INTERNATIONAL GAME TECHNOLOGY
Form DEFC14A
January 23, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant S
Filed by a Party other than the Registrant £
Check the appropriate box:

£ Preliminary Proxy Statement
£ **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
S Definitive Proxy Statement
£ Definitive Additional Materials
£ Soliciting Material Pursuant to §240.14a-12

INTERNATIONAL GAME TECHNOLOGY

(Name of Registrant as Specified In Its Charter)

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2013 PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS
The Annual Meeting of Stockholders of International Game Technology
will be held at

The Ballroom Meeting Room
Canyon Gate Country Club
2001 Canyon Gate Drive
Las Vegas, Nevada 89117
on Tuesday, March 5, 2013 at 7:30 a.m. P.S.T.

PROXY VOTING OPTIONS

YOUR VOTE IS IMPORTANT

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

In addition to returning the enclosed WHITE proxy by mail, for your convenience telephone and internet voting are available. Simply follow the instructions on the enclosed WHITE proxy card.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on Tuesday, March 5, 2013

January 23, 2013

Dear Stockholder:

International Game Technology hereby invites you, as a stockholder, to attend our annual meeting of stockholders either in person or by proxy. The meeting will be held in The Ballroom Meeting Room at Canyon Gate Country Club, 2001 Canyon Gate Drive, Las Vegas, Nevada 89117, on Tuesday, March 5, 2013, at 7:30 a.m. P.S.T., for the purpose of considering and acting upon the following matters:

1. Electing the eight directors named in this proxy statement for the ensuing year;

2. Amending the International Game Technology 2002 Stock Incentive Plan;

3. An advisory vote to approve International Game Technology s executive compensation;

4. Ratifying the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending September 30, 2013; and

5. Transacting any other business that may properly come before the meeting.

Ader Long/Short Fund LP, an affiliate of Ader Investment Management LP (collectively, the Ader Group), has stated its intention to propose three director nominees for election at the annual meeting. **THE BOARD URGES YOU TO VOTE ONLY FOR THE BOARD S PROPOSED NOMINEES BY USING THE ENCLOSED WHITE PROXY CARD AND NOT TO SIGN OR RETURN OR VOTE ANY PROXY CARD SENT TO YOU BY THE ADER GROUP.** If you have already voted using a proxy card sent to you by the Ader Group, you can revoke it by subsequently executing and delivering the **WHITE** proxy card or by voting in person at the annual meeting, by telephone or by Internet. Only your last-dated proxy will count, and any proxy may be revoked at any time prior to its exercise at the annual meeting as described in this proxy statement.

Any action on the items described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting is properly adjourned or postponed.

Only stockholders of record as of the close of business on January 8, 2013 are entitled to receive notice of and to vote at the annual meeting or any adjournment or postponement of the meeting. Stockholders present at the annual meeting or who have submitted a valid proxy over the Internet, by telephone or by mail will be deemed to be present in person to vote at the annual meeting.

If you hold your shares in street name, brokers will not have discretion to vote your shares on any of the proposals identified above. Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of the election of the director nominees, the proposed amendment of the stock incentive plan, the proposal regarding the advisory vote to approve our executive compensation or the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm. We encourage you to provide voting instructions to your brokers if you hold your shares in street name so that your voice is heard on these matters.

The board of directors recommends that you vote **FOR ALL OF THE BOARD S NOMINEES** on Proposal 1 and **FOR** Proposals 2, 3 and 4 identified above **on the WHITE proxy card.**

By Order of the Board of Directors,

Paul C. Gracey, Jr.
Secretary

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INTERNATIONAL GAME TECHNOLOGY
6355 South Buffalo Drive, Las Vegas, Nevada 89113
(702) 669-7777

PROXY STATEMENT

The board of directors of International Game Technology (IGT or the Company) is soliciting your proxy for the 2013 annual meeting of stockholders to be held at 7:30 a.m. P.S.T. on Tuesday, March 5, 2013 in The Ballroom Meeting Room at Canyon Gate Country Club, 2001 Canyon Gate Drive, Las Vegas, Nevada 89117, and at any and all adjournments or postponements of the annual meeting, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. These proxy materials are first being made available to our stockholders on or about January 23, 2013.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MARCH 5, 2013

Stockholders may view this proxy statement and our 2012 Annual Report to Stockholders over the Internet by accessing the Investor Relations page on our website at http://www.IGT.com/InvestorRelations. Information on our website, including information in other documents referred to in this proxy statement, does not constitute part of this proxy statement.

If you have questions or need assistance voting your shares please contact:

105 Madison Avenue
New York, New York 10016
proxy@mackenziepartners.com
Call Collect: (212) 929-5500
or
Toll-Free (800) 322-2885

The board of directors urges you **NOT** to sign any proxy card sent to you by Ader Long/Short Fund, an affiliate of Ader Investment Management LP (collectively, the Ader Group), which has notified the Company it intends to put forth its own slate of director nominees at the annual meeting. If you have already signed any Ader Group proxy card, you have every legal right to change your vote by using the enclosed **WHITE** proxy card to vote today by telephone, by Internet, or by signing, dating and returning the **WHITE** proxy card in the postage-paid envelope provided.

Our fiscal year is reported on a 52/53-week period that ends on the Saturday nearest to September 30. For simplicity, this proxy statement presents all fiscal years using the calendar month end as outlined in the table below.

Fiscal Year	**End**		**Weeks**
	Actual	**Presented as**	
2013	September 28, 2013	September 30, 2013	52
2012	September 29, 2012	September 30, 2012	52
2011	October 1, 2011	September 30, 2011	52
2010	October 2, 2010	September 30, 2010	52
2009	October 3, 2009	September 30, 2009	53

QUESTIONS AND ANSWERS ABOUT THE MEETING

Q: Why did you send me these proxy materials?

A: We sent you this proxy statement and the enclosed **WHITE** proxy card because you owned shares of IGT common stock as of the close of business on January 8, 2013, our record date, and the board of directors is soliciting your proxy to vote at our annual meeting. This proxy statement describes in detail issues on which we would like you to vote. It also gives you information on these issues so that you can make an informed decision.

Q: What am I being asked to vote on?

(1) The election of the eight directors named in this proxy statement to serve on our board of directors;

(2) An amendment of the IGT 2002 Stock Incentive Plan;

(3) An advisory vote to approve IGT s executive compensation; and

(4) The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for our fiscal year ending September 30, 2013.

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

A: Our board of directors recommends that you vote your shares FOR each of the nominees for director named in this proxy statement, FOR the approval of an amendment to our 2002 Stock Incentive Plan, FOR the proposal relating to the advisory vote to approve the Company s executive compensation, and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

Q: Has the Company been notified that a stockholder intends to propose alternative director nominees at the annual meeting?

A: Yes. The Company received a notice dated December 20, 2012 (which was subsequently updated) from the Ader Group ultimately stating its intention to propose three alternative director nominees for election at the annual meeting. The Ader Group nominees have NOT been endorsed by the board of directors. We urge stockholders NOT to use any proxy card that you may receive from the Ader Group. The Board urges you to **use the WHITE proxy card** and vote **FOR ALL** of our nominees for director.

OUR BOARD OF DIRECTORS URGES YOU **NOT** TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY THE ADER GROUP.

We are not responsible for the accuracy of any information provided by or relating to the Ader Group contained in any proxy solicitation materials filed or disseminated by, or on behalf of, the Ader Group or any other statements that the Ader Group may otherwise make.

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Q: Who is entitled to vote at the annual meeting?

A: The record date for the annual meeting is January 8, 2013. Stockholders of record as of the close of business on that date are entitled to vote at the annual meeting. Both stockholders of record and street name holders are entitled to vote or direct the voting of their IGT common stock. You are a stockholder of record if you hold IGT common stock that is registered in your name at our transfer agent, Wells Fargo Shareowner Services. You are a street name holder if you hold IGT common stock indirectly through a nominee, such as a broker, bank or similar organization.

Q: If I am a stockholder of record, how do I vote?

A: *You may vote via the Internet.* You can vote by proxy over the Internet by following the instructions provided on the **WHITE** proxy card.

You may vote by telephone. You can submit your vote by proxy over the telephone by following the instructions provided on the **WHITE** proxy card.

You may vote by mail. You can submit your vote by completing and returning the **WHITE** proxy card in the prepaid and addressed envelope.

You may vote in person at the meeting. All stockholders of record may vote in person at the annual meeting. Written ballots will be passed out to anyone who wants to vote at the meeting.

Q: If my shares are held by a broker, bank or other nominee, how do I vote?

A: If your shares are held in street name by a broker, bank or other nominee, please refer to the instructions they provide regarding how to vote. In addition, if you are a street name holder and you wish to vote in person at the annual meeting, you must obtain a legal proxy from your broker, bank or other nominee in order to vote at the meeting.

Q: Can I revoke my proxy later?

A: Yes. You have the right to revoke your proxy at any time before the annual meeting. If you are a stockholder of record, you may do so by:

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

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

(3) attending the annual meeting and voting in person at the meeting (your mere presence at the annual meeting will not, by itself, revoke your proxy).

For shares you hold in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares at the annual meeting, by attending the meeting and voting in person.

If you have previously signed any proxy card sent to you by the Ader Group, you may change your vote by signing, dating and returning the enclosed **WHITE** proxy card in the accompanying postage-paid envelope or by voting by telephone or via the Internet by following the instructions on your **WHITE** proxy card. Please note that submitting the Ader Group proxy card even if you vote in protest against the Ader Group nominees will revoke any votes you previously made via the Company s **WHITE** proxy card.

Q: How many shares can vote?

A: As of the close of business on the record date of January 8, 2013, approximately 264,519,560 shares of common stock were issued and outstanding. We have no other class of voting securities outstanding. Each share of common stock entitles its holder to one vote.

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Q: How is a quorum determined?

A: Our Bylaws provide that a majority of the stockholders entitled to vote, represented in person or by proxy, constitutes a quorum at a meeting of the stockholders. Abstentions will be counted as present for quorum purposes.

Q: What is the required vote to approve each proposal?

A: Once a quorum has been established, directors are elected by a plurality of the votes cast at the election. This means that the individuals who receive the highest number of votes are selected as directors up to the maximum number of directors to be elected at the meeting. The only way to support all of your board s nominees is to vote **FOR** the board s nominees **on the WHITE proxy card**. It will NOT help elect all of the board s nominees if you sign and return proxies sent by the Ader Group, even if you vote AGAINST or WITHHOLD on their directors using the Ader Group proxy card. In fact, doing so will cancel any previous vote you may have cast in favor of all of the board s nominees on the Company s **WHITE** proxy card.

Our Corporate Governance Guidelines set forth our procedures if a director nominee is elected according to the above standard, but receives a majority of withheld votes. In an uncontested election, any nominee for director who receives a greater number of votes withheld from his or her election than votes for such election is required to tender his or her resignation following certification of the stockholder vote. The Nominating and Corporate Governance Committee is required to make recommendations to our board of directors with respect to any such resignation. The board of directors is required to take action with respect to this recommendation and to disclose its decision-making process. Full details of the policy are set out in our Corporate Governance Guidelines, which are publicly available on our website at http://www.IGT.com/InvestorRelations and are available in print, free of charge, to any stockholder who requests it. The resignation procedures set forth in our Corporate Governance Guidelines referenced above are not applicable in a contested election, which is anticipated for this year s annual meeting. In a contested election the individuals who receive the highest number of votes will be elected to the Company s board of directors, as described above.

The proposed amendment of the IGT 2002 Stock Incentive Plan will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast in opposition to the proposal and the total votes cast on the proposal represent over 50% of all shares entitled to vote on the proposal.

The proposal regarding the advisory vote to approve IGT s executive compensation will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast in opposition to the proposal. Because your vote is advisory, it will not be binding on the board of directors or the Company. However, the board of directors will review the voting results and take them into consideration when making future decisions regarding IGT s executive compensation.

The appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm will be ratified if the number of votes cast in favor of the proposal exceeds the number of votes cast in opposition to the proposal.

Q: What happens if I abstain?

A: We will count proxies marked abstain as shares present for the purpose of determining the presence of a quorum, but for purposes of determining the outcome of a proposal, the shares represented by these proxies will not be treated as affirmative or opposing votes.

Q: How will my shares be voted if I do not give specific voting instructions?

A: If you are a stockholder of record and you:

Indicate when voting on the Internet or by telephone that you wish to vote as recommended by our board of directors; or

Sign and send in your **WHITE** proxy card and do not indicate how you want to vote.

Then the proxyholders, Patti S. Hart and Paul C. Gracey, Jr. will vote your shares in the manner recommended by our board of directors as follows: FOR each of the director nominees named in this proxy statement, FOR the proposed amendment of the IGT 2002 Stock Incentive Plan, FOR the proposal relating to the advisory vote to approve the Company s executive compensation, and FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

Under applicable New York Stock Exchange (NYSE) rules, if you are a street name holder and do not submit specific voting instructions to your broker, the broker does not have discretion to vote on any proposal that is subject to a counter solicitation. **Accordingly, if your shares are held in street name and you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of any of the proposals described in this proxy statement. We strongly encourage you to vote your proxy or provide voting instructions to your broker so that your vote will be counted.**

Q: What do I do if I receive more than one proxy card?

A: Many of our stockholders hold their shares in more than one account and may receive separate proxy cards or voting instruction forms for each of those accounts. To ensure that all of your shares are represented at the annual meeting, we recommend that you **vote every WHITE proxy card you receive**.

Additionally, if the Ader Group proceeds with its alternative nominations, you may receive proxy solicitation materials from the Ader Group, including an opposition proxy statement and a proxy card. Your board of directors unanimously recommends that you disregard and do not return any proxy card you receive from the Ader Group.

If you have already voted using the Ader Group s proxy card, you have every right to change your vote and revoke your prior proxy by signing and dating the enclosed WHITE proxy card and returning it in the postage-paid envelope provided or by voting via the Internet or by telephone by following the instructions provided on the enclosed WHITE proxy card. Only the latest dated proxy you submit will be counted. If you withhold your vote on any Ader Group nominee using the Ader Group s proxy card, your vote will not be counted as a vote for the board s nominees and will result in the revocation of any previous vote you may have cast on our **WHITE** proxy card. **IF YOU WISH TO VOTE PURSUANT TO THE RECOMMENDATION OF THE BOARD, YOU SHOULD DISREGARD ANY PROXY CARD THAT YOU RECEIVE OTHER THAN THE WHITE PROXY CARD.**

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

A: Although we do not know of any business to be considered at the annual meeting other than the proposals described in this proxy statement, if any other business properly comes before the annual meeting, your proxy or voting instruction gives authority to the proxyholders, Patti S. Hart and Paul C. Gracey, Jr., to vote on those matters in their discretion.

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

A: If a quorum is not present at the scheduled time of the annual meeting, we may adjourn the meeting, either with or without the vote of the stockholders. If we propose to have the stockholders vote whether to adjourn the meeting, the proxyholders will vote all shares for which they have authority in favor of the adjournment. We may also adjourn the meeting if for any reason we believe that additional time should be allowed for the solicitation of proxies. An adjournment will have no effect on the business that may be conducted at the annual meeting.

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

A: As of January 8, 2013, our current directors and executive officers collectively beneficially owned 2,282,461 shares of our common stock, constituting approximately 0.86% of the outstanding shares. It is expected that these persons will vote the shares held by them for each of the director nominees named in this proxy statement, in favor of the proposed amendment of the IGT 2002 Stock Incentive Plan, for the proposal relating to the advisory vote to approve the Company s executive compensation, and in favor of the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

Q: Who will bear the costs of this solicitation?

