchor. Anchor acquires on-line lottery business through contracts with state lottery authorities, which award these contracts through a competitive bidding process. If Anchor is not successful in obtaining or maintaining contracts with state lottery authorities, the future profits of its on-line lottery business could decline.

Changes in gaming regulations or findings of non-compliance could increase Anchor's operating costs.

Anchor is subject to extensive gaming regulations. Changes in these regulations or findings of non-compliance could increase Anchor's operating costs.

The majority of gaming jurisdictions require the testing and approval of the gaming machines that Anchor manufactures or supplies. If regulatory authorities do not approve Anchor's new game submissions, or if games currently approved do not continue to meet new standards imposed by changes to any gaming laws or regulations, Anchor's cost of operations could materially increase.

Anchor sometimes manufactures games pending regulatory approval, which subjects Anchor to the risk of having to either retrofit or abandon games upon noncompliance with or modification of gaming laws and regulations. If games do not receive regulatory approval, costs incurred in their manufacture would result in additional expense.

In the United States and many other countries, wagering and lotteries must be expressly authorized by law. Once authorized, the wagering industry and the operations of lotteries are subject to extensive and evolving governmental regulation. If additional jurisdictions do not approve the operation of gaming machines, on-line lottery systems, pari-mutuel wagering systems, video lottery or other forms of wagering or lottery systems or if those jurisdictions that currently permit these wagering and lottery activities do not continue to permit these activities, Anchor's future profits may decline.

Anchor's reliance on third-party suppliers and contract manufacturers could negatively affect its operating margins.

The use of outside vendors, some of which are Anchor's competitors, to manufacture a significant portion of Anchor's proprietary gaming machines and parts may limit Anchor's ability to develop machines at costs that will result in acceptable operating margins. The inability to obtain gaming machines and components, production parts and replacement parts on reasonable terms would adversely affect Anchor's operating margins. In addition, the inability to obtain these components and parts on a timely basis may hinder Anchor's ability to introduce new gaming machines on schedule, which would delay the receipt of revenue from the games.

The value of Anchor's intellectual property could be significantly reduced if Anchor is unable to protect its intellectual property and proprietary information.

Anchor's success depends, in part, on protecting its intellectual property, which includes patents and trademarks, as well as proprietary or confidential information that is not subject to patent or similar protection. Competitors may independently develop similar or superior products, software, systems or business models. A competitor's independent development may, in the case of Anchor's intellectual property that is not protected by an enforceable patent or similar protection, result in a significant reduction in the value of Anchor's intellectual property.

Anchor may be unable to protect its intellectual property and unauthorized third parties may try to copy Anchor's products, business models or systems and use Anchor's confidential information to develop competing products.

A finding that Anchor's business activities or products infringe upon the proprietary rights of others, or assertions by other parties of infringement claims against Anchor, could subject Anchor to significant liability for damages and could result in invalidation of Anchor's proprietary rights, distract management, and require Anchor to enter into costly and burdensome royalty and licensing agreements. These royalty and licensing agreements, if required, may not be available on terms acceptable to Anchor, or may not be available at all. Anchor may also need to file lawsuits to defend the validity of its intellectual property rights and trade secrets, or to determine the validity and scope of the proprietary rights of others. Such litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources.

Anchor also relies on technologies that it licenses from third parties. These third-party licenses may not continue to be available to Anchor on commercially reasonable terms.

Anchor also generally enters into confidentiality or license agreements with its employees, consultants and corporate partners, and generally controls access to, and the distribution of, Anchor product designs, documentation and other proprietary information, as well as the designs, documentation and other information Anchor licenses from others. Anchor also may take other steps to protect these rights and information. Despite Anchor's efforts to protect these proprietary rights, unauthorized parties may copy, develop independently or otherwise obtain and use Anchor's products or technology.

The events of September 11, 2001 may negatively impact Anchor's future revenues and profits.

