



**CORRECTIONS CORPORATION OF AMERICA**

**Supplemental Financial Information  
For the Quarter Ended December 31, 2009**

The Company's supplemental financial information and other data presented herein speaks only as of the date or period indicated (or as of the date posted, as the case may be), and the Company does not undertake any obligation, and disclaims any duty, to update any of this information. The Company's future financial performance is subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the Company's future financial results are discussed more fully in our reports filed with the SEC. Readers are advised to refer to these reports for additional information concerning the Company. Readers are also advised that the Company's historical performance may not be indicative of future results. In addition, the information contained herein does not constitute an offer to sell or a solicitation to buy any of the Company's securities.

# CORRECTIONS CORPORATION OF AMERICA

Supplemental Financial Information  
For the Quarter Ended December 31, 2009

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**CONSOLIDATED BALANCE SHEETS**  
(Unaudited and amounts in thousands, except per share amounts)

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<b>ASSETS</b>	<b>December 31, 2009</b>	<b>September 30, 2009</b>	<b>June 30, 2009</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Cash and cash equivalents	\$ 45,908	\$ 53,626	\$ 73,388	\$ 44,048	\$ 34,077
Accounts receivable, net of allowance	241,208	278,476	249,386	261,226	264,336
Deferred tax assets	11,842	15,167	11,999	14,359	16,108
Prepaid expenses and other current assets	26,297	26,667	36,035	15,891	23,778
Total current assets	<u>325,255</u>	<u>373,936</u>	<u>370,808</u>	<u>335,524</u>	<u>338,299</u>
Property and equipment, net	2,520,503	2,486,080	2,476,507	2,478,612	2,478,824
Restricted cash	6,747	6,745	6,741	6,732	6,710
Investment in direct financing lease	12,185	12,506	12,818	13,120	13,414
Goodwill	13,672	13,672	13,672	13,672	13,672
Other assets	27,381	27,709	28,295	19,621	20,455
Total assets	<u>\$ 2,905,743</u>	<u>\$ 2,920,648</u>	<u>\$ 2,908,841</u>	<u>\$ 2,867,281</u>	<u>\$ 2,871,374</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 194,102	\$ 214,024	\$ 176,548	\$ 173,042	\$ 191,083
Income taxes payable	481	482	455	11,574	450
Current portion of long-term debt	-	-	-	290	290
Total current liabilities	<u>194,583</u>	<u>214,506</u>	<u>177,003</u>	<u>184,906</u>	<u>191,823</u>
Long-term debt, net of current portion	1,149,099	1,198,792	1,276,357	1,264,781	1,192,632
Deferred tax liabilities	88,260	81,949	73,343	71,109	68,349
Other liabilities	31,255	32,050	39,245	39,016	38,211
Total liabilities	<u>1,463,197</u>	<u>1,527,297</u>	<u>1,565,948</u>	<u>1,559,812</u>	<u>1,491,015</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,160	1,155	1,152	1,151	1,247
Additional paid-in capital	1,483,497	1,476,798	1,471,595	1,468,786	1,576,177
Retained deficit	(42,111)	(84,602)	(129,854)	(162,468)	(197,065)
Total stockholders' equity	<u>1,442,546</u>	<u>1,393,351</u>	<u>1,342,893</u>	<u>1,307,469</u>	<u>1,380,359</u>
Total liabilities and stockholders' equity	<u>\$ 2,905,743</u>	<u>\$ 2,920,648</u>	<u>\$ 2,908,841</u>	<u>\$ 2,867,281</u>	<u>\$ 2,871,374</u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