A: We will pay the cost of this solicitation of proxies by mail. We have hired MacKenzie Partners, Inc. (MacKenzie) to assist us in soliciting proxies for a fee not to exceed $450,000 plus reasonable expenses. MacKenzie expects that approximately 60 of its employees will assist in soliciting proxies. In addition to MacKenzie, our directors, officers and employees may also solicit proxies by mail, telephone, facsimile, personal contact or through online methods. We will reimburse their expenses for doing this. We will also reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of our common stock. Other proxy solicitation expenses that we will pay include those for preparing, mailing, returning and tabulating the proxies. Our aggregate expenses, including those of MacKenzie, related to our solicitation of proxies in excess of those normally spent for an annual meeting as a result of the potential proxy contest and excluding salaries and wages of our regular employees, are expected to be approximately $3.0 million, of which approximately $500,000 has been spent to date. Appendix A sets forth information relating to our director nominees as well as certain of our directors, officers and employees who are considered participants in our solicitation under the rules of the Securities and Exchange Commission (the SEC) by reason of their position as directors or director nominees of the Company or because they may be soliciting proxies on our behalf.

PROPOSAL 1 ELECTION OF DIRECTORS

The current term of office of all of our directors expires at the 2013 annual meeting. The board of directors proposes re-election of the following nominees, all of whom are currently serving as directors, for a new term of one year and until their successors are duly elected and qualified. The persons named as proxyholders intend, if authorized, to vote the proxies **FOR** the election as directors of each of the eight nominees named below. If any nominee declines or is unable to serve as a director, which we do not anticipate, the proxyholders reserve full discretion to vote for any other person who may be nominated or for the balance of the nominees, leaving a vacancy, unless our board of directors chooses to reduce the number of directors serving on the board of directors. Each of the director nominees listed below has consented to be named in this proxy statement and to serve if elected.

Nominees for Election of Directors

The following table sets forth the name, age and position with the Company, and year appointed to the board, of the director nominees. Following the table are descriptions of the business experience of each nominee for at least the past five years.

Name	Age	Position with the Company	Director Since
Paget L. Alves	58	Director	2010
Janice Chaffin	58	Director	2010
Greg Creed	55	Director	2010
Patti S. Hart	56	Director (Chief Executive Officer)	2006
Robert J. Miller	67	Director	2000
David E. Roberson	58	Director	2008
Vincent L. Sadusky	47	Director	2010
Philip G. Satre	63	Director (Chairman of the board of directors)	2009

Paget L. Alves has served on our board of directors since January 2010 and is the Chair of the Capital Deployment Committee and a member of the Compensation Committee. Mr. Alves has served as Chief Sales Officer of Sprint Nextel Corporation, a wireless and wireline communications services provider (Sprint Nextel), since January 2012 after serving as President of the Business Markets Group since 2009. From 2003 to 2009, Mr. Alves held various positions at Sprint Nextel, including President, Sales and Distribution from 2008 to 2009; President, South Region, from 2006 to 2008; Senior Vice President, Enterprise Markets, from 2005 to 2006; and President, Strategic Markets from 2003 to 2005. Between 2000 and 2003, Mr. Alves served as President and Chief Executive Officer of PointOne Telecommunications Inc., and President and Chief Operating Officer of Centennial Communications. Mr. Alves previously served on the board of directors of GTECH Holdings Corporation, a gaming technology and services company, (2005 2006) and Herman Miller, Inc. (2008 2010). Mr. Alves earned a Bachelor of Science degree in Industrial and Labor Relations and a Juris Doctor from Cornell University. Our board of directors believes that Mr. Alves extensive management experience in technology companies and corporate governance experience through service on other boards, including the board of another gaming company, is very valuable to the board of directors.

Janice D. Chaffin has served on our board of directors since September 2010 and is a member of the Audit Committee. Ms. Chaffin has been Group President, Consumer Business Unit for Symantec Corporation, a provider of security, storage and systems management solutions (Symantec), since 2007. Prior to her current position, she served as Symantec s Executive Vice President and Chief Marketing Officer from 2006 to 2007, and its Senior Vice President and Chief Marketing Officer from 2003 to 2006. Prior to that, Ms. Chaffin spent over twenty years at Hewlett-Packard Company, a global technology company, in significant management and marketing leadership positions. Ms. Chaffin currently serves on the board of visitors at the UCLA Anderson School of Management, the board of trustees of the Montalvo Arts Center, and is a member of the advisory council of Illuminate Ventures. Ms. Chaffin previously served on the board of directors Informatica Corporation (2001-2008), the duration of which she served on either the audit committee or the compensation committee. Ms. Chaffin graduated summa cum laude from the University of California, San Diego, where she earned a Bachelor of Arts in Political Science, and graduated as an Edward W. Carter Fellow from the University of California, Los Angeles, where she earned a Master of Business Administration. Our board of directors believes that Ms. Chaffin s experience as an accomplished business leader and her global experience will be valuable to the board of directors in assisting with strategy setting of the Company.

Greg Creed has served on our board of directors since September 2010 and is the Chair of the Compensation Committee and a member of Nominating and Corporate Governance Committee. Mr. Creed has served as the Chief Executive Officer of Taco Bell Corporation (Taco Bell), a subsidiary of Yum! Brands, Inc., an operator of quick service restaurants, since February 2011, after serving as President and Chief Concept Officer from 2006 to 2011. Prior to that, he held various management positions within the organization, including Chief Operating Officer, Yum! Brands, Inc., from 2005 to 2006; Chief Marketing Officer, Taco Bell, from 2001 to 2005; and Chief Marketing Officer, YUM Restaurants International, from 1994 to 2001. Mr. Creed currently serves on the board of directors of Taco Bell Foundation and Fight 2 Win Foundation and on the board of visitors at UCLA Anderson School of Management. Mr. Creed earned a Bachelor of Business (Management) with an emphasis in Marketing from the Queensland University of Technology. Our board of directors believes that Mr. Creed s expertise in branding and marketing will be valuable to the board of directors as the Company moves to a market-led model.

Patti S. Hart has served as Chief Executive Officer of the Company since April 2009 and has served on the Company s board of directors since June 2006. Ms. Hart also served as President of the Company from April 2009 until July 2011. Prior to joining the Company, Ms. Hart served as the Chairman and Chief Executive Officer of each of Pinnacle Systems Inc. from 2004 to 2005, Excite@Home Inc. from 2001 to 2002, and Telocity Inc. from 1999 to 2001. Ms. Hart also held various positions at Sprint Corporation (now Sprint Nextel), including President and Chief Operating Officer, Long Distance Division, where she gained extensive leadership and management experience. Ms. Hart also has valuable corporate governance experience having served on numerous public company boards, including Yahoo! Inc. (2010-2012), LIN TV Corp. (2006-2009), Spansion Inc. (2005-2008), and Korn/Ferry International Inc. (2000-2009). She currently serves on the board of the American Gaming Association which enables her to offer valuable insights into gaming industry trends and issues. Ms. Hart earned a Bachelor of Science degree in Business Administration with an emphasis in Marketing and Economics from Illinois State University. Our board of directors believes that Ms. Hart s significant experience as a chief executive officer at other technology companies, coupled with her global expertise from service on other public company boards, are invaluable to the board of directors in setting direction and strategy for the Company.

Robert J. Miller has served on our board of directors since January 2000 and is the Chair of the Compliance Committee and a member of the Nominating and Corporate Governance Committee. Since June 2010, Mr. Miller has served as a principal of Robert J. Miller Consulting, a consulting firm that provides assistance in establishing relationships with and building partnerships between private and government entities on the local, state, national and international level. Mr. Miller has also served as a Senior Advisor of Dutko Worldwide, a multi-disciplinary government affairs and strategy management firm, since June 2010, and he was a principal from July 2005 to June 2010. Mr. Miller was a partner at the Jones Vargas law firm from 1999 to 2005. From January 1989 until January 1999, Mr. Miller served as Governor of the State of Nevada, and, from 1987 to 1989, he served as Lieutenant Governor of the State of Nevada. Mr. Miller has served on the board of directors of Wynn Resorts, Limited, a developer, owner and operator of destination casino resorts, since 2002. In addition, Mr. Miller serves on the advisory board of the National Center for Missing and Exploited Children. Mr. Miller previously served on the board of directors of Newmont Mining Corporation (1999-2010) and Zenith National Insurance Corporation (1999-2010). Mr. Miller earned a Political Science degree from Santa Clara University and a Juris Doctor from Loyola Law School, Los Angeles. Our board of directors believes that Mr. Miller, who has significant experience in the

gaming industry, including more than 10 years of service on the board of directors, and significant experience in governmental affairs, having served multiple terms as the Governor of Nevada, brings a unique and valuable perspective to the board of directors.

David E. Roberson has served on our board of directors since December 2008 and is a member of the Audit Committee and the Compensation Committee. Mr. Roberson has been a private investor since 2011. From 2007 to 2011, Mr. Roberson served as Senior Vice President in the Enterprise Server Storage & Networking Division of Hewlett-Packard Company, a global technology company. Between 1981 and 2007, Mr. Roberson held various management positions with Hitachi Data Systems Corporation, including President and Chief Executive Officer from 2006 to 2007, President and Chief Operating Officer from 2002 to 2006 and Chief Operating Officer from 2000 to 2002. Mr. Roberson has valuable corporate governance experience, currently serving on the board of directors of Quantum Corp., TransLattice Inc. and RagingWire Enterprise Solutions Inc. Mr. Roberson previously served on the board of directors of Spansion Inc. (2005-2008). Mr. Roberson earned a Bachelor of Arts degree in Social Ecology from the University of California at Irvine and a Juris Doctor from Golden Gate University. Our board of directors believes that Mr. Roberson, who is an audit committee financial expert, brings an understanding of the operational and financial aspects of IGT s business to the board of directors as well as considerable corporate governance experience through service on other public company boards.

Vincent L. Sadusky has served on our board of directors since July 2010 and is the Chair of the Audit Committee and a member of the Capital Deployment Committee. Mr. Sadusky has served as President and Chief Executive Officer of LIN TV Corp., a local television and digital media company, since 2006 and was Chief Financial Officer from 2004 to 2006. Prior to joining LIN TV Corp., Mr. Sadusky held several management positions, including Chief Financial Officer and Treasurer, at Telemundo Communications, Inc. from 1994 to 2004, and from 1987 to 1994, he performed attestation and consulting services with Ernst & Young, LLP. Mr. Sadusky currently serves on the boards of directors of LIN TV Corp., Open Mobile Video Coalition, to which he was elected President in 2011, and NBC Affiliates, to which he was elected Treasurer in 2012. Mr. Sadusky formerly served on the board of directors of JVB Financial Group, LLC (2001-2011) and Maximum Service Television, Inc. (2006-2011). Mr. Sadusky earned a Bachelor of Science degree in Accounting from Pennsylvania State University where he was a University Scholar and earned a Master of Business Administration from the New York Institute of Technology. Our board of directors believes that Mr. Sadusky brings significant knowledge and experience in the media industry to the board of directors and his tenure as a chief executive officer of a public company makes him a valuable advisor to the IGT management team.

Philip G. Satre has served on our board of directors since January 2009, and has served as independent Chairman since December 2009. Mr. Satre is the Chair of the Nominating and Corporate Governance Committee and a member of the Capital Deployment Committee and the Compliance Committee. Mr. Satre has been a private investor since 2005. Mr. Satre has extensive gaming industry experience having served on the board of directors of Harrah s Entertainment, Inc. (now Caesars Entertainment Corporation), a provider of branded casino entertainment (Harrah s), from 1988 to 2005 and as Chairman from 1997 to 2005. Between 1980 and 2002, Mr. Satre held various executive management positions at Harrah s, including Chief Executive Officer, President and Chief Executive Officer of Harrah s gaming division and Vice President, General Counsel and Secretary. Mr. Satre currently serves on the board of directors of NV Energy, Inc. (Chairman), Nordstrom, Inc., National Center for Responsible Gaming and National World War II Museum. Mr. Satre previously served on the board of directors of Rite Aid Corporation (2005-2011) and the Stanford University Board of Trustees (2005-2010). Mr. Satre holds a Bachelor of Arts degree in Psychology from Stanford University and a Juris Doctor from the University of California at Davis. Our board of directors believes that Mr. Satre s experience as a business leader with significant experience in the gaming industry, including as Chairman and Chief Executive Officer at Harrah s Entertainment, Inc., and his corporate governance expertise from service on other public company boards, make him uniquely qualified to serve as the independent Chairman of the board of directors.

Board of Directors and Committees of the Board

During our fiscal year ended September 30, 2012, our board of directors held 11 meetings and acted by unanimous written consent on four other occasions. Each director attended at least 75% of the meetings of the board of directors and of each committee on which he or she served as a member during the period in which he or she served. Our non-management directors met five times during fiscal 2012. We encourage our directors to attend our annual meetings of stockholders. All of our directors attended our 2012 annual meeting of stockholders.

Our Corporate Governance Guidelines require that a majority of the board of directors consist of independent directors. For a director to be independent under the listing standards of the NYSE, the board of directors must affirmatively determine that the director has no material relationship with IGT (either directly or as a partner, stockholder or officer of an organization that has a relationship with IGT). Our board of directors has made an affirmative determination that the following members of the board, constituting a majority of our directors, meet the standards for independence set forth in our Corporate Governance Guidelines and applicable NYSE rules: Mr. Alves, Ms. Chaffin, Mr. Creed, Mr. Miller, Mr. Roberson, Mr. Sadusky and Mr. Satre.

In determining that the directors listed above are independent, our board of directors considered the relationships described below:

During fiscal 2012, Mr. Alves was an executive officer of a services provider to IGT. IGT purchased less than $120,000 in services from this provider during fiscal 2012 in ordinary course commercial transactions. Mr. Alves was not involved in the establishment of, and received no special benefits from, these commercial transactions.

After consideration of this matter, the board of directors affirmatively determined that this matter does not constitute a material relationship with IGT.

During fiscal 2012, Ms. Chaffin was an executive officer of a product and services provider to IGT. IGT directly and indirectly purchased in excess of $120,000 in products and services from this provider during fiscal 2012 in ordinary course commercial transactions. Ms. Chaffin was not involved in the establishment of, and received no special benefits from, these commercial transactions. After consideration of this matter, the board of directors affirmatively determined that this matter does not constitute a material relationship with IGT.

During fiscal 2012, Mr. Miller was a board member of an IGT customer. The revenues to IGT from this customer comprised less than 1% of our fiscal 2012 gross revenues. Mr. Miller was not involved in the establishment of, and received no special benefits from, these commercial transactions. After consideration of this matter, the board of directors affirmatively determined that this matter does not constitute a material relationship with IGT.

During fiscal 2012, Mr. Satre was a board member of a public utility. IGT purchased services from the utility during fiscal 2012 in ordinary course commercial transactions. Mr. Satre was not involved in the establishment of, and received no special benefits from, these commercial transactions. After consideration of this matter, the board of directors affirmatively determined that this matter does not constitute a material relationship with IGT.

Our Corporate Governance Guidelines include a policy whereby our board of directors will evaluate the appropriateness of the director s continued service on our board of directors in the event that the director undergoes a change in his or her professional or personal status. In such event, the affected director shall promptly submit his or her resignation to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will consider any such tendered resignation and will make a recommendation to our board of directors on whether or not to accept the resignation of the director.