Since the September 11, 2001 terrorist attacks, overall levels of business and leisure travel have declined. The reduced level of travel has resulted in decreased gaming play in gaming resort cities such as Las Vegas and Atlantic City. We expect that the reduced gaming activity in these resort markets will negatively impact Anchor's short-term revenues and profits, particularly in the gaming machines segment. It is uncertain when and to what extent travel to these resort destinations will return to previous levels.

Anchor's failure to obtain new or extended lottery contracts or to meet the stringent requirements of these contracts could result in an increase in operating costs and a decline in profits.

Anchor conducts lottery operations under contracts with state lottery authorities that are renewable at the option of the lottery authority. Upon the expiration of a lottery contract, lottery authorities usually award the new contract through a competitive bidding process. Anchor's Minnesota lottery contract, which represents approximately 7% of Anchor's fiscal 2001 revenues from on-line lottery operations, is Anchor's only lottery contract that is scheduled to expire or reach an optional extension date during the next three years. If Anchor is unable to obtain an extension of this or its other current lottery contracts prior to their expiration, or fails to obtain new lottery contracts, future profits from Anchor's lottery operations may decrease. See also Pending litigation may result in adverse determinations against Anchor for a discussion of litigation risks relating to Anchor's lottery operations.

In addition, lottery contracts to which Anchor is a party frequently contain exacting implementation schedules and performance requirements. If Anchor fails to meet these schedules and requirements, Anchor could be subject to substantial contractual liquidated damages claims, some as high as \$1.0 million per day, as well as possible contract termination. Anchor's lottery contracts also generally require Anchor to post performance bonds securing Anchor's performance under the contracts, which in some cases may be substantial. Any failure by Anchor to perform under any of these contracts could result in an obligation to pay significant damages, which would result in substantial costs and diversion of Anchor's resources.

Anchor has obligations under agreements with the Pala Band of Mission Indians that subject it to joint venture and sovereign immunity risks.

In September 1999, Anchor entered into agreements with the Pala Band of Mission Indians to develop and manage a casino in northern San Diego County, California. As part of Anchor's development and management agreements with the Pala tribe, Anchor has agreed to guarantee the tribe's \$100.0 million credit facility. If the casino is not successful, Anchor may incur substantial expense in meeting this guarantee obligation. Anchor cannot predict the long-term profitability of the Pala Casino.

Anchor's development and management agreements with regard to the Pala Casino are with the sovereign nation of the Pala Band of Mission Indians. Thus, the contract may not be an enforceable legal obligation, and in the event the Pala tribe were to default under the development and management agreements, Anchor's legal recourse may be inadequate to cover its damages.

The term of Anchor's management agreement with the Pala tribe is seven years from the opening date of the Pala Casino, which was April 3, 2001. Anchor will lose this source of revenues after seven years unless it is able to obtain an extension of the management agreement.

Adverse determinations in pending litigation could result in substantial financial and operational costs to Anchor.

At present, Anchor is a party to pending litigation matters with GTECH Holdings Corporation (action by GTECH challenging the validity of Anchor's lottery contract with the State of Florida and the Florida Department of Lottery) and Acres Gaming (action against Acres alleging infringement of Anchor's secondary-events patents and related counterclaim by Acres). These matters are more fully described in the section

Legal Proceedings in Anchor's Annual Report on Form 10-K for the year ended June 30, 2001. If Anchor does not achieve favorable results in any existing or future litigation, the costs to Anchor could be substantial both financially and operationally.

Seasons and weather conditions may affect Anchor's profitability.

The second quarter of Anchor's fiscal year, which includes the months of October, November and December, generally produces lower levels of profitability than other quarters, because of a lack of tourist traffic during those months in most of the markets in which Anchor operates. Anchor's business during the winter months could also face the additional negative effects of inclement weather and accompanying poor road conditions, which would make it more difficult for customers to travel to Anchor's Colorado casinos.

THE SPECIAL MEETINGS

IGT and Anchor are furnishing this joint proxy statement/prospectus in connection with the solicitation of proxies from IGT common stockholders by the IGT board of directors for use at the IGT stockholders' meeting and from Anchor common stockholders by the Anchor board of directors for use at the Anchor stockholders' meeting.