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(Unaudited and amounts in thousands, except per share amounts)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2009	2008	2009	2008
<b>REVENUE:</b>				
Management:				
Federal	\$ 170,870	\$ 161,958	\$ 659,543	\$ 628,892
State	222,111	215,281	875,621	820,104
Local	18,033	16,626	68,617	65,442
Other	14,358	14,924	59,564	60,149
Total management revenue	<u>425,372</u>	<u>408,789</u>	<u>1,663,345</u>	<u>1,574,587</u>
Transportation	853	1,191	3,970	6,908
Rental	681	650	2,165	2,576
Other	192	23	483	98
	<u>427,098</u>	<u>410,653</u>	<u>1,669,963</u>	<u>1,584,169</u>
<b>EXPENSES:</b>				
Operating:				
Facility fixed	220,472	208,837	870,954	816,596
Facility variable	71,877	72,040	283,688	276,677
Transportation	2,749	2,761	11,987	15,463
Other	53	202	2,043	3,943
Total operating expenses	<u>295,151</u>	<u>283,840</u>	<u>1,168,672</u>	<u>1,112,679</u>
General and administrative	21,522	20,086	86,537	80,308
Depreciation and amortization	25,675	24,182	100,799	90,555
	<u>342,348</u>	<u>328,108</u>	<u>1,356,008</u>	<u>1,283,542</u>
<b>OPERATING INCOME</b>	<u>84,750</u>	<u>82,545</u>	<u>313,955</u>	<u>300,627</u>
<b>OTHER EXPENSE:</b>				
Interest expense, net	17,845	16,733	72,780	59,404
Expenses associated with debt refinancing transactions	-	-	3,838	-
Other (income) expenses	91	601	(151)	292
	<u>17,936</u>	<u>17,334</u>	<u>76,467</u>	<u>59,696</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	66,814	65,211	237,488	240,931
Income tax expense	<u>(24,323)</u>	<u>(24,719)</u>	<u>(81,745)</u>	<u>(90,933)</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>	42,491	40,492	155,743	149,998
Income (loss) from discontinued operations, net of taxes	<u>-</u>	<u>33</u>	<u>(789)</u>	<u>943</u>
<b>NET INCOME</b>	<u>\$ 42,491</u>	<u>\$ 40,525</u>	<u>\$ 154,954</u>	<u>\$ 150,941</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.37</u>	<u>\$ 0.32</u>	<u>\$ 1.33</u>	<u>\$ 1.21</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.36</u>	<u>\$ 0.32</u>	<u>\$ 1.32</u>	<u>\$ 1.20</u>

## RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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(Unaudited and amounts in thousands, except per share amounts)

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Basic:				
Income from continuing operations	\$ 42,491	\$ 40,492	\$ 155,743	\$ 149,998
Income (loss) from discontinued operations, net of taxes	-	33	(789)	943
Net income	\$ 42,491	\$ 40,525	\$ 154,954	\$ 150,941
Diluted:				
Income from continuing operations	\$ 42,491	\$ 40,492	\$ 155,743	\$ 149,998
Income (loss) from discontinued operations, net of taxes	-	33	(789)	943
Diluted net income	\$ 42,491	\$ 40,525	\$ 154,954	\$ 150,941
Basic:				
Weighted average common shares outstanding	115,691	125,490	116,600	125,192
Unvested restricted common stock	(503)	(734)	(512)	(728)
Weighted average common shares outstanding-basic	115,188	124,756	116,088	124,464
Diluted:				
Weighted average common shares outstanding-basic	115,188	124,756	116,088	124,464
Effect of dilutive securities:				
Stock options and warrants	1,293	977	976	1,536
Restricted stock-based compensation	331	358	226	250
Weighted average shares and assumed conversions-diluted	116,812	126,091	117,290	126,250
Basic earnings per share:				
Income from continuing operations	\$ 0.37	\$ 0.32	\$ 1.34	\$ 1.20
Income (loss) from discontinued operations, net of taxes	-	-	(0.01)	0.01
Net income	\$ 0.37	\$ 0.32	\$ 1.33	\$ 1.21
Diluted earnings per share:				
Income from continuing operations	\$ 0.36	\$ 0.32	\$ 1.33	\$ 1.19
Income (loss) from discontinued operations, net of taxes	-	-	(0.01)	0.01
Net income	\$ 0.36	\$ 0.32	\$ 1.32	\$ 1.20

## CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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(Unaudited and amounts in thousands, except per share amounts)

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net Income	\$ 42,491	\$ 40,525	\$ 154,954	\$ 150,941
Special items:				
Reversal of reserve for uncertain tax positions and other additional income tax credits	-	-	(6,974)	-
Expenses associated with debt refinancing transactions	-	-	3,838	-
Income tax benefit for special items	-	-	(1,465)	-
Diluted adjusted net income	\$ 42,491	\$ 40,525	\$ 150,353	\$ 150,941
Weighted average common shares outstanding - basic	115,188	124,756	116,088	124,464
Effect of dilutive securities:				
Stock options and warrants	1,293	977	976	1,536
Restricted stock-based compensation	331	358	226	250
Weighted average shares and assumed conversions - diluted	116,812	126,091	117,290	126,250
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 0.36</b>	<b>\$ 0.32</b>	<b>\$ 1.28</b>	<b>\$ 1.20</b>

