

INTERNATIONAL GAME TECHNOLOGY

Form 11-K

June 28, 2006

Table of Contents

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 11-K**

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2005

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

IGT PROFIT SHARING PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

INTERNATIONAL GAME TECHNOLOGY

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Table of Contents

REQUIRED INFORMATION

The IGT Profit Sharing Plan (the Plan) is subject to the Employee Retirement Income Security Act of 1974 (ERISA). Therefore, in lieu of the requirements of Items 1-3 of Form 11-K, the financial statements and schedule of the Plan for the fiscal years ended December 31, 2005 and 2004, which have been prepared in accordance with accounting principles generally accepted in the United States of America and which satisfy the financial reporting requirements of ERISA, are filed herewith and incorporated herein by this reference. The written consent of Deloitte & Touche LLP with respect to the annual financial statements of the Plan is filed as Exhibit 23 to this Annual Report.

IGT Profit Sharing Plan

**Financial Statements as of and for the Years Ended
December 31, 2005 and 2004, Supplemental
Schedule as of December 31, 2005, and
Report of Independent Registered Public Accounting
Firm**

**IGT Profit Sharing Plan
Table of Contents**

	Page
<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	1
<u>FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004:</u>	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statements of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
SUPPLEMENTAL SCHEDULE: <u>Form 5500, Schedule H, Part IV, Line 4i Schedule of Assets (Held at End of Year)</u>	9
Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because of the absence of conditions under which they are required.	
Signature	10
<u>Exhibit Index</u>	11
Exhibit 23 Consent of Independent Registered Public Accounting Firm <u>EXHIBIT 23</u>	12

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the
IGT Profit Sharing Plan:

We have audited the accompanying statements of net assets available for benefits of the IGT Profit Sharing Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP
Los Angeles, California
June 23, 2006

Table of Contents

**IGT Profit Sharing Plan
Statements of Net Assets Available for Benefits**

December 31,	2005	2004
Assets		
Cash	\$ 1,437,496	\$ 1,530,196
Investments, at fair value	303,700,199	288,606,184
Loans to participants	11,659,194	11,020,576
Net assets available for benefits	\$ 316,796,889	\$ 301,156,956

The accompanying notes are an integral part of these financial statements.

Table of Contents**IGT Profit Sharing Plan
Statements of Changes in Net Assets Available for Benefits**

Years Ended December 31,	2005	2004
Additions to net assets attributed to:		
Investment income:		
Net increase (decrease) in fair value of investments	\$ (6,424,845)	\$ 4,508,664
Interest	608,507	577,472
Dividends	9,958,194	5,929,260
	4,141,856	11,015,396
Contributions:		
Employer	16,296,910	23,818,271
Participant	13,354,052	11,968,089
	29,650,962	35,786,360
Total additions to net assets available for benefits	33,792,818	46,801,756
Deductions from net assets attributed to:		
Benefits paid to participants	18,028,744	17,060,410
Administrative expenses	124,141	137,109
Total deductions from net assets available for benefits	18,152,885	17,197,519
Net increase in net assets available for benefits	15,639,933	29,604,237
Net assets available for benefits:		
Beginning of year	301,156,956	271,552,719
End of year	\$ 316,796,889	\$ 301,156,956

The accompanying notes are an integral part of these financial statements.

Table of Contents

Notes to Financial Statements

1. Description of Plan

The IGT Profit Sharing Plan (Plan) is sponsored by International Game Technology (referred to throughout these notes as IGT, we, our and us) and consists of two programs, the profit sharing program and the 401(k) program. The following description of the Plan is provided for general information purposes only. Participants should refer to the IGT Plan document and summary plan description for a more complete description of the Plan's provisions.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and other provisions of the Internal Revenue Code (IRC). This defined contribution plan covering all eligible IGT employees was adopted in December 1980 and is administered by Fidelity Investments (Fidelity).

On August 25, 2005, we completed the cash acquisition of WagerWorks, Inc. (WW), a provider of internet gaming technology, content and services. The WagerWorks, Inc. 401(k) Plan (WW Plan) was not merged with the Plan.

Rollovers of the WW Plan were allowed into the Plan and are included in participant contributions on the statement of changes in net assets available for benefits for the year ended December 31, 2005.

Profit Sharing Program

IGT may make an annual profit sharing contribution based on operating profits as determined by its Board of Directors. The contribution is allocated to eligible participants' accounts proportionately based on annual eligible compensation.

Our employees are eligible to participate in the profit sharing program after completing 1,000 hours of service in a calendar year and reaching the age of 18. Once eligible, Plan participants must be employed on the last day of the Plan year (December 31) to receive their annual profit sharing allocations. Participation in profit sharing is retroactive to January 1 of the year in which the employee became eligible.

401(k) Program

Participants may contribute up to 40% of their pretax annual compensation, as defined in the Plan. Highly compensated employees may make elective deferral contributions up to 8% for 2005, and 7% for 2004, of their annual salary. Employees may make pre-tax contributions to their accounts upon completion of 30 days of full time employment, or one year of 1,000 hours of part-time employment. A participant may discontinue contributions to the Plan at any time. Participants direct 100% of their contributions, matching contributions and profit sharing contributions to the Plan.

