

Consolidated Statements of Cash Flows

Year Ended December 31 (In thousands)	2004	2003	2002
Cash flows from operating activities			
Net income	\$ 412,332	\$ 243,697	\$ 292,435
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	403,039	412,937	398,623
Amortization of debt discount and issuance costs	31,217	35,826	28,527
Provision for doubtful accounts	(3,522)	13,668	28,352
Property transactions, net	8,661	(18,336)	14,712
Loss on early retirements of debt	5,527	3,244	504
(Gain) loss on disposal of discontinued operations	(82,538)	6,735	—
Income from unconsolidated affiliates	(107,360)	(43,211)	(31,765)
Distributions from unconsolidated affiliates	51,500	38,000	37,000
Deferred income taxes	55,647	28,362	90,852
Tax benefit from stock option exercises	38,911	9,505	18,050
Changes in assets and liabilities:			
Accounts receivable	(48,533)	(14,330)	(24,107)
Inventories	(8,557)	(2,205)	(5,685)
Income taxes receivable and payable	14,891	(10,538)	12,714
Prepaid expenses and other	1,109	(8,500)	(16,142)
Accounts payable and accrued liabilities	72,392	53,971	(275)
Other	(15,469)	(8,013)	2,751
Net cash provided by operating activities	829,247	740,812	846,546
Cash flows from investing activities			
Purchases of property and equipment	(702,862)	(550,232)	(300,039)
Proceeds from the sale of the Golden Nugget Subsidiaries and MGM Grand Australia Subsidiaries, net	345,730	—	—
Dispositions of property and equipment	32,978	56,614	20,340
Investments in unconsolidated affiliates	(11,602)	(41,350)	(80,314)
Change in construction payable	17,329	12,953	6,313
Other	(29,326)	(33,673)	(17,510)
Net cash used in investing activities	(347,753)	(555,688)	(371,210)
Cash flows from financing activities			
Net repayment under bank credit facilities	(1,574,489)	(285,087)	(270,126)
Issuance of long-term debt	1,528,957	600,000	—
Repurchase of senior notes	(52,149)	(28,011)	—
Debt issuance costs	(13,349)	(25,374)	(848)
Issuance of common stock	135,910	36,254	45,985
Purchases of treasury stock	(348,895)	(442,864)	(207,590)
Other	(1,957)	(20,153)	(21,906)
Net cash used in financing activities	(325,972)	(165,235)	(454,485)
Cash and cash equivalents			
Net increase for the year	155,522	19,889	20,851
Cash related to discontinued operations	—	(15,230)	—
Balance, beginning of year	279,606	274,947	254,096
Balance, end of year	\$ 435,128	\$ 279,606	\$ 274,947
Supplemental cash flow disclosures			
Interest paid, net of amounts capitalized	\$ 321,008	\$ 308,198	\$ 266,071
State, federal and foreign income taxes paid	128,393	94,932	44,579
Non-cash investing and financing transactions			
Acquisition of Detroit development rights	\$ —	\$ —	\$ 115,056

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