Our board of directors has four standing committees: the Audit Committee, the Capital Deployment Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. A copy of the current charter of the Audit, Capital Deployment, Compensation and Nominating and Corporate Governance Committees is available under the Corporate Governance link on the Investor Relations page of our website at http://www.IGT.com/InvestorRelations or in print, free of charge, to any stockholder who requests it by writing to the

Secretary, International Game Technology, 6355 South Buffalo Drive, Las Vegas, Nevada 89113.

The **Audit Committee**, a separately designated, standing committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), assists our board of directors in overseeing the accounting and financial reporting processes of IGT and audits of our financial statements, including the integrity of our financial statements, compliance with legal and regulatory requirements, our independent registered public accountants qualifications and independence, the performance of our internal audit function and independent registered public accountants, and such other duties as may be directed by our board of directors. The Audit Committee Charter requires that the Audit Committee consist of three or more board members who satisfy the independence requirements of the SEC and NYSE for audit committee members. The Audit Committee currently consists of Mr. Roberson (appointed March 2009 and Chair from March 2009 until July 2012), Ms. Chaffin (appointed September 2010) and Mr. Sadusky (appointed July 2010 and Chair since July 2012). Our board of directors has determined that each of the current committee members satisfies the applicable independence requirements for Audit Committee members and is financially literate under the listing standards of the NYSE. Our board of directors has determined that Mr. Roberson and Mr. Sadusky each meet the definition of an audit committee financial expert, as set forth in Item 407(d)(5) of SEC Regulation S-K. The Audit Committee held 12 meetings and acted by unanimous written consent on one other occasion during fiscal 2012. A copy of the report of the Audit Committee is contained in this proxy statement.

The **Capital Deployment Committee** assists our board of directors in evaluating IGT s deployment of capital, including with respect to (i) investments in research and development activities, (ii) capital expenditures, (iii) mergers, acquisitions, divestitures, joint ventures, and strategic investments, (iv) stockholder dividends and distributions, (v) share repurchases, and (vi) prepayment of debt, and makes recommendations to our board of directors regarding such matters. The Capital Deployment Committee Charter requires that the Capital Deployment Committee consist of three or more board members who satisfy the independence requirements of the NYSE. The Capital Deployment Committee currently consists of Mr. Sadusky (appointed February 2011 and Chair from February 2011 until July 2012), Mr. Alves (appointed February 2011 and Chair since July 2012) and Mr. Satre (appointed February 2011). Our board of directors has determined that each of the current committee members satisfies the applicable independence requirements for Capital Deployment Committee members. Our Capital Deployment Committee held five meetings during fiscal 2012.

The **Compensation Committee** discharges the responsibilities of our board of directors relating to compensation of IGT s executives, and operates pursuant to the Compensation Committee Charter. The Compensation Committee Charter requires that the Compensation Committee consist of three or more board members who satisfy the independence requirements of the NYSE. The Compensation Committee Charter also requires that Committee members qualify as non-employee directors for purposes of Rule 16b-3 of the Exchange Act and as outside directors for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee currently consists of Mr. Alves (appointed January 2010 and Chair from July 2010 until July 2012), Mr. Creed (appointed September 2010 and Chair since July 2012) and Mr. Roberson (appointed in July 2012). In addition, Mr. Miller served on the Compensation Committee from February 2011 until July 2012. Our board of directors has determined that each of the current committee members satisfies (and, with respect to Mr. Miller, satisfied during the period of his service on the Committee) the applicable independence requirements for Compensation Committee members and also qualifies as a non-employee director and outside director as described above. The Compensation Committee held nine meetings and acted by unanimous written consent on two other occasions during fiscal 2012.

Pursuant to its charter, the Compensation Committee s responsibilities include the following:

- reviewing and approving goals relevant to the compensation of our Chief Executive Officer (CEO), evaluating the CEO s performance in light of those goals and objectives, and setting the CEO s compensation level based on this evaluation;

approving compensation levels for our other executive officers and senior management, including participation in our incentive, equity, severance and other compensation plans and arrangements, as the Compensation Committee deems appropriate; and making recommendations to our board of directors with respect to our non-CEO compensation, incentive-compensation and equity-based plans.

The Compensation Committee may form subcommittees and delegate to its subcommittees such power and authority as it deems appropriate. The Compensation Committee has delegated to the Stock Award Committee the authority to make equity award grants to certain employees in connection with their being newly hired or promoted by IGT or one of our subsidiaries, and the authority to accelerate the vesting of certain outstanding equity awards previously granted to certain employees solely in connection with severance arrangements. Ms. Hart is currently the sole member of the Stock Award Committee. The Stock Award Committee may not make any grants to executive officers or directors of IGT and may not accelerate the vesting of equity awards of executive officers or directors of IGT. Other than the authority delegated to the Stock Award Committee, the Compensation Committee has no current intention to delegate any of its authority to any other committee or subcommittee. Our executive officers, including the Named Executive Officers (as identified below), do not have any role in determining the form or amount of compensation paid to our Named Executive Officers and our other senior executive officers. However, our CEO does make recommendations for review by the Compensation Committee with respect to compensation paid to our other executive officers.

Pursuant to its charter, the Compensation Committee is authorized to retain such independent compensation consultants and other outside experts or advisors as it believes to be necessary or appropriate to carry out its duties. During the first six months of fiscal 2012, the Compensation Committee retained the firm of Compensia, Inc. (Compensia) as independent compensation consultants to review and recommend changes to our executive (including the Named Executive Officers) compensation program for fiscal 2012. Subsequent to the 2012 Annual Meeting of Stockholders on March 5, 2012 (the 2012 Meeting), the Compensation Committee changed compensation consultants and engaged the services of Frederic W. Cook & Co., Inc. (F.W. Cook), a national executive compensation consulting firm, to provide a review of and make new recommendations concerning the Company s executive compensation program.

F.W. Cook advised the Compensation Committee with respect to current information and independent advice regarding trends in executive compensation, legal and regulatory developments, and modifications to pay programs (e.g., proportion of long-term incentive performance vs. time-based awards, performance metrics for long-term incentive programs). F. W. Cook also assisted with the modification of our Executive Officer Equity Holding Guidelines to double the currently required CEO holdings, the adoption of an Executive Compensation Recoupment Policy (a clawback policy), and revisions to the peer group used by the Compensation Committee in making executive compensation decisions for fiscal 2013 that target total compensation at the 50th percentile.

Fiscal 2012 executive compensation program decisions, including the Named Executive Officers, were made solely by the Compensation Committee based on recommendations from our independent compensation consultant and analysis of market data. As part of this process, the Compensation Committee also reviewed the recommendations of the CEO regarding compensation for the other Named Executive Officers, and consulted with the Chairman of the Board regarding the performance of and compensation for the CEO.

During fiscal 2012, F.W. Cook has performed services, and Compensia provided services, solely on behalf of the Compensation Committee, and neither had any relationship with the Company or management except as it may relate to performing such services. Furthermore, the Compensation Committee concluded that no conflict of interest exists that would prevent the F.W. Cook from independently representing the Compensation Committee.

The **Nominating and Corporate Governance Committee** is responsible for identifying qualified candidates to be presented to our board of directors for nomination as directors, ensuring that our board of directors and our organizational documents are structured in a way that best serves our practices and objectives, and developing and recommending a set of corporate governance principles. The Nominating and Corporate Governance Committee also reviews and makes recommendations to our board of directors regarding the compensation of members of our board of directors and board committees. The Nominating and Corporate Governance Charter requires that the Nominating and Corporate Governance Committee consist of three or more board members who satisfy the independence requirements of the NYSE. The Nominating and Corporate Governance Committee currently consists of Mr. Satre (appointed March 2009 and Chair since December 2009), Mr. Creed (appointed September 2010) and Mr. Miller (appointed July 2012). In addition, Mr. Roberson served on the Nominating and Corporate Governance Committee from February 2011 until July 2012. Our board of directors has determined that each of the current committee members satisfies (and, with respect to Mr. Roberson, satisfied during the period of his service on the committee) the applicable independence requirements for Nominating and Corporate Governance Committee members. Our Nominating and Corporate Governance Committee held five meetings during fiscal 2012.

Stockholders wishing to nominate persons for membership on our board of directors must follow the procedures set forth in Section 3.2 of our Bylaws that are described below in this proxy statement under the heading Stockholder Proposals for the 2014 Annual Meeting Proposals to be Addressed at Meeting. The Nominating and Corporate Governance Committee will also consider a stockholder recommendation for a candidate for membership on our board of directors. Notice of stockholder recommendations for director to be considered by the Nominating and Corporate Governance Committee must be delivered not less than 120 days prior to any meeting at which directors are to be elected, such as our annual meeting of stockholders. Recommendations must include the full name of the proposed candidate, a brief description of the proposed candidate s business experience for at least the previous five years, and a representation that the recommending stockholder is a beneficial or record owner of IGT common stock. Any such submission must be accompanied by the written consent of the proposed candidate to be named as a nominee and to serve as a director if elected. Recommendations should be delivered to the Nominating and Corporate Governance Committee at the following address:

International Game Technology
c/o Secretary
6355 South Buffalo Drive
Las Vegas, Nevada 89113

The Nominating and Corporate Governance Committee does not have a specific set of minimum criteria for membership on the board of directors. However, in considering possible candidates for election as a director, including candidates recommended by our stockholders, the Nominating and Corporate Governance Committee is guided by the principles that each director should:

- be an individual of high character and integrity,
- be accomplished in his or her respective field, with superior credentials and recognition,
- have relevant expertise and

experience upon which to be able to offer advice and guidance to management,

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

represent the long term interests of our stockholders as a whole, and

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

The Nominating and Corporate Governance Committee does not have a specific diversity policy. However, as stated in our Corporate Governance Guidelines, the Nominating and Corporate Governance Committee is guided by the principle that each director should be selected such that the board of directors represents a diversity of background and experience. Qualified candidates for membership on the board of directors will be considered without regard to race, color, religion, gender, ancestry, national origin or disability. The Nominating and Corporate Governance Committee will review the qualifications and backgrounds of directors and nominees (without regard to whether a person has been recommended by stockholders), as well as the overall composition of the board of directors, and recommend the slate of directors to be nominated for election at the annual meeting of stockholders.

Corporate Governance Matters

Leadership Structure, Lead Independent Director, and Role in Risk Oversight.

In accordance with our Bylaws, our board of directors elects our Chairman and our CEO and each of these positions may be held by the same person or may be held by different people. Our Corporate Governance Guidelines provide that if the Chairman of the board of directors is not an independent director, the non-management directors shall select one of the independent, non-management directors serving on the board of directors as the Lead Independent Director. The Lead Independent Director shall be responsible for coordinating the activities of the other non-management directors and shall have such other responsibilities as are specified by the board of directors or the non-management directors from time to time, including those described below. If the Chairman of the board of directors is an independent director, the responsibilities of the Lead Independent Director will be assumed by the Chairman of the board of directors.

Historically, the position of Chairman was held by either our then serving Chief Executive Officer or a former Chief Executive Officer. However, since December 2009, the roles have been separated and an independent member of our board has served as Chairman. Mr. Satre was appointed as Chairman of the Board in December 2009, an office he continues to hold.

Our board of directors believes its current leadership structure is appropriate because it effectively allocates authority, responsibility, and oversight between management and the independent members of our board of directors. It does this by giving primary responsibility for the operational leadership and strategic direction of the Company to our Chief Executive Officer, while enabling the Chairman of the board of directors to facilitate our board of directors independent oversight of management, promote communication between management and our board of directors, and support our board of directors consideration of key governance matters. The board of directors believes that its programs for overseeing risk, as described under Risk Oversight below, would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of leadership structure.

Risk Oversight

The board of directors involvement in risk oversight involves the Audit Committee, the Compliance Committee and the full board of directors. The Audit Committee is responsible for legal and financial risk oversight and the Compliance Committee, currently comprised of two board members together with two IGT executives, has primary responsibility for oversight of regulatory compliance risk. The Audit Committee and the Compliance Committee meet regularly with various personnel handling day-to-day compliance activities, including personnel from our internal audit, legal and regulatory compliance departments. The Compliance Committee reviews significant regulatory compliance risk areas and the steps management has taken to monitor, control and report such compliance risk exposures. The Compliance Committee meets on a regular basis and reports directly to the board of directors on its findings. The Audit Committee receives materials on enterprise risk management on a quarterly basis. These materials include identification of top enterprise risks for the Company, the alignment of management s accountability and reporting for these risks, and mapping of board of directors and Audit Committee s oversight responsibilities for key risks. In addition, the Audit Committee and the full board of directors periodically receive materials to address the identification and status of major risks to the Company. The Audit Committee discusses significant risk areas and the actions management has taken to monitor, control, and report such exposures. The Audit Committee also reviews with the Company s general counsel any legal matters that may have a material impact on the Company s financial statements, the Company s compliance with applicable laws and regulations, and material reports or inquiries received from governmental agencies. At each quarterly meeting of the full board of directors, the Chair of the Audit Committee reports on the activities of the Audit Committee, including risks identified and risk oversight.

Risk Considerations in Our Compensation Program

Our management conducted a review of the Company s material compensation policies and practices applicable to its employees, including its executive officers. Based on this review, the Compensation Committee, with the assistance of an independent compensation consultant, concluded that these policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Communication with Directors

Stockholders and other interested parties can contact our board or any of our directors by writing to them at the same address provided above for delivery of director nominations. Such communications can, if desired, be addressed to the independent Chairman of the board of directors in his capacity as the presiding director of executive sessions of the non-management directors (as discussed below), or to the non-management directors as a group. Employees and others who wish to contact the board of directors or any member of the Audit Committee to report complaints or concerns with respect to accounting, internal accounting controls or auditing matters, may do so by using this address, or may call IGT s Integrity Action Line at (800) 852-6577. Employees and agents may call the Integrity Action Line anonymously. All calls to the Integrity Action Line are confidential.

Codes of Conduct, Ethics and Corporate Governance Guidelines

We have adopted the International Game Technology Code of Ethics for Principal Executive and Senior Financial Officers (finance code of ethics), a code of ethics that applies to our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer or Corporate Controller or any persons performing similar functions; the International Game Technology Code of Conduct (the code of conduct), which applies to all of our employees and our agents, our officers and our directors; and the International Game Technology Conflict of Interest Guidelines (the director code), which applies to all of our directors. The finance code of ethics, the code of conduct and the director code are publicly available under the Corporate Governance link on the Investor Relations page of our website at http://www.IGT.com/InvestorRelations and are available in print, free of charge, to any stockholder who requests them by writing to our Secretary at our principal executive offices. If we make any substantive amendment to the finance code of ethics, the code of conduct or the director code, or grant any waiver, including any implicit waiver, from a provision of these codes to our Principal Executive Officer, Principal Financial Officer, Principal Accounting Officer, Corporate Controller, executive officers or directors, we intend to publicly disclose such amendment or waiver in accordance with and if required by applicable law, including by posting such amendment or waiver on our website at the address above or by filing a current report on Form 8-K.

In addition, we have adopted the International Game Technology Corporate Governance Guidelines, which cover such matters as size and independence of our board of directors, board committees and management succession planning. The Corporate Governance Guidelines are publicly available under the Corporate Governance link on the Investor Relations page of our website at http://www.IGT.com/InvestorRelations and are available in print, free of charge, to any stockholder who requests a copy by writing to our Secretary at our principal executive offices. Under the Corporate Governance Guidelines, our non-management directors meet without management in regular executive sessions at each meeting of our board of directors. Executive sessions of our non-management directors are chaired by Mr. Satre.