IGT's 401(k) contribution matching program provides for the matching of 100% of an employee's contributions up to \$750 as determined by the profit sharing committee. Employees are immediately 100% vested in all 401(k) contributions. The Plan also allows for rollover contributions from other qualified retirement plans. If the rollover is from an individual retirement arrangement, all assets in the prior retirement plan must have originated as contributions made under a qualified plan.

Table of Contents***Participant Accounts***

Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, IGT's employer matching contribution, allocations of IGT profit sharing contributions, Plan earnings and/or losses less Plan expenses, and forfeitures of non-vested portions of terminated participants' profit sharing contributions, if any.

Investment Options

The profit sharing committee has selected fifteen investment options that have a variety of growth and risk characteristics. Plan participants may allocate all contributions to one investment fund or split them between any combination of funds in increments of 1%. A participant may change how current and/or future contributions are invested at any time during the Plan year. Funds are deposited annually into the Retirement Money Market Portfolio prior to distribution to eligible participants. Once distributed, employer contributions are invested as directed by the participants. The Plan's available investment fund options include:

- Baron Asset Fund
- Credit Suisse Capital Appreciation
- Fidelity Diversified International Fund
- Fidelity Dividend Growth Fund
- Fidelity Equity-Income II Fund
- Fidelity Low-Priced Stock Fund
- Fidelity OTC Portfolio
- Fidelity Puritan® Fund
- Fidelity Retirement Money Market Portfolio
- FMA Small Company Portfolio
- Franklin Small-Mid Cap Growth Fund - Class A
- IGT Unitized Stock Fund
- PIMCO Total Return Fund - Administration Class
- Spartan® U.S. Equity Index Fund
- TRP Mid Cap Value

Benefit Payments and Vesting

Participants are immediately vested in their tax deferred 401(k) contributions, 401(k) employer matching contributions, rollover contributions from other qualified plans, and the related earnings. Employer profit sharing contributions vest over 7 years of continuous service. A participant earns one year of vesting service for each Plan year (January 1 to December 31) in which he or she works at least 1,000 hours. A participant is fully vested after seven consecutive years of service, based on the following schedule:

Completed Years of Service	Vested Portion
0	0%
1	10%
2	20%
3	30%
4	45%
5	60%
6	80%
7	100%

Table of Contents

Upon termination of employment, a participant may receive a lump sum payment equal to the vested value of his or her account. If the termination of employment is by normal retirement (retirement after age 65), by death or by reason of total disability, the participant becomes 100% vested and has the right to receive payment in full. If a participant leaves IGT for any other reason, he or she is entitled to a distribution only from the vested portion of his or her account.

In accordance with a change in federal tax laws, IGT amended the Plan effective March 28, 2005. Accordingly, the Plan requires distributions to terminating participants with vested balances of less than \$5,000. The Plan will make a distribution directly to the terminating participant with vested balances up to \$1,000. If a terminating participant has a vested balance between \$1,001 and \$5,000, the participant may elect to have such distributions paid directly to the individual or to an eligible retirement plan in a direct rollover. If no election is made, such distribution will be paid in a direct rollover to an individual retirement plan designated by Fidelity. If a terminating participant's vested account balance totals \$5,000 or more, the individual may voluntarily defer payment of benefits until the normal retirement date.

Forfeited Accounts

At December 31, 2005 forfeited non-vested accounts totaled \$1,403,471 and \$1,049,971 at December 31, 2004. Forfeited amounts may be first used to pay certain administrative expenses. To the extent that any forfeitures remain, such forfeitures shall be used to offset our required contributions to the Plan, and thereafter shall be allocated to the participants in the Plan. During the year ended December 31, 2005 the forfeited, non-vested account balance was reduced by \$34,542 in administrative expenses and \$1,049,971 in employer contributions to eligible employees in IGT's profit sharing allocation.

Hardship Withdrawals

The Plan allows for hardship withdrawals under defined circumstances. The necessity of the hardship withdrawal is reviewed by IGT's plan administrator and includes allowances for major medical expenses, purchase of a primary residence, college expenses for a family member, and prevention of eviction from or foreclosure on a principal residence. A participant must stop making pre-tax 401(k) contributions for six months following a hardship withdrawal.

Plan Termination

In the event of Plan termination, participants will become 100% vested in their accounts. Although IGT has not expressed any intent to do so, IGT has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA.

Loans

Participants may borrow from their fund accounts up to a maximum of \$50,000 or 50% of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates at the time funds are borrowed, which is not less than the prime rate plus 1%. Principal and interest is paid ratably through bi-weekly payroll deductions. The loan amount may be no less than \$1,000 and repayment must be over a period not to exceed 60 months. As of December 31, 2005 and 2004, interest rates on loans ranged from 5% to 10.5% with maturities through 2010.