Times and Places; Purposes

IGT: The IGT special meeting of stockholders will be held at [place], on [], at [] a.m./p.m.] local time. The purpose of the IGT special meeting is to consider and vote upon the following matters:

a proposal to approve the issuance of shares of IGT common stock in the merger;

a proposal to amend the International Game Technology 1993 Stock Option Plan to increase by 900,000 the number of shares of IGT common stock available for issuance under the stock option plan; and

to transact any other business which properly comes before the meeting or any adjournment or postponement of the meeting.

Anchor: The Anchor special meeting of stockholders will be held at 815 Pilot Road, Suite G, Las Vegas, Nevada 89119, on [], at [] a.m./p.m.] local time. The purpose of the Anchor special meeting is to consider and vote upon the following matters:

a proposal to approve and adopt the merger agreement which will constitute approval of the merger and the other transactions contemplated by the merger agreement; and

to transact any other business which properly comes before the meeting or any adjournment or postponement of the meeting.

Record Dates; Voting Rights

IGT. Only holders of IGT common stock at the close of business on [] are entitled to receive notice of and to vote at the IGT special meeting. At the close of business on [], there were [] shares of IGT common stock outstanding, held by approximately [] holders of record. Each holder of record, as of the record date, of shares of IGT common stock is entitled to cast one vote per share at the IGT special meeting.

Anchor. Only holders of Anchor common stock at the close of business on [] are entitled to receive notice of and to vote at the special meeting. At the close of business on [], there were [] shares of Anchor common stock outstanding, held by approximately [] holders of record. Each holder of record, as of the record date, of shares of Anchor common stock is entitled to cast one vote per share at the Anchor special meeting.

Quorum

IGT. The presence in person or by proxy of the holders of a majority of the shares of IGT common stock outstanding and entitled to vote on [] will constitute a quorum for the transaction of business at the special meeting in accordance with the rules of the New York Stock Exchange. The shares of IGT common stock present at the special meeting that abstain from voting or that are the subject of broker non-votes will be included for the purpose of determining a quorum. If a quorum is not present, the special meeting may be adjourned from time to time without further notice, if the time and place of the adjourned meeting are announced at the meeting, until a quorum is obtained.

Anchor. The presence in person or by proxy of the holders of a majority of the shares of Anchor common stock outstanding and entitled to vote on [] will constitute a quorum for the transaction of business at the special meeting in accordance with Anchor's bylaws. The shares of Anchor common stock present at the special meeting that abstain from voting or that are the subject of broker non-votes will be

included for the purpose of determining a quorum. If a quorum is not present, the special meeting may be adjourned from time to time without further notice, if the time and place of the adjourned meeting are announced at the meeting, until a quorum is obtained.

Vote Required

IGT. The rules governing companies listed on the New York Stock Exchange require companies to obtain stockholder approval before issuing additional shares of common stock in connection with an acquisition if the number of additional shares proposed to be issued, including assumed stock options, exceeds 20% of the shares outstanding before the issuance. The number of IGT shares to be issued or issuable in connection with the merger will exceed 20% of IGT's currently outstanding shares of common stock assuming an exchange ratio of one-for-one in the merger. Consequently, IGT is seeking its stockholders' approval of the issuance of IGT common stock in the merger. Under the rules of the New York Stock Exchange, approval of the issuance requires the affirmative vote of the holders of a majority of the votes cast at the IGT stockholders' meeting in person or by proxy. In addition, approval and adoption of the stock option plan amendment also requires the affirmative vote of the holders of a majority of the votes cast at the IGT stockholders' meeting in person or by proxy. Abstentions and broker non-votes will not count as votes cast for purposes of determining whether either proposal has been approved. A broker non-vote occurs when a nominee holding stock for a beneficial owner does not vote on a particular matter because the nominee lacks discretionary voting power with respect to the matter and has not received voting instructions from the beneficial owner. Similarly, any shares of IGT common stock held by an IGT stockholder who fails to return a proxy or attend the special meeting to vote in person, will not count for the purpose of approving or rejecting either proposal. The IGT board urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope.