Board of Directors Stock Ownership Guidelines

We have stock ownership guidelines that apply to all members of our board of directors who are not also our employees (referred to herein as Non-Employee Directors). The purpose of the guidelines is to further align the interests of the Non-Employee Directors with the interests of our stockholders. Under the guidelines, a Non-Employee Director should acquire and maintain, as long

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as he or she remains on the board of directors following the applicable time set forth below, shares of IGT common stock with a fair market value equal to at least three times the base annual retainer amount then in effect for a Non-Employee Director. For purposes of these guidelines, shares beneficially owned by a Non-Employee Director will be taken into account, including shares owned by the director outright, shares held in trust for the benefit of the director or his or her family members, and vested restricted stock units the payment of which has been deferred. A Non-Employee Director is expected to satisfy these guidelines by the later of (i) four years after the date he or she first becomes a board member, or (ii) October 2, 2015.

Executive Officer Equity Holding Guidelines

In addition, we have stock ownership guidelines which apply to (i) the Chief Executive Officer, (ii) any officer who is designated by the board of directors as an officer for purposes of Section 16 of the Exchange Act, as amended (a Section 16 Officer), and (iii) any officer other than a Section 16 Officer who reports directly to the Chief Executive Officer (each of the officers described in (i), (ii) and (iii), a Covered Officer). Under the current guidelines, a Covered Officer should acquire and maintain, as long as he or she remains a Covered Officer following the applicable time set forth below, shares of IGT common stock with a fair market value equal to at least the applicable target level (expressed as a multiple of the Covered Officer s base salary as in effect from time to time) determined as follows:

Position	**Ownership Target as a Multiple of Base Salary**
Chief Executive Officer	6.0x
Section 16 Officer	2.0x
Other direct reports to Chief Executive Officer at Vice President Level and above	1.0x

For purposes of the guidelines, the following sources of IGT common stock ownership are taken into account: (i) vested shares beneficially owned by a Covered Officer (regardless of whether the Covered Officer acquired the shares on the market, through an IGT equity award plan, or otherwise) and (ii) fifty percent (50%) of the intrinsic value of vested and unexercised Company stock options held by the Covered Officer.

We amended our executive officer stock ownership guidelines effective as of September 30, 2012 to increase the stock ownership requirement that applies to our Chief Executive Officer, such that our Chief Executive Officer is required to hold shares of our common stock equal to six times the amount of such individuals base salary. The CEO s stock ownership exceeded this increased guideline level as of January 1, 2013. Other Covered Officers have four years to satisfy the ownership guidelines, measured from the later of September 30, 2012 or the date the individual first became a Covered Officer. See Executive Compensation Compensation Discussion and Analysis Executive Compensation Program Objections and Process *Stock Ownership Guidelines* for more information regarding our executive stock ownership guidelines.

Director Compensation Fiscal 2012

The following table presents information regarding the compensation paid for fiscal 2012 to Non-Employee Directors. The compensation paid to Ms. Hart is presented in the Executive Compensation disclosures beginning on page 24. Ms. Hart is not entitled to receive additional compensation for services as a director while employed by IGT.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)(3)	Option Awards ($)(1)(2)(3)	All Other Compensation ($)	Total ($)
(a)	(b)	(c)	(d)	(g)	(h)
Paget L. Alves	177,500	147,632			325,132
Janice Chaffin	150,000	147,632			297,632
Greg Creed(4)		305,118			305,118
Robert J. Miller	170,000	147,632			317,632
David E. Roberson	180,000	147,632			327,632
Vincent L. Sadusky(5)	98,125	224,473			322,598
Philip G. Satre(6)	150,000	246,843			396,843

(1) The amounts reported in column (c) of the table above reflect the aggregate grant date fair value of the stock awards we granted to our Non-Employee Directors during fiscal 2012, as computed in accordance with the Financial Accounting Standards Board s Accounting Standards Codification Topic 718, Compensation-Stock Compensation disregarding any estimate of forfeitures related to service-based vesting conditions. We did

not grant any option awards to our Non-Employee Directors during fiscal 2012. No stock awards or option awards granted to our Non-Employee Directors were forfeited during fiscal 2012. For a discussion of the assumptions and methodologies used to value the awards reported in column (c) of the table above, please see the discussion of stock awards and option awards in our Annual Report on Form 10-K for fiscal 2012 under Note 1 Summary of Significant Accounting Policies Share-based Compensation.

(2) The following table presents the number of shares of our common stock subject to outstanding option awards and the number of shares of our common stock subject to stock awards held by each of our Non-Employee Directors as of the last day of fiscal 2012.

Name	Number of Shares Subject to Outstanding	Number of Shares Subject to Stock

	Options	Awards
Paget L. Alves	42,000	11,496
Janice Chaffin	31,000	11,496
Greg Creed	31,000	21,441
Robert J. Miller	164,000	9,829
David E. Roberson	33,000	9,829
Vincent L. Sadusky	31,000	16,244
Philip G. Satre	68,000	16,747

(3) At the 2012 Meeting, each re-elected Non-Employee Director (other than Mr. Satre) was granted an award of 9,829 restricted stock units (RSUs). Each of these RSU awards had an aggregate grant-date fair value of $147,632. On that same date, Mr. Satre was granted an award of 13,106 RSUs with an aggregate grant-date fair value of $196,852. Grant-date fair value is determined under applicable accounting rules based on the assumptions referred to in footnote (1)

above.

(4) Mr. Creed elected to receive payment of his annual cash retainers in the form of deferred stock units pursuant to the terms of the Director Compensation Policy described below. Accordingly, Mr. Creed was granted RSU awards with respect to 2,731, 2,150, 2,185 and 2,879 RSUs on October 3, 2011, January 3, 2012, April 2, 2012 and July 2, 2012, respectively, with aggregate grant-date fair values of $37,497, $37,496, $37,495 and $44,999, respectively. Grant-date fair value is determined under applicable accounting rules based on the assumptions referred to in footnote (1) above. The full amount of

annual cash retainers for Mr. Creed (after giving effect to his deferred stock unit election) are reported in column (b) of the table above.

(5) Mr. Sadusky elected to receive payment of a portion of his annual cash retainers in the form of deferred stock units pursuant to the terms of the Director Compensation Policy described below. Accordingly, Mr. Sadusky was granted RSU awards with respect to 773, 1,218, 1,238 and 1,519 RSUs on October 3, 2011, January 3, 2012, April 2, 2012 and July 2, 2012, respectively, with aggregate grant-date fair values of $10,613, $21,242, $21,244 and $23,742, respectively. Grant-date fair value is

determined under applicable accounting rules based on the assumptions referred to in footnote (1) above. The full amount of annual cash retainers for Mr. Sadusky (after giving effect to his deferred stock unit election) are reported in column (b) of the table above.

(6) Mr. Satre elected to receive payment of a portion of his annual cash retainers in the form of deferred stock units pursuant to the terms of the Director Compensation Policy described below. Accordingly, Mr. Satre was granted an RSU award with respect to 3,641 RSUs on October 3, 2011 with an aggregate grant-date fair value of $49,991. Grant-date fair value is

determined under applicable accounting rules based on the assumptions referred to in footnote (1) above. The full amount of annual cash retainers for Mr. Satre (after giving effect to his deferred stock unit election) are reported in column (b) of the table above.

Non-Employee Director Compensation

Effective October 2, 2011, we adopted our current Directors Compensation Policy (the Director Compensation Policy). The following describes our compensation structure for our Non-Employee Directors under the Director Compensation Policy.

Annual Retainers. Each Non-Employee Director receives an annual cash retainer of $150,000. A Non-Employee Director who serves as Chairman of the board of directors receives an additional annual cash retainer of $50,000. A Non-Employee Director who serves as Chair of the Audit Committee receives an additional cash retainer of $40,000, a Non-Employee Director who serves as Chair of the Compensation Committee receives an annual cash retainer of $30,000, and a Non-Employee Director who serves as Chair of the Nominating and Corporate Governance Committee, the Compliance Committee or the Capital Deployment Committee receives an annual cash retainer of $20,000, except that the Non-Employee Chairman of the board of directors may not also receive a retainer for serving as Chair of a board committee. Members of these committees no longer receive an additional annual retainer. Cash retainers are paid on a quarterly basis.

Equity Awards. Upon first being elected or appointed other than on the date of an annual meeting of the Company s stockholders at which the Company grants annual equity awards to its Non-Employee Directors, the Non-Employee Director is automatically granted an award of time-based restricted stock units determined by dividing (1) a pro-rata portion of the Annual Equity Award value of $150,000 by (2) the closing price as of that date (rounded down to the nearest whole unit). The pro-rata portion of the Annual Equity Award value for purposes of the applicable initial equity award will equal the Annual Equity Award value multiplied by a fraction (not greater than one), the numerator of which is 365 minus the number of calendar days that as of the particular grant date had elapsed since the Company s last annual meeting of stockholders at which annual equity awards were granted by the Company to Non-Employee Directors, and the denominator of which is 365. These awards are scheduled to vest upon the first to occur of (1) the first anniversary of the date of grant of the award and (b) the day before the annual meeting of the Company s stockholders that occurs in the fiscal year after the fiscal year in which the date of grant occurs. For a Non-Employee Director who first becomes Chairman of the board of directors other than on the date of an annual meeting of the Company s stockholders at which the Company grants annual equity awards to its Non-Employee Directors, the Non-Employee Director is automatically granted an award of restricted stock units determined by dividing (1) a pro-rata portion of the Additional Annual Equity for Chair value of $50,000 by (2) the closing price as of that date (rounded down to the nearest whole unit).

In addition, each Non-Employee Director who continues in office following each annual meeting of our stockholders is automatically granted an award of time-based restricted stock units determined by dividing (1) the Annual Equity Award grant value of $150,000 by (2) the closing price as of the date of grant (rounded down to the nearest whole unit). In addition, a Non-Employee Director who continues to serve as Chairman of the board of directors after that date is automatically granted an award of time-based restricted stock units determined by dividing the (1) the Additional Annual Equity for Chair value of $50,000 by (2) the closing price as of that date (rounded down to the nearest whole unit). These awards are scheduled to vest upon the first to occur of (1) the first anniversary of the date of grant of the award and (b) the day before the annual meeting of the Company s stockholders that occurs in the fiscal year after the fiscal year in which the date of grant occurs.

The restricted stock unit awards described above will generally be paid in shares of IGT common stock upon vesting. However, a Non-Employee Director may elect in advance to defer payment of all or a portion of the vested restricted stock units until such director s service on the board terminates.

Non-Employee Director stock awards are granted under, and are subject to the terms and conditions of, our 2002 Stock Incentive Plan, as amended to date (the SIP). The board of directors administers the plan as to Non-Employee Director awards and has the ability to interpret and make all required determinations under the plan, subject to plan limits. This authority includes

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making required proportionate adjustments to outstanding awards to reflect any impact resulting from various corporate events such as reorganizations, mergers and stock splits. Under the SIP, awards granted to Non-Employee Directors that are outstanding at the time of a change in control event (as such term is defined in the plan) will automatically become vested upon the change in control event.

Election to Receive Equity Awards in Lieu of Cash Retainers. A Non-Employee Director may elect in advance to receive all or any portion of the director s annual cash retainers (the Deferred Retainer Fees) in the form of deferred stock units. A director who elects to receive such deferred stock units in lieu of cash will be granted, on the first trading day of the calendar quarter for which the applicable Deferred Retainer Fees would have otherwise been paid, a number of deferred stock units equal to (1) the dollar amount of the Deferred Retainer Fees for that quarter by (2) the closing price as of that date (rounded down to the nearest whole unit). Such deferred stock units will be fully vested as of the date of grant and be paid in shares of IGT common stock when the director s service on the board terminates.

Reimbursement of Expenses. We reimburse our Non-Employee Directors for travel expenses incurred in connection with their duties as directors of IGT, director education, and fees incurred for the preparation of financial statements required by IGT from directors in order for IGT to secure certain gaming licenses.

Recommendation of IGT Board of Directors

A plurality of favorable votes cast is required for election of a nominee to the board of directors. Under our Corporate Governance Guidelines, in an uncontested election, if a director nominee is elected according to the above standard, but receives a greater number of votes withheld from his or her election than votes for such election, the nominee is required to tender his or her resignation following certification of the stockholder vote. The Nominating and Corporate Governance Committee is required to make recommendations to our board of directors with respect to any such resignation. The board of directors is required to take action with respect to this recommendation and to disclose its decision-making process. Full details of this policy are set out in our Corporate Governance Guidelines, which are publicly available under the Corporate Governance link on the Investor Relations page of our website at http://www.IGT.com/InvestorRelations and are available in print, free of charge, to any stockholder who requests a copy by writing to our Secretary at our principal executive offices. The resignation procedures set forth in our Corporate Governance Guidelines referenced above are not applicable in a contested election, which is anticipated for this year s annual meeting. In a contested election the individuals who receive the highest number of votes will be elected to the Company s board of directors, as described in the Questions and Answers About the Meeting What is the required vote to approve each proposal? on page 4.

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

OTHER INFORMATION

Executive Officers

The following table sets forth the name, age, and title or titles of our current executive officers. Following the table are descriptions of all positions held by each individual and the business experience of each individual for at least the past five years.

Name	Age	Title
Patti S. Hart	56	Chief Executive Officer and Director
Eric A. Berg	50	Chief Operations Officer
Paul C. Gracey, Jr.	53	General Counsel and Secretary
Robert C. Melendres	48	Executive Vice President Emerging Businesses
Eric P. Tom	55	Executive Vice President Global Sales
John M. Vandemore	39	Chief Financial Officer and Treasurer

For a description of Ms. Hart s background, see Election of Directors.

Eric A. Berg has served as Chief Operations Officer of the Company since June 2012. From July 2011 to June 2012, Mr. Berg served as President of the Company. Prior to joining the Company, from 2007 to 2010, Mr. Berg served as Chief Executive Officer of SunGard Availability Services, a business unit of SunGard Data Systems, a software and technology services company. Prior to 2007, Mr. Berg held various positions at NCR Corporation, Goodyear Tire & Rubber Company, Frito-Lay, McKinsey & Company and IBM. Mr. Berg earned a Bachelor of Science degree in Industrial Engineering from the University of Illinois and a Master of Business Administration from Harvard University.

Paul C. Gracey, Jr. has served as General Counsel and Secretary of the Company since September 2012. Prior to joining the Company, from 2002 to 2011, Mr. Gracey held various positions at Nicor Inc., an energy and shipping company, including Senior Vice President, General Counsel and Secretary (2006-2011) and Vice President, General Counsel and Secretary (2002-2006). Prior to 2002, Mr. Gracey held general counsel positions at Midwest Generation (a subsidiary of Edison Mission Energy) and Edison Mission Energy Limited. Mr. Gracey earned a Bachelor of Business Administration degree from the University of Michigan and a Juris Doctor from the University of California, Hastings College of the Law.