Table of Contents

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Cash

Cash represents interest bearing cash held for the purpose of providing liquidity and satisfying daily participant requests related to the IGT Unitized Stock Fund. This fund is maintained in accordance with the trust agreement between IGT and Fidelity.

Investments, at Fair Value

All Plan investments are stated at fair value based on quoted market prices. Participant loans are valued at the outstanding loan balance.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date; the first trade-date that the seller of stock will be entitled to the most recently announced dividend payment, generally two days before the record date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan utilizes various investment instruments, including mutual funds and common stock. Investment securities, in general, are exposed to various risks, such as interest rate and credit risk, as well as overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Administrative Expenses

Administrative expenses paid by the Plan totaled \$124,141 in 2005 and \$137,109 in 2004, including management and trustee fees. Consulting and record keeping fees are paid by IGT.

Payment of Benefits

Benefit payments to participants are recorded upon distribution. As of December 31, 2005 and 2004 there were no amounts allocated to the accounts of persons who have elected to withdraw from the Plan but have not yet been paid.

Table of Contents**3. Investments**

All investments of the Plan are administered by a Fidelity investment management agent. The following table presents the fair value of investments which represent 5% or more of the Plan's net assets:

December 31,	2005	2004
IGT Unitized Stock Fund	\$77,870,907	\$87,850,856
Fidelity Diversified International Fund	21,500,410	(1)
Fidelity Dividend Growth Fund	27,130,506	25,420,185
Fidelity Equity-Income II Fund	24,582,878	23,523,164
Fidelity Retirement Money Market Portfolio	55,756,532	37,041,154
PIMCO Total Return Fund Administration Class	18,516,408	15,998,737
Spartan® Money Market Fund		21,913,540

(1) At 12/31/04, the fair value of this fund was not greater than 5% of the Plan's net assets

During the years ended December 31, 2005 and 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) increased (decreased) in value as follows:

Years ended December 31,	2005	2004
Common Stock	\$ (10,353,394)	\$ (5,009,499)
Mutual Funds	3,928,549	9,518,163
Total Increase (decrease) in Fair Value	\$ (6,424,845)	\$ 4,508,664

4. Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Fidelity. Fidelity is the trustee as defined by the Plan and therefore, these transactions qualify as party-in-interest transactions.

The Plan held 2,529,919 shares of IGT common stock with a cost basis of \$55.7 million at December 31, 2005 and 2,555,940 shares with a cost basis of \$53.1 million at December 31, 2004.

5. Federal Income Taxes

The Internal Revenue Service (IRS) has determined and informed us by a letter dated September 3, 2003, that the Plan and related trust were designed in accordance with the applicable requirements of the IRC. The Plan has been amended since receiving the IRS determination letter; however, IGT and the Plan administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Table of Contents**IGT Profit Sharing Plan****EIN 88-0062109****Plan Number 93770****Form 5500, Schedule H, Part IV, Line 4i****Schedule of Assets (Held at End of Year)****as of December 31, 2005**

(a)	(b)	(c)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Current Value
		Common Stock	
*	IGT	IGT Unitized Stock Fund (2,529,919 shares)	\$ 77,870,907
		Mutual Funds	
	Baron	Baron Asset Fund	10,342,226
	Credit Suisse	Credit Suisse Capital Appreciation	3,644,216
*	Fidelity	Fidelity Diversified International Fund	21,500,410
*	Fidelity	Fidelity Dividend Growth Fund	27,130,506
*	Fidelity	Fidelity Equity-Income II Fund	24,582,878
*	Fidelity	Fidelity Low-Priced Stock Fund	13,415,149
*	Fidelity	Fidelity OTC Portfolio	11,519,828
*	Fidelity	Fidelity Puritan® Fund	8,694,443
*	Fidelity	Fidelity Retirement Money Market Portfolio	55,756,532
	FMA Funds	FMA Small Company Portfolio	4,437,109
	Franklin	Franklin Small-Mid Cap Growth Fund Class A	8,319,267
	PIMCO Funds	PIMCO Total Return Fund Administration Class	18,516,408
*	Fidelity	Spartan® U.S. Equity Index Fund	11,249,282
	TransCanada Pipeline Limited	TRP Mid Cap	6,721,038
	Cash	Cash and Cash Equivalents	1,437,496
*	Various participants	Participant loans (maturing 2005 to 2010 at Interest rates of 5% to 10.5%)	11,659,194
	Total Assets Held For Investment Purposes		\$ 316,796,889

* Indicates a party-in-interest to the Plan
Column (d), cost, has been omitted, as investments are participant-directed

Table of Contents

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

IGT PROFIT SHARING PLAN

By: IGT Profit Sharing Plan Committee

By: /s/ David Johnson

Date: June 28, 2006

David Johnson
Chairman
IGT Profit Sharing Plan Committee

Table of Contents

EXHIBIT INDEX

Exhibit	Description
Exhibit 23	Consent of Independent Registered Public Accounting Firm 11