Anchor. Approval and adoption of the merger agreement and the merger requires the affirmative vote of the holders of a majority of the Anchor common stock outstanding on the record date. Abstentions will have the same effect as votes against the merger proposal. Broker non-votes will not count as votes cast, but, like abstentions, will have the same effect as votes against the merger proposal. Similarly, the failure of an Anchor stockholder to return a proxy or attend the special meeting to vote in person will have the same effect as a vote against the merger proposal. The Anchor board urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed, postage-paid envelope.

Proxies

IGT. The IGT board is soliciting proxies for the IGT special stockholders' meeting to enable its stockholders to vote upon the IGT merger proposal, whether or not they attend the IGT special meeting. All shares of IGT common stock represented by proxies properly received before or at the special meeting and not revoked will be voted in accordance with the instructions indicated on the proxies. If a stockholder delivers a signed proxy to IGT without indicating any voting instructions on it, the shares represented by that proxy will be voted in favor of the IGT merger proposal. Any person giving a proxy on the accompanying form may revoke it at any time before it is voted. A stockholder may revoke a proxy, or change the votes reflected on a proxy, by:

submitting, including by telecopy, a written notice of revocation bearing a later date than the date of the proxy to the Secretary of IGT, before the vote is taken at the special meeting;

submitting a properly executed later-dated proxy relating to the same shares; or

attending the special meeting and voting in person.

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To vote in person at the IGT special meeting, you must attend the meeting and cast your votes in accordance with the voting procedures established for the meeting. Attendance at the meeting will not in and of itself constitute a revocation of a proxy. You must send any written notice of revocation or subsequent proxy so that it arrives at or before the vote is taken at the IGT special meeting at:

International Game Technology
9295 Prototype Drive
Reno, Nevada 89511-0580
Facsimile: (775) 448-0120
Phone: (775) 448-7777
Attention: Secretary

Stockholders who require assistance in changing or revoking a proxy should contact IGT's Secretary at the address or phone number provided above.

IGT stockholders should not send in any stock certificates with their proxy cards. IGT stockholders will continue to own their shares of IGT common stock after the merger and should continue to hold their stock certificates.

Anchor. The Anchor board is soliciting proxies for the Anchor special stockholders' meeting to enable its stockholders to vote upon the Anchor merger proposal, whether or not they attend the Anchor special meeting. All shares of Anchor common stock represented by proxies properly received before or at the special meeting and not revoked will be voted in accordance with the instructions indicated on the proxies. If a stockholder delivers a signed proxy to Anchor without indicating any voting instructions on it, the shares represented by that proxy will be voted in favor of the Anchor merger proposal. Any person giving a proxy on the accompanying form may revoke it at any time before it is voted. A stockholder may revoke a proxy, or change the votes reflected on a proxy, by:

submitting, including by telecopy, a written notice of revocation bearing a later date than the date of the proxy to the Secretary of Anchor, before the vote is taken at the special meeting;

submitting a properly executed later-dated proxy relating to the same shares; or

attending the special meeting and voting in person.

To vote in person at the Anchor special meeting, you must attend the meeting and cast your votes in accordance with the voting procedures established for the meeting. Attendance at the meeting will not in and of itself constitute a revocation of a proxy. You must send any written notice of revocation or subsequent proxy so that it arrives at or before the vote is taken at the Anchor special meeting at:

Anchor Gaming
815 Pilot Road, Suite G
Las Vegas, Nevada 89119
Facsimile: (702) 896-6992
Phone: (702) 896-7568
Attention: Secretary

Stockholders who require assistance in changing or revoking a proxy should contact Anchor's Secretary at the address or phone number provided above.

Anchor stockholders should not send in any stock certificates with their proxy cards. A letter of transmittal with instructions for the surrender of certificates representing Anchor common stock will be mailed to Anchor stockholders as soon as practicable after the effective time of the merger.