Robert C. Melendres has served as Executive Vice President Emerging Businesses of the Company since January 2012. From 2009 to 2012, Mr. Melendres held various positions at the Company, including, Chief Legal Officer (2009-2012), Corporate Secretary (2009-2012), and Chief of Staff (2009). Prior to joining the Company, from 2005 to 2009, Mr. Melendres held various positions at Spansion Inc., a provider of flash memory technology, including Executive Vice President of Corporate Development, Chief Legal Officer, General Counsel, and Corporate Secretary. Prior to 2005, Mr. Melendres served in various positions at Advanced Micro Devices, Inc., WebGain Inc., and International Business Machines Corporation. Mr. Melendres currently serves as General Counsel of the International Association of Gaming Advisors and is a member of the Gaming Law Advisory Council for the William S. Boyd School of Law at the University of Nevada, Las Vegas. Mr. Melendres earned a Bachelor of Arts degree in Economics from the University of California Los Angeles and a Juris Doctor from Harvard Law School.

Eric P. Tom has served as Executive Vice President Global Sales of the Company since June 2012. From July 2009 to June 2012, Mr. Tom held various positions at the Company, including Executive Vice President North America Sales and Global Marketing (2009- 2010), Chief Operating Officer (2010-2011) and Executive Vice President North America Sales and Global Services (2011-2012). Prior to joining the Company, from 2007 to 2009, Mr. Tom was

Vice President, Corporate & Business Development and Strategic Alliances of Force10 Networks, a global technology company. Prior to 2007, Mr. Tom held various positions at Broadband Interactive TV, Qwest Communications, and Sprint Nextel Corporation. Mr. Tom earned a Bachelor of Business Administration from the University of Hawaii and a Master of Business Administration from the University of California Berkeley with an emphasis in corporate finance.

John M. Vandemore has served as Chief Financial Officer and Treasurer of the Company since February 2012. Prior to joining the Company, from 2007 to 2012, Mr. Vandemore served as Vice President and Chief Financial Officer of Walt Disney Imagineering, a division of The Walt Disney Company, a global entertainment company. From 2005 to 2007, Mr. Vandemore served as Vice President and Director, Operations Planning & Analysis of The Walt Disney Company. Prior to 2005, Mr. Vandemore held various positions at AlixPartners, Goldman Sachs, and PricewaterhouseCoopers. Mr. Vandemore earned a Bachelor of Business Administration with a major in Accountancy from the University of Notre Dame and a Master of Business Administration from the J.J. Kellogg Graduate School of Management at Northwestern University.

Equity Security Ownership of Management and Other Beneficial Owners

The following table sets forth information as of January 1, 2013 (except where another date is indicated) with respect to the beneficial ownership of our common stock by persons known to us to own beneficially more than 5% of the common stock, each of our directors, our executive officers named in the Summary Compensation Table, and all of our executive officers and directors as a group. We have no other class of equity securities outstanding. Except as otherwise indicated and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned.

Name and Address of Beneficial Owner[(1)]	Beneficially Owned[(2)]	Percent of Class[(3)]
BlackRock, Inc.[(4)]	19,246,598	7.28 %
T. Rowe Price Associates, Inc.[(5)]	17,246,689	6.52 %
The Vanguard Group, Inc.[(6)]	15,596,743	5.90 %
Paget L. Alves	52,531	*
Eric A. Berg	47,692	*
Patrick W. Cavanaugh	37,333	*
Janice Chaffin	30,416	*
Greg Creed	51,984	*
Paul C. Gracey, Jr.	0	*
Patti S. Hart	1,288,301	*
Robert C. Melendres	108,186	*
Robert J. Miller	175,000	*
David E. Roberson	51,250	*
Vincent L. Sadusky	38,659	*
Philip G. Satre[(7)]	135,141	*
Eric P. Tom	195,671	*
John Vandemore	10,548	*
All executive officers and directors as a group (14 persons)	2,222,712	*

* Less than 1% of the outstanding shares of our common stock.

(1) Unless otherwise set forth in the following table, the address of each beneficial owner is 6355 South Buffalo Drive, Las Vegas, Nevada 89113.

(2) Includes shares issuable upon the exercise of options which are exercisable as of, or will become exercisable within 60 days after, January 1, 2013 as follows: Mr. Alves (42,000), Mr. Berg (28,050), Ms. Chaffin (24,333), Mr. Creed (24,333), Ms. Hart

(789,243), Mr. Melendres (82,195), Mr. Miller (164,000), Mr. Roberson (33,000), Mr. Sadusky (24,333), Mr. Satre (37,000) and Mr. Tom (160,658). Includes restricted stock units scheduled to vest within 60 days of January 1, 2013 as follows: Mr. Alves (1,667) and Mr. Vandemore (10,548).

(3) Any securities not outstanding which are subject to options or conversion privileges exercisable within 60 days of January 1, 2013 are deemed outstanding for the purpose of

computing
the
percentage
of
outstanding
securities of
the

class owned by any person holding such securities but are not deemed outstanding for the purpose of computing the percentage of the class owned by any other person.

(4) Based upon beneficial ownership information contained in a Schedule 13G/A No. 2 filed with the SEC by BlackRock, Inc. (BlackRock) on February 13, 2012 on behalf of BlackRock and its subsidiaries, BlackRock may be deemed to be the beneficial owner of 19,246,598 shares with sole power to vote and sole power to dispose of all 19,246,598 shares as a result of being a parent holding company or

control person. This information is as of December 30, 2011. The business address of BlackRock is 40 East 52nd Street, New York, NY 10022.

(5) Based upon beneficial ownership information contained in a Schedule 13G filed with the SEC by T. Rowe Price Associates, Inc. (T. Rowe Price) on February 10, 2012, in its capacity as an investment advisor, T. Rowe Price may be deemed to be the beneficial owner of 17,246,689 shares with sole power to vote 4,545,993 and sole power to dispose of all 17,246,689 shares. This information is as of December 31, 2011. The business

address of T. Rowe Price is 100 E. Pratt Street, Baltimore, Maryland 21202.

(6) Based upon beneficial ownership information contained in a Schedule 13G filed with the SEC by The Vanguard Group, Inc. (Vanguard) on February 8, 2012, in its capacity as an investment advisor of several trusts, Vanguard may be deemed to be the beneficial owner of 15,596,743 shares with sole power to dispose of 15,180,105 shares and sole power to vote 416,638 shares and shared dispositive power of 416,638 shares due to Vanguard serving as investment manager of collective trusts of the Vanguard

Fiduciary Trust Company. This information is as of December 31, 2011. The business address of Vanguard is 100 Vanguard Blvd. Malvern, Pennsylvania 19355.

(7) Mr. Satre has shared voting power and shared investment power with respect to 94,500 shares, which shares are held by the Philip G. Satre and Jennifer A. Satre Family Revocable Trust.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act and regulations of the SEC require our executive officers, directors, and persons who beneficially own more than 10% of our common stock, as well as certain affiliates of those persons, to file initial reports of ownership and transaction reports covering any changes in ownership with the SEC and NYSE. SEC regulations require these persons to furnish us with copies of all reports they file pursuant to Section 16(a). Based solely upon a review of the copies of the reports received by us and written representations that no other reports were required, we believe that during fiscal 2012 all filing requirements applicable to executive officers and directors were complied with in a timely manner.

Policies and Procedures for Approval of Related Person Transactions

Our board of directors has adopted a written Related Person Transactions Policy. The purpose of this policy is to describe the procedures used to identify, review, approve and disclose, if necessary, any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which (i) IGT was, is or will be a participant, (ii) the aggregate amount involved exceeds $120,000, and (iii) a related person has or will have a material direct or indirect interest. For purposes of the policy, a related person is (a) any person who is, or at any time since the beginning of the last fiscal year was, one of our directors or executive officers or a nominee to become a director, (b) any person who is known to be the beneficial owner of more than 5% of IGT s common stock, (c) any immediate family member of any of the foregoing persons, or (d) any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner of the Company s common stock.

Prior to November 2011, all related person transactions were reviewed by the Company s Compensation Committee. Since November 2011, the Company s Nominating and Corporate Governance Committee has been responsible for reviewing related person transactions. After a related person transaction has been identified, the Nominating and Corporate Governance Committee must review the transaction for approval or ratification. In determining whether to approve or ratify a related person transaction, the Nominating and Corporate Governance Committee is to consider all relevant facts and circumstances of the related person transaction available to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee must approve only those related person transactions that are in, or not inconsistent with, IGT s best interests and the best interests of IGT s stockholders, as the Nominating and Corporate Governance Committee determines in good faith. No member of the

Nominating and Corporate Governance Committee will participate in any consideration of a related person transaction with respect to which that member or any of his or her immediate family is a related person.

Related Person Transactions

During fiscal 2012, no related person transactions requiring disclosure in this proxy statement were identified or submitted to the Compensation Committee or the Nominating and Corporate Governance Committee for approval.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis (CD&A)

The Compensation Committee has general authority for all compensation decisions for the executive officers of the Company. This CD&A discusses and analyzes compensation decisions for the named executive officers (NEOs) identified in the following table. Additional information regarding the compensation of the NEOs is found in the Executive Compensation tables below.

Name	Position
Patti S. Hart	Chief Executive Officer
John M. Vandemore[(1)]	Chief Financial Officer & Treasurer
Eric A. Berg[(2)]	Chief Operations Officer
Eric P. Tom[(3)]	Executive Vice President Global Sales
Robert C. Melendres[(4)]	Executive Vice President Emerging Businesses
Patrick W. Cavanaugh[(5)]	Former Executive Vice President, Chief Financial Officer & Treasurer

(1) Appointed Chief Financial Officer & Treasurer effective February 13, 2012.

(2) Appointed Chief Operations Officer effective June 4, 2012. Prior to that date, he served as President.

(3) Appointed Executive Vice President Global Sales effective June 4,

2012. Prior to that date, he served as Executive Vice President North America Sales and Global Services.

(4) Appointed Executive Vice President Emerging Businesses effective January 1, 2012. During fiscal 2012, Mr. Melendres also served as Chief Legal Officer through May 1, 2012 and as Corporate Secretary until September 24, 2012.

(5) Departed the Company February 10, 2012.

Executive Summary

In fiscal 2012, the Company achieved several noteworthy accomplishments. Total revenues grew 10% over fiscal 2011 and adjusted earnings per share from continuing operations grew 12% over fiscal 2011. Fiscal 2012 was the third consecutive year of double digit growth in adjusted earnings per share from continuing operations. (Adjusted earnings per share from continuing operations is a non-GAAP financial measure. Please see Appendix B to this Proxy

Statement for a reconciliation of our non-GAAP adjusted earnings per share from continuing operations results for each of the past four fiscal years with GAAP earnings per share from continuing operations for those years.) In our North America product sales business, average machine price, ship share and gross margins all increased simultaneously in fiscal 2012. Our interactive revenues increased nearly 300% over fiscal 2011 primarily as a result of the successful acquisition, integration, and growth of Double Down Interactive LLC. In addition, the Company returned over $545 million to stockholders in fiscal 2012 in the form of dividends and share repurchases.

As described in more detail below, changes made in our executive compensation program early in fiscal 2012 included the following:

- performance-based RSUs were included as an element of our fiscal 2012 equity award mix and stock options were eliminated;

- the targeted values of the equity awards granted to our NEOs were reduced from fiscal 2011 levels;

- the threshold level of adjusted operating income (before incentives) that had to be achieved in order for a bonus to be payable under our bonus plan was increased from 70% of the targeted level to 80% of the targeted level, and certain other elements of the bonus plan payout formula were modified; and

- we adopted Executive Officer Equity Holding Guidelines.

The Compensation Committee also conducted a mid-fiscal 2012 review of the executive compensation program to take into account the say-on-pay voting results at the 2012 Meeting, subsequent meetings with the independent consultants of the Compensation Committee, and discussions with certain major institutional stockholders. This review has led to other significant changes, described below, in our executive compensation program, which we believe address the concerns that led to the say-on-pay voting results at the 2012 Meeting. However, because our compensation program for fiscal 2012 had already been put in place before the 2012 Meeting, a number of the changes we made after the 2012 Meeting could not be implemented until fiscal 2013. Specifically, changes made by the Compensation Committee as a result of its mid-year review include:

- increasing the performance element of our long-term incentive awards to a fiscal 2013 equity mix of 60% performance-based RSUs (an increase from 20% in fiscal 2012) and 40% time-based RSUs;

- implementing a new 3-year performance measurement period and new performance metrics for our performance-based RSUs awarded in fiscal 2013 (that is, earnings per share (EPS) and relative total shareholder return (Relative TSR));

- modifying our pay philosophy as it relates to pay positioning for fiscal 2013, so that base pay, annual compensation, and long-term incentive awards are generally targeted at the median of our peer companies;

- providing no NEO base salary

increases for fiscal 2013;

modifying our Executive Officer Equity Holding Guidelines to double the required CEO holdings;

adopting a clawback policy;

revising the peer group used by the Compensation Committee in making executive compensation decisions for fiscal 2013, in order to position the Company near the median of revenue and market capitalization of the peer group companies; and

in the change in control provisions applicable to the new performance-based RSUs awarded in fiscal 2013, providing that the awards will not automatically vest in connection with a change in control event (absent a termination of employment and so long as the awards are assumed or continued after the related change in control transaction).

We believe these changes, which are described in more detail below, will further align our executive compensation program with best practices, enhance stockholder value, and enable us to better achieve our business goals.

This summary highlights key aspects of our executive compensation program for fiscal 2012, noting the significant changes that we made in our executive compensation program for fiscal 2013:

Fiscal 2012 Executive Compensation Program

Base Pay For fiscal 2012, base salaries for our NEOs remained the same as during fiscal 2011, with two limited exceptions described in more detail below.

In early fiscal 2012, the Compensation Committee decided to target the base salaries of our executive officers at the 75th percentile of our peer companies. This was not, however, an immediate goal, but one that was intended to be reached over several years. Accordingly, the base salaries for our executive officers for fiscal 2012 were actually set lower than the 75th percentile.

Subsequent to the 2012 Meeting, the Compensation Committee determined to no longer target executive officer base salaries at the 75th percentile. Instead, the Compensation Committee has determined that executive officer base salaries should generally be targeted at the 50th percentile for comparable positions at our peer companies.

In addition, the Compensation Committee has further determined that there will be no base salary increases for the NEOs in fiscal 2013.

Incentive Bonus Plan For fiscal 2012, the Compensation Committee continued to tie the annual bonuses to the Company s consolidated revenues and adjusted operating income (before incentives). We believe the Company s ability to achieve the predetermined thresholds for these metrics is important to increasing stockholder value. The Company s positive performance against these metrics in fiscal 2012 resulted in a bonus payout at 104.3% of the targeted amount.

The Compensation Committee determined that there will be no increases to the target bonus percentages for our NEOs in fiscal 2013. The 2013 bonus plan will be based on the same metrics as in effect for fiscal 2012 (consolidated revenues and adjusted operating income (before incentives)).

Long-term incentives For fiscal 2012, stock options were eliminated as a component of the long-term incentive program for our NEOs and RSUs with performance-based vesting requirements were introduced. As a result, the annual equity grants for our NEOs consisted of (1) RSUs subject to time-based vesting conditions (80% of the awards) and (2) RSUs subject to both time- and performance-based vesting conditions (20% of the awards). The fiscal 2012 performance condition for the performance-based RSUs was based on free cash flow (before dividends).

The Compensation Committee determined that the majority of long-term equity incentives awarded to executive officers in fiscal 2013 will be performance-based. The fiscal 2013 equity grants for the NEOs consisted of 60% performance-based RSUs and 40% time-based RSUs. (The 60%/40% split is based on the actual number of time-based RSUs awarded and, because the number of shares subject to performance-based RSUs may ultimately vary based on performance, the target number of shares subject to the performance-based RSUs awarded.)