**SELECTED FINANCIAL INFORMATION**  
(Unaudited and amounts in thousands, except per share amounts)

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	<u>December 31, 2009</u>	<u>September 30, 2009</u>	<u>June 30, 2009</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 3,218,290	\$ 3,161,080	\$ 3,126,257	\$ 3,102,821	\$ 3,078,214
Accumulated depreciation and amortization	(697,787)	(675,000)	(649,750)	(624,209)	(599,390)
Property and equipment, net	<u>\$ 2,520,503</u>	<u>\$ 2,486,080</u>	<u>\$ 2,476,507</u>	<u>\$ 2,478,612</u>	<u>\$ 2,478,824</u>
Total assets	\$ 2,905,743	\$ 2,920,648	\$ 2,908,841	\$ 2,867,281	\$ 2,871,374
Maintenance & technology capital expenditures for the quarter ended	\$ 18,010	\$ 12,667	\$ 7,877	\$ 10,312	\$ 12,268
Total debt	\$ 1,149,099	\$ 1,198,792	\$ 1,276,357	\$ 1,265,071	\$ 1,192,922
Equity book value	\$ 1,442,546	\$ 1,393,351	\$ 1,342,893	\$ 1,307,469	\$ 1,380,359
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 45,908	\$ 53,626	\$ 73,388	\$ 44,048	\$ 34,077
Availability under revolving credit facility	\$ 236,165	\$ 188,498	\$ 187,950	\$ 119,028	\$ 191,250
<b>CAPITALIZATION:</b>					
Common shares outstanding	115,962	115,482	115,181	115,149	124,673
Common share price at end of period	\$ 24.55	\$ 22.65	\$ 16.99	\$ 12.81	\$ 16.36
Market value of common equity at end of period	<u>\$ 2,846,867</u>	<u>\$ 2,615,667</u>	<u>\$ 1,956,925</u>	<u>\$ 1,475,059</u>	<u>\$ 2,039,650</u>
Total equity market capitalization	<u>\$ 2,846,867</u>	<u>\$ 2,615,667</u>	<u>\$ 1,956,925</u>	<u>\$ 1,475,059</u>	<u>\$ 2,039,650</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 3,995,966</u>	<u>\$ 3,814,459</u>	<u>\$ 3,233,282</u>	<u>\$ 2,740,130</u>	<u>\$ 3,232,572</u>
<b>EBITDA</b>	\$ 110,334	\$ 104,824	\$ 96,349	\$ 99,560	\$ 106,126
<b>ADJUSTED EBITDA</b>	\$ 110,334	\$ 104,824	\$ 100,187	\$ 99,560	\$ 106,126
<b>ADJUSTED FREE CASH FLOW</b>	\$ 63,986	\$ 68,117	\$ 34,577	\$ 73,021	\$ 64,986
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>					
Basic adjusted free cash flow per share	<u>\$ 0.56</u>	<u>\$ 0.59</u>	<u>\$ 0.30</u>	<u>\$ 0.61</u>	<u>\$ 0.52</u>
Diluted adjusted free cash flow per share	<u>\$ 0.55</u>	<u>\$ 0.59</u>	<u>\$ 0.30</u>	<u>\$ 0.61</u>	<u>\$ 0.52</u>