Solicitation of Proxies

IGT and Anchor will each bear the cost of proxy solicitation for their respective stockholders' meetings, including the reasonable expenses of brokers, fiduciaries and other nominees in forwarding solicitation material to beneficial owners. In addition to solicitation by mail, directors, officers and

employees of IGT and Anchor may solicit proxies personally or by telephone, facsimile transmission or otherwise. IGT and Anchor will not pay additional compensation to these directors, officers and employees for their solicitation but may reimburse them for out-of-pocket expenses. IGT and Anchor expect to incur nominal expenses, if any, to engage in this solicitation. IGT has retained _____ at an estimated cost of approximately \$ _____, plus reimbursement of out-of-pocket expenses, to assist in solicitation of proxies for both the IGT stockholders' meeting and Anchor stockholders' meeting. IGT and Anchor will make arrangements with brokerage houses and other custodians, nominees, fiduciaries and stockholders of record to forward proxy solicitation materials to the beneficial owners of the stock held of record by those persons. IGT may reimburse the solicitor for reasonable out-of-pocket expenses.

Share Ownership of Management

IGT. At the close of business on October 29, 2001, directors and executive officers of IGT and their affiliates beneficially owned and were entitled to vote an aggregate of approximately 2,542,486 shares or approximately 3.5% of the IGT common stock then outstanding, excluding shares issuable pursuant to options for IGT common stock. See *Beneficial Ownership of IGT Common Stock* and *The Merger - Interests of Key Persons in the Merger*.

Anchor. At the close of business on October 29, 2001, directors and executive officers of Anchor and their affiliates beneficially owned and were entitled to vote an aggregate of 255,000 shares or approximately 1.7% of the Anchor common stock then outstanding, excluding shares issuable pursuant to options for Anchor common stock. See *Beneficial Ownership of Anchor Common Stock* and *The Merger - Interests of Key Persons in the Merger*. Two directors and executive officers, who, as of the close of business on October 29, 2001, collectively beneficially own approximately 1.6% of the outstanding Anchor common stock, excluding shares issuable pursuant to options, have entered into voting agreements with IGT in which they agree, among other things, to be present at the Anchor special meeting and to vote for the Anchor merger proposal. The voting agreements are described in more detail under the heading *Terms of the Merger Agreement and Related Agreements - Voting Agreements*.

INFORMATION ABOUT IGT

IGT is a world leader in the design, development, and manufacture of computerized casino gaming products and the operation of proprietary gaming systems. It was the first to develop computerized video gaming machines, and currently offers the largest variety of gaming machines in this market segment. Since its founding in 1980, IGT has principally served the casino gaming industry in the United States. In 1986, IGT began expanding its business internationally, and in addition to its production in the United States, currently manufactures its gaming products in the United Kingdom and through a third-party manufacturer in Japan. IGT also maintains sales offices in selected legalized gaming jurisdictions globally, including Australia, Argentina, New Zealand, Peru, South Africa, The Netherlands, Japan and England. IGT also maintains a service office in Brazil. IGT provides gaming products in every significant legalized gaming jurisdiction in the world.

BENEFICIAL OWNERSHIP OF IGT COMMON STOCK

The following table sets forth, as of October 29, 2001 (unless otherwise noted), the beneficial ownership of each director, each executive officer, the directors and executive officers as a group, and each stockholder known to management to own beneficially more than 5% of the common stock.

Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percentage of Class
Private Capital Management, Inc. and affiliates(2)	5,284,728	7.3%
FMR Corp.(3)	4,797,015	6.6%
Charles N. Mathewson(4)	2,700,226	3.7%
G. Thomas Baker(5)	606,642	*
Robert A. Bittman(6)	37,186	*
Anthony Ciorciari(7)	77,989	*
Maureen Mullarkey(8)	62,544	*
Wilbur K. Keating(9)	28,718	*
Robert Miller(10)	5,334	*
Frederick B. Rentschler	18,500	*
Robert M. McMonigle(11)	0	*
All executive officers and directors as a group (12 persons)(12)	3,571,156	4.8%