The performance-based RSUs awarded in fiscal 2013 use two new metrics -EPS with a Relative TSR modifier. EPS was selected because we believe it is a key indicator of operational performance and frequently used by investors. Relative TSR was selected to further enhance the focus on stockholder value creation.

<u>Other Considerations</u> In evaluating the overall structure of our fiscal 2012 compensation program, stockholders should take the following additional factors into account:

The CEO s total compensation, as reflected in the Summary Compensation Table on page 42, decreased by approximately 30% from fiscal 2011.

The Company reduced the targeted values of the equity awards granted to NEOs in fiscal 2012. This reduction is highlighted in the table below which presents the grant date values (determined as noted below) of the equity awards granted to the following NEOs who were NEOs for both fiscal 2011 and fiscal 2012.

Grant-Date Values of Long-Term Incentive Awards

Name	Fiscal 2011 Long-term Incentive Awards(1)	Fiscal 2012 Long-term Incentive Awards(2)	% Change
Patti S. Hart	$ 6,486,647	$ 3,974,990	-39 %
Eric A. Berg	$ 1,366,106	$ 999,991	-27 %
Eric P. Tom	$ 2,674,849	$ 750,000	-72 %
Patrick W. Cavanaugh	$ 1,390,446	$ 649,989	-53 %

(1) Equals the sum of the compensation reported for the NEO in the Summary Compensation Table on page 42 for fiscal 2011 in the Stock Awards and Option Awards

columns.

(2) As described in more detail below, the performance-based RSUs awarded to the NEOs in fiscal 2012 are subject to performance vesting requirements over fiscal 2012, fiscal 2013 and fiscal 2014, with the total number of units approved by the Compensation Committee for the awards divided into three tranches, each covering one-third of the total number of units subject to the award and each corresponding to one of the three years in the performance period. For purposes of our accounting and under applicable SEC rules, each of these grants is treated as three separate annual grants (corresponding to the three years in the performance period). Accordingly, the Stock Awards column of the Summary Compensation Table for fiscal 2012 includes the grant date fair values of the

time-based RSUs awarded in fiscal 2012 and the grant date fair values of one-third of the total number of performance-based RSUs approved by the Compensation Committee in fiscal 2012 (the portion of the units covered by each such grant that was eligible to vest based on the Company s performance in fiscal 2012). However, the Compensation Committee considered the entire performance-based RSU approved in fiscal 2012 (corresponding to all three years of the performance period) in determining the number of performance-based RSUs to award. Thus, this column reflects the grant date fair value of the time-based RSUs awarded to the NEO in fiscal 2012, plus three times the grant date fair value of the portion of the performance-based RSUs awarded and considered for accounting purposes to have been granted to the NEO in fiscal 2012. Multiplying the grant date fair value of the portion of the performance-based RSUs considered to have been granted in fiscal 2012 by three aligns with the Compensation Committee s view of the awards as having been granted in fiscal 2012. Since the Company s equity awards in fiscal 2010 and fiscal 2011 were not subject to performance-based vesting requirements, the percent decline in grant date equity award value on a year-over-year basis could be overstated without taking the

Company s change to a performance-based vesting component for its RSUs into account.

The table above and corresponding footnotes are supplemental to, and should be considered in connection with, the Summary Compensation Table and Grants of Plan-Based Awards-Fiscal 2012 table, and corresponding narratives, beginning on page 42.

Other Best Practices

Other elements of the Company s overall compensation program that reinforce its retention strategies and demonstrate what the Compensation Committee considers best practices are the following:

The Compensation Committee retained its own independent compensation consultant.

Our equity compensation plan does not permit repricing of stock options and similar awards without stockholder approval.

Except for Ms. Hart s employment agreement entered into when she was appointed President and Chief Executive Officer of the Company in 2009, we do not offer executive employment agreements.

We do not offer multi-year guaranteed bonuses.

We do not offer a defined benefit pension or supplementary executive retirement plan.

We do not have arrangements providing for tax gross-ups.

We maintain Executive Officer Equity Holding Guidelines.

We maintain a clawback policy.

We maintain a policy that prohibits members of the Board, executive officers and certain other designated employees from holding IGT securities in margin accounts, pledging IGT securities as loan collateral, and engaging in any transaction involving puts, calls, options or other derivatives based on IGT securities.

Other Changes after the 2012 Meeting

In addition to the changes already noted, the Compensation Committee s reevaluation of the executive compensation program after the 2012 Meeting has resulted in several additional changes:

The Compensation Committee modified our compensation philosophy to no longer target total compensation for our executive officers at above-median levels. Instead, for fiscal 2013, total compensation (including salary, targeted bonus, and long-term incentive awards) for our executive officers is targeted at the 50th percentile with reference to our new peer group identified below.

The Compensation Committee

revised the composition of its peer group used for its executive compensation decisions for fiscal 2013. We believe the new peer group provides a better framework for benchmarking our executive compensation and pay positioning. The peer group was designed to position IGT closer to the median of the peer group with respect to its revenue and market capitalization. Measured by both revenues and market capitalization, IGT is slightly below the median of the group at the 45th percentile.

The guideline level of stock ownership applicable to our CEO under our Executive Officer Equity Holding Guidelines was increased from three times to six times base salary.

The Company adopted the Executive Compensation Recoupment Policy (a clawback policy) that permits the Company to recoup certain compensation when inaccurate financial statements have affected the size of incentives awarded to executive officers.

Realized and Realizable Compensation

The Compensation Committee reviewed total realized (or realizable) compensation, as applicable, over the past three years for our CEO and compared these realized (or realizable) values to the total compensation values as disclosed in the Summary Compensation Table for the same years. Total realized (or realizable) compensation for each year includes base salary, bonus or non-equity incentive plan compensation, as applicable, as well as other non-equity compensation, all determined on the same basis as reported in the Summary Compensation Table . However, when considering the values of long-term incentive awards (stock awards such as RSUs and stock options), the Summary Compensation Table reflects the grant-date values of the awards without consideration of the ultimate value (if any) realized by the executive from these awards. In considering total realized (or realizable) compensation with respect to long-term incentive awards, the value for each award is presented in the year that it was granted but with the value determined using (1) the value of the award at the time of the vesting (as to RSUs) or exercise (in the case of stock options), (2) IGT s closing stock price on the last trading day of fiscal 2012 for RSUs that were outstanding and not vested at that time, and (3) the Black-Scholes value (determined applying the same assumptions noted in footnote 2 to the Summary Compensation Table based on the remaining expected term for the options at the end of fiscal 2012) for unexercised options outstanding as of the end of fiscal 2012. The Compensation Committee believes analyzing realized and realizable pay is important in understanding the relationship between the grant-date value of the long-term incentive awards and the compensation actually earned (or that may still be earned) based on Company performance and changes in stock prices.

The table below shows the total realized (or realizable) compensation for our CEO, determined as described above, for each of the last three fiscal years, along with our CEO s total compensation as presented in the Summary Compensation Table for each of those years. The data demonstrates that total realized (or realizable) compensation determined in this manner is below the total compensation amount as reported in the Summary Compensation Table . We believe the lower total realized/realizable compensation values are well aligned with, and reflective of, Company performance over this period of time. Please note that this data is supplementary and is not a substitute for, and should be read in connection with, the Summary Compensation Table and related compensation disclosures beginning on page 42.

CEO Realized/Realizable Pay

Realized/Realizable Compensation (Incl. Realized & Unrealized LTI Value)

	2010	2011	2012
Actual Annual Cash			
Salary	$ 800,000	$ 800,000	$ 955,385
Actual Bonus	$ 480,000	$ 1,241,728	$ 1,564,500
Cash Sub-Total	**$ 1,280,000**	**$ 2,041,728**	**$ 2,519,885**
Realized LTI Value			
Stock Options	$ 0	$ 0	$ 0
Time-Based RSUs	$ 928,314	$ 0	$ 0
Performance-Based RSUs	$ 0	$ 0	$ 0
Realized LTI Sub-Total	**$ 928,314**	**$ 0**	**$ 0**
Unrealized LTI Value			
Stock Options	$ 268,654	$ 914,341	$ 0
Time-Based RSUs	$ 747,806	$ 4,751,670	$ 2,754,882
Performance-Based RSUs	$ 0	$ 0	$ 227,910
Unrealized LTI Sub-Total	**$ 1,016,460**	**$ 5,666,011**	**$ 2,982,792**
Other Comp.	**$ 2,423**	**$ 5,187**	**$ 34,254**
Total Realized/Realizable Compensation	**$ 3,227,197**	**$ 7,712,926**	**$ 5,536,931**
Total Compensation Per Summary Compensation Table	**$ 5,482,431**	**$ 8,553,562**	**$ 5,999,139**
Realized/Realizable Compensation as a Percentage of Total Compensation	59 %	90 %	92 %

Elements of the Company s Executive Compensation Program

The key components of the Company s compensation arrangements for its executive officers can be summarized as follows:

Component of Compensation	Primary Purpose
Base Salary	Attract and retain executives by providing them with a stable annual level of compensation for performing the fundamental requirements of their positions.

Annual Incentive Compensation	Motivate annual performance by tying payout to achievement against pre-established annual financial and/or operational goals. The award also promotes strong performance by providing a greater upside bonus potential as a result of higher corporate performance.
Long-Term Equity Incentives	Retain and motivate executives to build stockholder value over the life of the grants. Our fiscal 2012 grants included RSUs that were both time- and performance-based and, as part of our modified pay philosophy, our fiscal 2013 program has an even greater proportion of performance-based RSUs.

Component of Compensation	Primary Purpose
Other Benefits	Provide basic benefits generally consistent with those offered to all employees. IGT does not provide any defined benefit pension or supplemental pension benefits to our executive officers.

Executive Compensation Program Objectives and Process

<u>Philosophy and Objectives</u> The Company s executive compensation program is intended to promote recruitment and retention of key employees with exceptional abilities, and motivate and reward performance that is critical to the success of the Company. We strive to align the interests of executives, employees and stockholders and to provide a strong link between pay and the Company s performance. Overall, the Compensation Committee believes that a mix of both cash and equity incentives is appropriate, as annual cash incentives reward executives for performance and near-term results, while equity incentives motivate executives to increase stockholder value in the long term.

As part of our pay philosophy, the following targets were set by the Compensation Committee with respect to compensation for fiscal 2012:

- Annual NEO base salaries were targeted at the 75th percentile of the competitive compensation market. However, this target was meant to be achieved over several years. In fact, based on market analyses provided by our Prior Consultant (defined below), our fiscal 2012 NEO base salaries were, on average, below the 50th percentile of our peer group.

With respect to the targets for (1) total cash compensation (target annual incentive bonus plus annual base salary) and (2) equity awards, the Compensation Committee did not affirmatively set new targets for fiscal 2012. Instead, the philosophy and goals that were in place from fiscal 2011 remained in place, resulting in fiscal 2012 targeted total cash compensation for the NEOs at the 60th percentile of our peer group and equity awards for the NEOs at the 75th percentile of our peer group. However, as with the case with the base salary, these targets were meant to be achieved over several years. Based on market analyses provided by our Prior Consultant when the Compensation Committee was adopting the fiscal 2012 program:

Our targeted total cash compensation for our NEOs ranked, on average, below the targeted 60th percentile.

Our target equity award values for the awards granted to our NEOs in fiscal 2012 were, on average, above the 75th percentile of our peers that are gaming technology companies (identified below), and, on average, at the 55th percentile of our peers that are software companies (identified below).

As part of its review after the 2012 Meeting of the executive compensation program, the Compensation Committee substantially modified our pay positioning philosophy. Our revised pay philosophy targets base salary, annual incentives, and annual long-term incentive awards at the 50th percentile of our peer group. This changed positioning applies to our fiscal 2013 compensation program. The compensation levels for Messrs. Tom and Melendres were benchmarked based on their respective positions at the start of the year.

<u>The Compensation Decision Process</u> The Compensation Committee s practice has been to retain independent compensation consultants to provide the Compensation Committee with current information and independent advice regarding trends in executive compensation, legal and regulatory developments, selection of peer companies, and modifications to pay programs. During fiscal 2011, the Compensation Committee retained the consulting firm of Compensia (our Prior Consultant) to review and recommend changes to our executive compensation program for fiscal 2012. Subsequent to the 2012 Meeting, the Compensation Committee changed compensation consultants and engaged the services of Frederic W. Cook & Co., Inc. (the Current Consultant), a national executive compensation consulting firm, to conduct a review of and make recommendations concerning the Company s executive compensation program. The Prior Consultant provided services solely on behalf of the Compensation Committee and, with respect to the compensation of our Non- Employee Directors, the Nominating and Corporate Governance Committee. The Current Consultant performs services solely on behalf of the Compensation Committee. Neither the Prior Consultant nor the Current Consultant had any relationship with the Company or management except as it may relate to performing such services. Furthermore, the Compensation Committee concluded that no conflict of interest exists that would prevent the Current Consultant from independently representing the Compensation Committee.

Fiscal 2012 compensation decisions for the NEOs were made solely by the Compensation Committee. As part of this process, the Compensation Committee also reviewed the recommendations of the CEO regarding compensation for the other NEOs, and consulted with the Chairman of the Board regarding the performance of and compensation for the CEO.

Assessing Compensation and Use of Peer Companies

Fiscal 2012 Peer Group

As part of its decision-making process regarding fiscal 2012 compensation, the Compensation Committee reviewed compensation data for a peer group of companies. We believe IGT s business model in the design, development, manufacture and marketing of casino games, gaming equipment and systems technology is unique. Accordingly, our peer group has historically consisted of a composite of companies from several related industries with revenues, market capitalization and scope of business that we believe are similar to IGT, and has been heavily weighted towards the high technology industry. The peer group recommended by our Prior Consultant, and used by our Compensation Committee as a reference in setting fiscal 2012 compensation, consisted of the following companies from the diversified gaming technology and entertainment, and productivity software, industries:

Adobe Systems Inc.	Citrix Systems, Inc.	salesforce.com, inc.
Activision Blizzard, Inc.	Electronic Arts Inc.	Scientific Games Corporation
Akamai Technologies, Inc.	IAC/InterActiveCorp.	SHFL entertainment, Inc.
Alliance Data Systems Corporation	Intuit Inc.	SuccessFactors, Inc.
Aristocrat Leisure Ltd.	LinkedIn Corporation	Take-Two Interactive Software Inc.
Autodesk, Inc.	Netflix, Inc.	Taleo Corporation
Bally Technologies, Inc.	NetSuite Inc.	WMS Industries Inc.
BMC Software, Inc.	Qlik Technologies, Inc.	

In addition to the publicly disclosed compensation data for the companies in our peer group, the Compensation Committee reviewed survey data regarding executive compensation levels, as presented by the Prior Consultant, to help inform its judgment when making decisions regarding 2012 executive compensation levels. The survey data presented by the Prior Consultant was collected from companies with annual revenues between $1,000,000,000 and $3,000,000,000 participating in the Radford 2011 High-Tech Industry Executive Compensation Survey. The Compensation Committee considered the survey data generally and did not focus on any one company included in the survey (with the exception of the peer companies identified above).