**SELECTED FINANCIAL INFORMATION**  
(Unaudited and amounts in thousands, except per share amounts)

	<u>For the Three Months Ended December 31, 2009</u>	<u>2008</u>	<u>For the Twelve Months Ended December 31, 2009</u>	<u>2008</u>
Number of days per period	92	92	365	366
<b>ALL FACILITIES:</b>				
Average available beds	<u>86,853</u>	<u>81,829</u>	<u>86,152</u>	<u>78,512</u>
Average compensated occupancy	<u>91.5%</u>	<u>92.8%</u>	<u>90.7%</u>	<u>95.5%</u>
Total compensated man-days	<u>7,314,224</u>	<u>6,983,585</u>	<u>28,517,855</u>	<u>27,438,974</u>
Revenue per compensated man-day	\$ 58.16	\$ 58.54	\$ 58.33	\$ 57.39
Operating expenses per compensated man-day:				
Fixed expense	30.14	29.90	30.54	29.76
Variable expense	<u>9.83</u>	<u>10.32</u>	<u>9.95</u>	<u>10.08</u>
Total	<u>39.97</u>	<u>40.22</u>	<u>40.49</u>	<u>39.84</u>
Operating margin per compensated man-day	<u>\$ 18.19</u>	<u>\$ 18.32</u>	<u>\$ 17.84</u>	<u>\$ 17.55</u>
Operating margin rate	<u>31.3%</u>	<u>31.3%</u>	<u>30.6%</u>	<u>30.6%</u>
<b>DEPRECIATION AND AMORTIZATION:</b>				
Depreciation expense on real estate	17,195	15,956	67,184	58,503
Other depreciation expense	9,158	9,392	36,656	36,715
Amortization of negative contract values	(678)	(1,166)	(3,041)	(4,663)
Depreciation and amortization	<u>\$ 25,675</u>	<u>\$ 24,182</u>	<u>\$ 100,799</u>	<u>\$ 90,555</u>
<b>ADJUSTED FREE CASH FLOW:</b>				
Income from continuing operations before income taxes	\$ 66,814	\$ 65,211	\$ 237,488	\$ 240,931
Expenses associated with debt refinancing transactions	-	-	3,838	-
Income tax benefit for debt refinancing transactions	-	-	(1,465)	-
Income taxes paid	(13,843)	(15,440)	(63,534)	(54,914)
Depreciation and amortization	25,675	24,182	100,799	90,555
Depreciation and amortization for discontinued operations	-	127	4	906
Income (loss) from discontinued operations, net of taxes	-	33	(789)	943
Income tax expense (benefit) for discontinued operations	-	21	(481)	546
Stock-based compensation reflected in G&A expenses	2,268	2,208	8,690	8,544
Amortization of debt costs and other non-cash interest	1,082	912	4,017	3,812
Maintenance and technology capital expenditures	(18,010)	(12,268)	(48,866)	(35,321)
Adjusted free cash flow	<u>\$ 63,986</u>	<u>\$ 64,986</u>	<u>\$ 239,701</u>	<u>\$ 256,002</u>
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>				
Basic	<u>\$ 0.56</u>	<u>\$ 0.52</u>	<u>\$ 2.06</u>	<u>\$ 2.06</u>
Diluted	<u>\$ 0.55</u>	<u>\$ 0.52</u>	<u>\$ 2.04</u>	<u>\$ 2.03</u>



**SELECTED FINANCIAL INFORMATION**  
(Unaudited and amounts in thousands, except per share amounts)

	<u>For the Three Months Ended December 31,</u> <b>2009</b>		<u>For the Twelve Months Ended December 31,</u> <b>2008</b>	
<b>MANAGED ONLY FACILITIES:</b>				
Management revenue	\$ 89,435	\$ 87,993	\$ 349,611	\$ 345,248
Operating expenses:				
Fixed expense	58,162	54,478	226,003	219,888
Variable expense	20,436	18,685	77,879	75,238
Total	<u>78,598</u>	<u>73,163</u>	<u>303,882</u>	<u>295,126</u>
Contribution	<u>\$ 10,837</u>	<u>\$ 14,830</u>	<u>\$ 45,729</u>	<u>\$ 50,122</u>
Average available beds	<u>25,767</u>	<u>24,441</u>	<u>25,101</u>	<u>24,522</u>
Average compensated occupancy	<u>95.0%</u>	<u>98.6%</u>	<u>96.6%</u>	<u>97.7%</u>
Total compensated man-days	<u>2,251,435</u>	<u>2,218,020</u>	<u>8,846,911</u>	<u>8,771,188</u>
Revenue per compensated man-day	\$ 39.72	\$ 39.67	\$ 39.52	\$ 39.36
Operating expenses per compensated man-day:				
Fixed expense	25.83	24.56	25.55	25.07
Variable expense	9.08	8.42	8.80	8.58
Total	<u>34.91</u>	<u>32.98</u>	<u>34.35</u>	<u>33.65</u>
Operating margin per compensated man-day	<u>\$ 4.81</u>	<u>\$ 6.69</u>	<u>\$ 5.17</u>	<u>\$ 5.71</u>
Operating margin rate	<u>12.1%</u>	<u>16.9%</u>	<u>13.1%</u>	<u>14.5%</u>
<b>OWNED AND MANAGED FACILITIES:</b>				
Management revenue	\$ 335,937	\$ 320,796	\$ 1,313,734	\$ 1,229,339
Operating expenses:				
Fixed expense	162,310	154,359	644,951	596,708
Variable expense	51,441	53,355	205,809	201,439
Total	<u>213,751</u>	<u>207,714</u>	<u>850,760</u>	<u>798,147</u>
Contribution	<u>\$ 122,186</u>	<u>\$ 113,082</u>	<u>\$ 462,974</u>	<u>\$ 431,192</u>
Average available beds	<u>61,086</u>	<u>57,388</u>	<u>61,051</u>	<u>53,990</u>
Average compensated occupancy	<u>90.1%</u>	<u>90.3%</u>	<u>88.3%</u>	<u>94.5%</u>
Total compensated man-days	<u>5,062,789</u>	<u>4,765,565</u>	<u>19,670,944</u>	<u>18,667,786</u>
Revenue per compensated man-day	\$ 66.35	\$ 67.32	\$ 66.79	\$ 65.85
Operating expenses per compensated man-day:				
Fixed	32.06	32.39	32.79	31.96
Variable	10.16	11.20	10.46	10.79
Total	<u>42.22</u>	<u>43.59</u>	<u>43.25</u>	<u>42.75</u>
Operating margin per compensated man-day	<u>\$ 24.13</u>	<u>\$ 23.73</u>	<u>\$ 23.54</u>	<u>\$ 23.10</u>
Operating margin rate	<u>36.4%</u>	<u>35.2%</u>	<u>35.2%</u>	<u>35.1%</u>