* Less than 1%

- (1) Unless otherwise noted, and subject to community property laws, where applicable, the individuals in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. The address for each listed director and executive officer is c/o International Game Technology, 9295 Prototype Drive, Reno, Nevada 89511.
- (2) Number of Shares Beneficially Owned and Percentage of Class information and the information in this footnote derived from Amendment No. 2 to Schedule 13G, reporting information as of December 31, 2000 and filed February 14, 2001. Bruce S. Sherman is Chairman and Gregg J. Powers is President of Private Capital Management, Inc. (PCM), which beneficially owns 5,028,453 shares of IGT common stock. In these capacities, Messrs. Sherman and Powers exercise shared dispositive and shared voting power with respect to shares held by PCM s clients and managed by PCM. Messrs. Sherman and Powers are also general partners of SPS Partners, LP, the investment advisor to the Entrepreneurial Value Fund, L.P. (EVF). In this capacity, Messrs. Sherman and Powers exercise shared dispositive and voting powers over 200,000 shares held by EVF. Mr. Sherman has sole or shared voting power over a total of 5,284,728 shares and Mr. Powers has sole or shared voting power over a total of 5,228,453 shares of common stock. Messrs. Sherman and Powers disclaim beneficial ownership for the shares held by EVF and by

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PCM's clients and disclaim the existence of a group. The business address of PCM and Messrs. Sherman and Powers is 8889 Pelican Bay Boulevard, Suite 500, Naples, Florida 34108.

- (3) Number of Shares Beneficially Owned and Percentage of Class information derived from Schedule 13G, reporting information as of December 31, 2000 and filed February 14, 2001. FMR Corp.'s business address is 82 Devonshire Street, Boston, Massachusetts 02109. Edward C. Johnson 3d and Abigail P. Johnson are natural persons each having sole dispositive power over 4,797,015 of these shares and Edward C. Johnson 3d individually has sole voting power over 1,228,360 of these shares.
- (4) Includes 394,123 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (5) Includes 477,282 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (6) Includes 7,186 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (7) Includes 30,100 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (8) Includes 58,772 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (9) Includes 24,000 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (10) Includes 5,334 shares that may be acquired upon the exercise of options exercisable within the next 60 days.
- (11) Mr. McMonigle ceased to serve as an executive officer as of October 1, 2001.
- (12) Includes 1,028,670 shares that may be acquired upon the exercise of options exercisable within the next 60 days.

INFORMATION ABOUT ANCHOR

Anchor is a diversified, global gaming company. Anchor operates principally in three business segments: gaming machines, gaming operations and gaming systems. Anchor has equipment and systems operating in the United States, Canada, Asia, Australia, Europe, South America, South Africa and the West Indies. Anchor designs, develops and distributes proprietary gaming machines, operates two casinos in Colorado and slot machine routes in Nevada and holds an approximately 68% interest in the development contract and seven-year management contract to develop and manage a California Native American casino that opened in April 2001. Anchor designs, manufactures and sells video gaming machines and central control systems in addition to designing, manufacturing, selling, installing and operating online lottery systems and computerized pari-mutual wagering systems.

BENEFICIAL OWNERSHIP OF ANCHOR COMMON STOCK

The following table sets forth, as of October 29, 2001 (unless otherwise noted), the beneficial ownership of each director, each executive officer, the directors and executive officers as a group, and each stockholder known to management to own beneficially more than 5% of the common stock.

Name and Address of Beneficial Owner(1)	Number of Shares Beneficially Owned	Percentage of Class
Liberty Wanger Asset Management, L.P.(2)	1,390,000	9.3%
State Street Research & Management Company(3)	907,400	6.1%
Thomas J. Matthews(4)	349,500	2.4%
David D. Johnson(5)	59,500	*
Joseph Murphy(6)	332,500	2.2%
Geoffrey A. Sage(7)	77,000	*
Christer S.T. Roman(8)	22,800	*
Stuart D. Beath(9)	17,500	*
Glen J. Hettinger(10)	22,500	*
Richard R. Burt(11)	17,500	*
All executive officers and directors as a group (8 persons)(12)(13)	898,800	6.0%

* Less than 1%