Fiscal 2013 Peer Group

Based on the recommendation of our Current Consultant, in August 2012 the Compensation Committee approved a new peer group of companies as a reference for 2013 executive compensation decisions (our 2013 peer group). Peer group development for IGT has been a challenge in prior years due to the limited number of gaming technology or other comparable businesses in our GICS industry and sub-industry classifications. Specifically, the casinos and gaming sub-industry contains only four other domestic gaming technology companies; the remainder of the companies in the casinos and gaming sub-industry operate casinos, gaming resorts, or race tracks, which we believe are not comparable to IGT s businesses; and we believe companies of similar size in the hotels, restaurants, and leisure industry are also a poor fit with IGT from a business standpoint since they are mostly fast food or casual dining businesses.

IGT s 2013 peer group continues to contain a diversified group of technology companies, in addition to our key competitors in gaming technology, but the new peer group companies all fall within a narrower range with respect to revenue and market capitalization. In addition, the Compensation Committee determined, with input from the Current Consultant, that the 2013 peer group should be designed to better position IGT near the median of the peer group of companies with respect to these metrics. In relation to the 2013 peer group and as of the end of fiscal 2012, the Company was positioned at the 45th percentile of the peer companies when measured by each of revenue and market capitalization. The Compensation Committee is using the 2013 peer group for benchmarking (1) executive compensation decisions for fiscal 2013 and (2) Relative TSR rankings for the fiscal 2013 performance-based RSU awards described below. The 2013 peer group consists of the following companies:

Company	Most Recent 4 Qtrs Revenue ($M) As of 9/30/12	Market Cap ($M) As of 9/30/12	GICS Sub-Industry
Activision Blizzard, Inc.	$ 4,407	$ 12,527	Home Entertainment Software
Adobe Systems, Inc.	$ 4,402	$ 16,057	Application Software
Juniper Networks, Inc.	$ 4,345	$ 9,010	Communications Equipment
Intuit Inc.	$ 4,151	$ 17,391	Application Software
Electronic Arts Inc.	$ 4,095	$ 4,040	Home Entertainment Software
NVIDIA Corporation	$ 3,989	$ 8,264	Semiconductors
Lexmark International Inc.	$ 3,896	$ 1,565	Computer Storage & Peripherals
Alliance Data Systems Corporation	$ 3,517	$ 7,084	Data Processing & Outsourced Services
Diebold, Incorporated	$ 3,002	$ 2,131	Computer Hardware
IAC/InterActiveCorp	$ 2,633	$ 4,257	Internet Software & Services
Autodesk, Inc.	$ 2,298	$ 7,567	Application Software
BMC Software, Inc.	$ 2,174	$ 6,616	Systems Software
Coinstar, Inc.	$ 2,158	$ 1,408	Specialized Consumer Services
Akamai Technologies, Inc.	$ 1,320	$ 6,784	Internet Software & Services
Cadence Design Systems, Inc.	$ 1,289	$ 3,537	Application Software
MICROS Systems, Inc.	$ 1,151	$ 3,943	Systems Software
Mentor Graphics Corp.	$ 1,060	$ 1,721	Application Software
Scientific Games Corporation	$ 926	$ 757	Casinos & Gaming
Bally Technologies, Inc	$ 920	$ 2,047	Casinos & Gaming
Aristocrat Leisure Ltd.	$ 759	$ 1,555	Casinos & Gaming
Take-Two Interactive Software, Inc.	$ 718	$ 941	Home Entertainment Software
WMS Industries Inc.	$ 690	$ 892	Casinos & Gaming
SHFL entertainment, Inc.	$ 251	$ 885	Casinos & Gaming
75th Percentile	$ 3,943	$ 7,326	

Median	$ 2,174	$ 3,943	
25th Percentile	$ 993	$ 1,560	
IGT	**$ 2,057**	**$ 3,496**	Casinos & Gaming
Percentile	***45%***	***45%***	

The 2012 Say-on-Pay and 2011 Say-on-Frequency Votes At the 2012 Meeting, as required by applicable securities laws, our stockholders were presented an opportunity to vote on an advisory basis with respect to the compensation of the NEOs, as described in the CD&A and compensation tables contained in the Proxy Statement issued with respect to the 2012 Meeting. The stockholder vote on this say-on-pay proposal at the 2012 Meeting was unfavorable as approximately 44% of the votes actually cast on the proposal were voted in favor of the proposal.

The voting results for the say-on-pay proposal at the 2012 Meeting motivated a comprehensive review by the Compensation Committee of the Company s executive compensation program. In addition, management, including our Chief Financial Officer and Vice President Investor Relations, met with several of our largest institutional stockholders (collectively representing ownership of over 40% of our outstanding shares of common stock at the time of such discussions and including several of our largest stockholders who voted against our say-on-pay proposal at the 2012 Meeting) in order to better understand the reasons for the voting results and to solicit input regarding modifications to the Company s executive compensation program. Based upon feedback received from these meetings, the Compensation Committee, with input from the Current Consultant, modified the Company s executive compensation program for fiscal 2013 as previously discussed in this CD&A.

At the Annual Meeting of Stockholders held on March 1, 2011, as required by applicable securities laws, stockholders were presented an opportunity to vote on an advisory basis whether the advisory vote with respect to executive compensation should occur every one, two, or three years. A majority of the voting shares were voted in favor of holding the advisory vote on an annual basis and, in accordance with this stockholder preference, the board of directors determined that advisory votes will be held on an annual basis. Proposal No. 3 contains the resolution and supporting materials with respect to this year s advisory vote on executive compensation.

Fiscal 2012 Executive Compensation Decisions

Base Salaries Base salaries provide our executives with a minimum fixed level of annual cash compensation. Salaries for our NEOs are reviewed by the Compensation Committee on an annual basis. The Compensation Committee solely determines the compensation for the CEO and reviews the recommendations of the CEO in making its determinations regarding the compensation of our other NEOs. The Compensation Committee takes the following into consideration when setting annual base salaries for our executive officers:

Current business conditions;

Current market data for each executive position;

The scope of the executive s responsibility at IGT and the relative internal value to IGT of the position; and

The executive s experience,

past performance and expected future contributions to IGT.

Fiscal 2012 Base Salaries

As part of the executive compensation program in effect for fiscal 2012, the Compensation Committee decided to target NEO base salaries at the 75th percentile of the peer group companies based on recommendations of our Prior Consultant and our need to attract and retain executive talent. This was intended to be a gradual change to be achieved over several years, and as such, the Compensation Committee decided to maintain the NEOs base salaries at their fiscal 2011 levels, with the following two exceptions:

Ms. Hart was awarded an increase (from $800,000 to $1,000,000) to bring her salary closer to the median (from below median) for her position based on the peer group, and based on the Compensation Committee s subjective assessment of her performance and efforts since she joined IGT. This was Ms. Hart s first salary increase since her employment commenced with IGT in 2009; and

Mr. Melendres was awarded an increase

(from $300,000 to $350,000) to bring his salary closer to the median for his position as Chief Legal Officer at the time.

As noted, the 75th percentile was intended to be achieved over several years. In fact, based on peer group analyses provided by our Prior Consultant, our fiscal 2012 executive base salaries, on average, were actually below the market 50th percentile of our peer group companies.

In addition to the salary changes described above, as part of the contract negotiations in connection with the hiring of Mr. Vandemore as our new Chief Financial Officer and Treasurer, the Compensation Committee decided to set Mr. Vandemore s annual base salary at $350,000. This decision was based on the Compensation Committee s assessment of peer company salaries for similar positions, its assessment of the market generally, and Mr. Vandemore s experience and expected contributions to the Company.

Fiscal 2013 Base Salaries

As previously noted, the Company is now targeting base salaries at the 50th percentile of our peer group. Based on the Compensation Committee s assessment of peer company salary levels, discussions with our Current Consultant, and recommendations of our CEO, the Compensation Committee has decided not to increase any NEO salaries for fiscal 2013.

<u>Annual Incentive Bonuses</u> Our NEOs are eligible to receive annual bonuses under our annual incentive bonus plan. We believe that the bonus plan payout structure reinforces the Company s focus on growing the Company as a whole and helps unify our executive team through the use of a shared set of corporate metrics.

Fiscal 2012 Annual Bonus Plan

The key features of our fiscal 2012 bonus plan applicable to our NEOs were:

Target award opportunities: Consistent with setting a target annual bonus that, in combination with annual base salary for the executive, would place the executive s targeted annual cash compensation around the 60th percentile of the competitive market**,** the target incentive bonus opportunity for Ms. Hart was set at 150% of her annual base salary and for all other NEOs was set at either 75% (Messrs. Cavanaugh, Melendres and Tom) or 100% (Messrs. Vandemore and Berg) of annual base salary. In the case of Mr. Berg, for fiscal 2012 his target bonus was 100% of annual base salary for the period of time he served as IGT s President, and 75% of annual base salary for the period of time he served as Chief Operations Officer.

Bonus ceiling: The maximum bonus that may be awarded to each NEO was set at an amount equal to 200% of such executive s target incentive opportunity.

Corporate performance metrics:

Incentive bonuses were solely tied to the same corporate financial metrics as used in fiscal 2011, consisting of (1) IGT s operating income, adjusted to exclude cash incentives, stock-based compensation expense (referred to as operating income (before incentives) or OIBI), further adjusted as described below and (2) IGT s consolidated revenues. Equal weight is given to each metric. That is, half the bonus is based on the adjusted OIBI target and half is based on the consolidated revenue target. In addition, no bonus is payable unless the threshold adjusted OIBI target is met (even if the threshold level of consolidated revenue is achieved) as described below.

Adjusted Operating Income (before incentives): Adjusted OIBI must exceed 80% of the adjusted OIBI target for fiscal 2012 for any bonus to be payable (this was increased from 70% in fiscal 2011). In addition, the maximum payout occurs when adjusted OIBI exceeds 115% of the adjusted OIBI target for fiscal 2012 (decreased from 130% in fiscal 2011). Payout for performance between threshold and target and between target and maximum is determined by linear interpolation.

Consolidated Revenues: Consolidated revenues must exceed 80% of the consolidated revenue target for fiscal 2012 for any bonus to be payable with respect to the consolidated revenue component (decreased from 95% in fiscal 2011). In addition, the maximum payout occurs when consolidated revenues exceed 115% of the revenue target for fiscal 2012 (increased from 110% in fiscal 2011). Payout for performance between threshold and target and between target and maximum is determined by linear interpolation.

The Compensation Committee, with input from our Prior Consultant, approved the changes in the percentages for determining threshold and maximum payouts for fiscal 2012 in part to better align our annual incentive bonus program with our performance goals. For example, we felt that that the adjusted OIBI threshold of 70% in fiscal 2011 was too low and that a passing score (the amount that triggered any bonus) should represent a more robust performance outcome. Accordingly, the adjusted OIBI threshold was raised to 80%. We also viewed the total percentage range for adjusted OIBI as unrealistically wide, which is why the maximum percentage was lowered to 115%. In order to provide consistency between the two elements of the bonus program and provide an easier way to communicate bonus structure, the threshold and maximum percentages for consolidated revenues were made the same as for adjusted OIBI. This had the result of lowering the threshold percentage and raising the maximum percentage for consolidated revenues.

For fiscal 2012, the financial performance targets applicable to all NEOs and the Company results were as follows:

Metric	Threshold (in millions)	Target (in millions)	Maximum (in millions)	Outcome (in millions)	Outcome as a % of Target	Payout as a % of Target
Consolidated Revenue	$ 1,655.6	$ 2,069.5	$ 2,379.9	$ 2,150.7	103.9 %	126 %
Adjusted Operating Income (Before Incentives)	$ 511.4	$ 639.2	$ 735.1	$ 616.9	96.5 %	82.5 %

The Company s consolidated revenue for fiscal 2012 was $2,150.7 million and no adjustments were made to that result under the bonus plan. The Company s operating income for fiscal 2012 was $421.7 million. The Company s cash incentives and stock-based compensation expense for fiscal 2012 totaled $79.5 million, producing an OIBI for fiscal 2012 of $501.3 million. The Compensation Committee adjusted OIBI for purposes of executive bonus determinations to preserve the incentives intended at the time of grant of the award and address the potential impact of any changes in applicable accounting rules, significant transactions, and non-cash impairment charges that may occur during the year. In accordance with such adjustment methodology, the Compensation Committee approved an adjusted OIBI of $616.9 for purposes of determining the bonuses with such amount determined giving effect to the following adjustments:

certain charges, primarily earn-out and retention costs, of $88.2 million associated with the acquisition of Double Down Interactive and BringIt Inc. were excluded due to the inestimable nature of the charges at the time the acquisitions were consummated;

impairment charges of $14.6 million related to the further decline in the estimated recoverable value of the previously acquired Walker Digital patents were excluded; and

impairment charges of $12.8 million

related to the further decline in the estimated recoverable value of our Alabama notes receivables were excluded.

The 103.9% result for the consolidated revenue metric produced a bonus payout of 126% of target for this metric. The 96.5% result for adjusted OIBI produced a bonus payout of 82.5% of target for this metric. Averaging the two payouts as a percent of target (as noted in the table above) resulted in a bonus payout of approximately 104.3% of the targeted amount. The Compensation Committee made no discretionary adjustments to the fiscal 2012 bonuses for our NEOs. Accordingly, the final bonus payments and payments as a percent of target for the NEOs in fiscal 2012 were approved by the Compensation Committee as follows:

Name	Target Bonus as a % of Salary	Target Bonus ($)	Final Bonus ($)	Final Bonus as a % of Target
Patti S. Hart	150%	1,500,000	1,564,500	104.3 %
John M. Vandemore	100%	350,000	365,050	104.3 %
Eric A. Berg[(1)]	100%/75%	450,000	430,241	104.3 %
Eric P. Tom	75%	306,000	319,158	104.3 %
Robert C. Melendres	75%	262,500	273,788	104.3 %
Patrick W. Cavanaugh[(2)]	75%	262,500	98,438	37.5 %

(1) Mr. Berg s target bonus was 100% for the period of time he served as IGT s President, and 75% for the period of time he served as Chief Operations Officer. Mr. Berg s final bonus for fiscal 2012 was determined by pro-rating the targeted amounts for the period of time he served in each position (approximately eight months as President and four months as Chief Operations Officer).

(2) Mr. Cavanaugh s fiscal 2012 bonus was paid

at 75% of his targeted amount pursuant to his Executive Transition Agreement with the Company described below under Potential Payments Upon Termination or Change in Control. Mr. Cavanaugh s bonus was pro-rated based on the percentage of time he was employed by the Company during fiscal 2012.

While the Compensation Committee has discretion to make bonus awards to executives outside of the annual incentive plan, it generally only does so with respect to new hire awards. As part of the contract arrangements negotiated with Mr. Vandemore in connection with his joining IGT in February 2012, the Compensation Committee approved a $150,000 signing bonus for Mr. Vandemore and agreed that his annual bonus for fiscal 2012 would not be pro-rated based on his hire date.

Fiscal 2013 Annual Bonus Plan

The Compensation Committee decided not to make any changes to the overall design of bonus plan for fiscal 2013. As such, the design of our fiscal 2012 incentive bonus plan, as described above, will continue for fiscal 2013.

Long-Term Incentive Compensation Our policy is that the long-term compensation of our NEOs and other executive officers should be directly linked to the value provided to our stockholders and that long-term compensation should incentivize our executives to increase stockholder value. In addition, we believe that the design of long-term incentives should be readily understood by participants and should provide retention incentives for the executives to remain employed by IGT. Our historical compensation philosophy has been to target equity at the 75th percentile of the peer group companies. The Company s equity incentive program has evolved over the last several years, and based on recommendations of our Current Consultant, was further modified in fiscal 2013 as described in more detail below.

Fiscal 2009 2011 Long-Term Incentives

From fiscal 2009 through fiscal 2011, our long-term incentives consisted of stock options and time-based RSUs (or restricted stock awards). We believed this mix was appropriate as options are directly tied to Company stock and have no value if the stock price decreases below the grant price. RSUs are also tied to stock price but also serve as a retention tool. In general, time-based RSUs vest in four equal annual installments over the four-year period following the date of grant. Vesting is subject to the continued employment of the executive officer with IGT during the four-year vesting period. On each annual vesting date, the executive is issued shares of IGT common stock. In general, this means the executive will receive an award that has some financial value regardless of stock price volatility. However, the value of the time-based RSUs fluctuates as the value of IGT s stock price fluctuates. As a result, time-based RSUs also help link executives interests with those of our stockholders.

In fiscal 2009, we generally awarded a mix of stock options and restricted stock, with 60% of the equity awards allocated to stock options and the remaining 40% allocated to restricted stock. For Ms. Hart, however, her equity awards granted in connection with her appointment as IGT s President and Chief Executive Officer included a performance-based restricted stock component.

For Ms. Hart s 2009 equity awards, the allocation was approximately 60% stock options, 20% time-based restricted stock, and 20% restricted stock that was subject to both time-based and performance-based vesting requirements. In fiscal 2010, we modified the mix due to the particular need for retention in the gaming industry. The result was an annual grant with 50% allocated to stock options and 50% allocated to RSUs. In fiscal 2011, we awarded executives one-time special incentive grants to provide additional retention incentives. The special grants were made in October 2010 in lieu of the typical annual grants in December of the same year, and consisted of the normal annual grant of stock options and RSUs, plus additional RSUs equal to approximately 2.5 times the normal grant value. To encourage retention, the special retention RSUs vest in one installment of 100% after three years instead of the standard RSU vesting schedule of 25% per year for four years. At the time of our retention grants, the IGT business environment was marked by a new senior leadership team, a very competitive talent market, and a challenging business environment. No executive has realized any value from the special retention grants and will not realize any value if he or she departs from IGT prior to October 4, 2013. No special grants have been awarded since the October 2010 retention grants and no future special grants are contemplated at this time.

Fiscal 2012 Long-Term Incentives

After considering the equity award practices of our peer group, the Compensation Committee decided to eliminate stock options from the program and award NEOs a combination of time and performance-based vesting RSUs in fiscal 2012, except as noted below. As a result of the recent economic downturns, the option holdings of our executives are mostly underwater (i.e., the exercise prices of the options are greater than the value of our common stock) and thus currently without realizable value. The Compensation Committee decided the equity program needed to contain retentive awards, but also should contain performance-based elements. As a result, the Compensation Committee determined that 80% of each NEO s fiscal 2012 annual equity award would consist of time-based vesting RSUs and 20% would consist of performance-based vesting RSUs, except for Mr. Tom as noted below**.** The Compensation Committee decided that this 80/20 split was appropriate for the first year operating under this new program, which represented a significant change from the prior year s program. We believe the fiscal 2012 performance-based RSUs enhance the Company s pay-for-performance philosophy and promote the achievement of Company-wide performance goals. Mr. Tom s fiscal 2012 annual equity award consisted entirely of time-based vesting RSUs as, at the time of the award grant, he did not report directly to Ms. Hart.

Generally, the vesting of the performance-based RSUs will be measured against a performance target established by the Compensation Committee on an annual basis. For fiscal 2012, the Compensation Committee selected free cash flow (before dividends) as the performance target metric. This metric was selected because we consider free cash flow (before dividends) an important factor in determining the success of our business. This was also the metric used in Ms. Hart s performance-based restricted stock award granted to her in 2009, and thus the Compensation Committee determined that using it again would also provide consistency among internal equity grants. Vesting of the performance-based RSUs is generally subject to the continued employment of the executive with IGT during the vesting period. Achievement of the applicable performance target will be measured on an annual basis over a three-year period. The payout is all-or-nothing at each vesting date (meaning no partial vesting for performance short of the applicable performance target) and not measured against a graduated scale. Upon achievement of the performance target for a given year, vesting will occur for the applicable portion of the award (which is one-third of the award, plus, as described below, any one-third portion carried over from the previous year). Upon vesting of an RSU, the award holder is paid one share of IGT common stock for each unit.

Any portion of an award not earned in a given year due to failure to achieve the applicable performance target for such year will be carried over once to the subsequent year and may be earned upon achievement of the target for such subsequent year. The carried-over portion is forfeited if the applicable performance target is not achieved in the subsequent year. With respect to the one-third portion of the award subject to performance measurement in year three of an

award, such portion may be carried over to a fourth year in the event the performance measure applicable to such portion of the award is not achieved in the third year.

For purposes of the portion of performance-based RSUs eligible to vest in fiscal 2012, IGT s free cash flow (before dividends) target was $276.3 million. IGT s free cash flow (before dividends) for fiscal 2012, adjusted as described below was $286.0 million. Accordingly, the applicable portion of such RSUs vested.

The 2012 performance-based RSUs provide that the Compensation Committee will adjust financial results (or the performance targets, as the case may be) to preserve the incentives intended at the time of grant of the award and address the potential impact of any changes in applicable accounting rules and significant transactions that may occur during the year. The Compensation Committee also made adjustments for extraordinary differences in the timing and the accounting treatment for the sale of certain gaming machines that occurred during the year in order to preserve the incentives at the time of grant of the award. IGT s free cash flow (before dividends and before giving effect to the following adjustments) for fiscal 2012 was $238.0 million. In accordance with the adjustment methodology described above, the Compensation Committee approved the calculation of fiscal 2012 adjusted free cash flow (before dividends) at $286.0 million for purposes of these awards, after giving effect to the following adjustments:

cash flows from the acquisition of Double Down Interactive LLC of $26 million were excluded;

cash flows were increased by $45.4 million for the impact of certain working capital balances related to the nature and timing of certain orders; and

cash flows were increased by $28.6 million due to differences between the actual and expected accounting treatment for certain lease transactions.

As part of the fiscal 2012 equity grants, Mr. Vandemore received a grant of time-based vesting RSUs in connection with his commencement of employment. The Compensation Committee determined the level of Mr. Vandemore s new hire grant based on its assessment of the competitive compensation market and to maintain a consistent internal equity level within the management team.

Fiscal 2013 Long-Term Incentives

We have modified the long-term incentive grant program for fiscal 2013 to increase the performance emphasis of the awards. In December 2012, our annual grants to NEOs consisted of a mix of 60% performance-based RSUs and 40% time-based RSUs. In addition, we have changed the performance metric of the performance-based RSUs from free cash flow to a combination of EPS and Relative TSR.

The fiscal 2013 performance-based RSUs will vest as follows: 67% will vest based on a two-year performance period; and the remaining 33% will vest based on a three-year performance period. Payouts will be based on (1) average EPS growth during the performance period compared to a pre- established scale and (2) adjusted up or down based on Relative TSR performance relative to the fiscal 2013 peer group approved by the Compensation Committee. The payout scale for EPS will range from 0 to 150%, and the Relative TSR performance can increase or decrease the award payouts by up to +/- 33%. A recipient of a performance-based RSU award will have the potential to earn up to 200% of the target number of shares awarded. The design and metrics selected are intended to provide alignment between the benefit realized by the executive from the award and our internal financial performance and investors returns. In connection with certain change in control events, the awards will not automatically vest (absent a termination of employment and so long as the awards are assumed or continued after the transaction), but will continue to be subject to time-based vesting requirements.

The number of shares of Company common stock covered by our target fiscal 2013 equity awards to our NEOs (excluding Mr. Cavanaugh, who departed the Company in February 2012) are as follows:

Name	**Performance-Based RSU Award (at Target)**	**Time-Based RSU Award**
Patti S. Hart	176,968	137,961
John M. Vandemore	46,746	36,443
Eric A. Berg	33,390	26,030
Eric P. Tom	33,390	26,030
Robert C. Melendres	27,825	21,692

Other Benefits and Policies

Deferred Compensation Opportunities Under our Nonqualified Deferred Compensation Plan, which is generally available to our executive officers (including our NEOs), eligible executives may elect to defer payment to a later payment date of up to 50% of their annual base salaries and annual incentive bonuses. This deferral opportunity provides a tax planning opportunity to our executives. Please see the Nonqualified Deferred Compensation Fiscal 2012 table and related narrative below for a description of these benefits.

Benefits Programs With the exception of our Nonqualified Deferred Compensation Plan and limited perquisites reported and described in the Summary Compensation Table below, the Company provides executives with the same benefit plans offered to our employees generally. During 2012, the CEO and other NEOs were eligible for the Company s 401(k) plan and our Employee Stock Purchase Plan (ESPP). The 401(k) plan allows eligible employees to contribute up to 40% of their base pay up to certain IRS prescribed limits. In fiscal 2012, IGT matched 100% of an employee s contributions to the 401(k) plan, up to a maximum of $750. IGT may also from time to time contribute a discretionary amount of profits to eligible employees, which vest over a six-year period. Our ESPP provides eligible employees an opportunity to purchase a limited number of shares of IGT common stock at a discount, subject to the terms and limits of the plan and under the Internal Revenue Code. IGT does not maintain any defined benefit pension or supplemental pension programs for its executive officers, and did not make any profit sharing contributions to the 401(k) plan in fiscal 2012.

Severance and Other Benefits upon Termination of Employment We believe that severance protections, particularly in the context of a change in control transaction, can play a valuable role in attracting and retaining key executive officers. In addition, severance protections in a change-in- control context help ensure leadership continuity and appropriate behaviors during a time of transition, including a sustained focus on the best interests of stockholders and the Company. Accordingly, we provided severance protections for Ms. Hart in her employment agreement and for the other NEOs (and certain other executives that report directly to Ms. Hart) in executive transition agreements.

Pursuant to the terms of Ms. Hart s employment agreement, and the executive transition agreements entered into with our the other NEOs, if the executive is terminated either by IGT without cause or by the executive for good reason (as each term is defined in the respective agreement), and in the case of Ms. Hart, due to her death or disability, the executive will be entitled to severance which includes a payment equal to one times the executive s base salary and a pro-rata portion of the executive s annual incentive bonus for the year of the termination, conditioned on a release of any claims against the Company. Ms. Hart s payments are also conditioned on her compliance with certain non-competition and non-solicitation covenants.

For a more detailed description of the terms of these arrangements, please refer to Potential Payments Upon Termination or Change in Control below.

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Stock Ownership Guidelines

The Company has established Executive Officer Equity Holding Guidelines (stock ownership guidelines) for its officers. Our NEOs (other than our CEO) are subject to a guideline level of IGT stock ownership of two times base salary. Effective September 30, 2012, the Compensation Committee increased the guideline level of IGT stock ownership applicable to our CEO from three to six times base salary. The CEO s stock ownership exceeded this increased guideline level as of January 1, 2013. Other NEOs have four years to satisfy the ownership guideline, measured from the later of September 30, 2012 (our adoption of the amended guidelines) or the date the individual first became an executive officer.

Clawback Policy

During fiscal 2012, the Company adopted the Executive Compensation Recoupment Policy pursuant to which the board of directors or Compensation Committee may require reimbursement of all or a portion of any performance-based cash or equity incentive payments to an employee at the vice- president level or more senior position, where (1) any such payment was calculated based on the achievement of financial results that were subsequently the subject of an accounting restatement due to noncompliance with any financial reporting requirement under the securities laws, (2) a lesser payment would have been made to the employee based upon the restated financial results, and (3) the payment was received by the employee prior to or during the twelve-month period following the first public issuance or filing of the financial results that were subsequently restated.

Tax Considerations

Section 162(m) of the Internal Revenue Code generally disallows public companies a tax deduction for compensation in excess of $1,000,000 paid to their chief executive officers and certain other executive officers unless certain performance and other requirements are met. As one of the factors in its consideration of compensation matters, the Compensation Committee also considers the anticipated tax treatment to IGT and to the executives of various payments and benefits, including the effect of Section 162(m). The Compensation Committee retains discretion, however, to implement executive compensation programs that may not be deductible under Section 162(m) if the Compensation Committee believes the programs are nevertheless appropriate to help achieve our primary objective of ensuring that compensation paid to our executive officers is reasonable, performance-based and consistent with the goals of IGT and our stockholders.

Compensation Committee Report on Executive Compensation[1]

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis section of this proxy statement. Based upon this review and discussion, the Compensation Committee recommended to our board of directors that the Compensation Discussion and Analysis section be included in this proxy statement to be filed with the SEC.

Compensation Committee of the Board of Directors

Greg Creed (Chairman)
Paget L. Alves
David E. Roberson

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(1) SEC filings sometimes

incorporate information by reference. This means IGT is referring you to information that has previously been filed with the SEC, and that this information should be considered as part of the filing you are reading. Unless IGT specifically states otherwise, this report shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act or the Securities Exchange Act.

Compensation Committee Interlocks and Insider Participation

Mr. Alves, Mr. Creed, Mr. Miller, and Mr. Roberson each served on the Compensation Committee during all or part of fiscal 2012. None of these directors is or has been a former or current executive officer or employee of IGT or had any relationships requiring disclosure by IGT under Item 404 of Regulation S-K promulgated by the SEC. None of IGT s executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director or member of the Compensation Committee during fiscal 2012.

Compensation of Named Executive Officers

The Summary Compensation Table quantifies the value of the different forms of compensation earned by or awarded to our NEOs for fiscal 2012, 2011 and 2010. The primary elements of each NEO s total compensation reported in the table are base salary, an annual bonus, and long-term equity incentives consisting of time and performance-based RSUs. Our NEOs also received the other benefits listed in column (i) of the Summary Compensation Table , as further described in the footnotes to the table.

The Summary Compensation Table should be read in conjunction with the tables and narrative descriptions that follow. A description of the material terms of each NEO s base salary and annual bonus is provided immediately following the Summary Compensation Table . The Grants of Plan-Based Awards-Fiscal 2012 table, and the accompanying description of the material terms of the RSU awards granted during fiscal 2012, provides information regarding the long-term equity incentives awarded to our NEOs in fiscal 2012. The Outstanding Equity Awards at Fiscal Year-End and Option Exercises and Stock Vested During-Fiscal 2012 tables provide further information on the NEOs potential realizable value and actual value realized with respect to their equity awards.

Summary Compensation Table Fiscal 2012, 2011 and 2010

The following table presents information regarding compensation of each of our NEOs for services rendered during fiscal 2012, 2011 and 2010.

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2][3]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[1]	Cha in Pens Val an Nonqu Defe Compen Earn ($
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h
Patti S. Hart	**2012**	**955,385**		**3,445,000**		**1,564,500**	
Chief Executive	2011	800,000		4,827,900	1,658,747	1,241,728	
Officer	2010	800,000		2,100,007	2,100,001	480,000	
John M. Vandemore[5]	**2012**	**215,385**	**150,000**	**598,733**		**365,050**	
Chief Financial Officer and Treasurer							
Eric A. Berg[6][10]	**2012**	**450,000**		**866,663**		**430,241**	
Chief Operations Officer	2011	86,538	395,458	667,661	698,445		
Eric P. Tom[7]	**2012**	**406,215**		**750,000**		**319,158**	
Executive Vice	2011	400,000		2,012,290	662,559	310,431	
President, Global Sales							