## ANALYSIS OF OUTSTANDING DEBT

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(Unaudited and amounts in thousands)

	<b>Outstanding Balance 12/31/2008</b>	<b>Outstanding Balance 12/31/2009</b>	<b>Stated Interest Rate</b>	<b>Effective Interest Rate</b> <sup>1)</sup>	<b>Maturity Date</b>	<b>Callable/ Redeemable</b>
<b>Fixed Rate:</b>						
\$250.0 Million Senior Notes	\$ 250,000	\$ -	7.50%	7.87%	May 2011	These notes were redeemed in full during June and July 2009.
\$200.0 Million Senior Notes	200,677	-	7.50%	7.65%	May 2011	These notes were redeemed in full during June and July 2009.
\$375.0 Million Senior Notes	375,000	375,000	6.25%	6.50%	March 2013	On or prior to March 15, 2008, 35% redeemable at 106.25% with proceeds from equity offerings; on or after March 15, 2009, 100% redeemable at various premium prices until March 15, 2011 at par
\$150.0 Million Senior Notes	150,000	150,000	6.75%	6.99%	January 2014	On or prior to January 31, 2009, 35% redeemable at 106.75% with proceeds from equity offerings; on or after January 31, 2010, 100% redeemable at various premium prices until January 31, 2012 at par
\$465.0 Million Senior Notes	-	452,300	7.75%	8.65%	June 2017	On or prior to June 1, 2012, 35% redeemable at 107.75% with proceeds from equity offerings; on or after June 1, 2013, 100% redeemable at various premium prices until June 1, 2015 at par
Total Fixed Rate Debt	<u>975,677</u>	<u>977,300</u>				
<b>Floating Rate:</b>						
Revolving Credit Facility	<u>217,245</u>	<u>171,799</u>	1.42%	1.77%	December 2012	
Grand Total Debt	<u>\$ 1,192,922</u>	<u>\$ 1,149,099</u>	6.25%	6.60%	4.9	<sup>3)</sup>

<sup>1)</sup> Includes amortization of debt issuance costs, net of debt discounts and premiums.

<sup>2)</sup> The Company also has \$30.4 million of letters of credit outstanding under a sub-facility. Further, Lehman's current unfunded \$11.6 million commitment is no longer being funded by Lehman. Lehman's commitment has not been assumed by another party, which effectively reduces the Company's borrowing capacity under the Revolving Credit Facility to \$236.2 million. The Revolving Credit facility currently bears interest at LIBOR plus a margin of 0.75%.

<sup>3)</sup> Represents the weighted average debt maturity in years.

### **Debt Maturity Schedule:**

<b>Year</b>	<b>Total Debt Maturing</b>	<b>% of Debt Maturing</b>	<b>% of Debt Maturing</b>
<b>2010</b>	-	0.00%	0.00%
<b>2011</b>	-	0.00%	0.00%
<b>2012</b>	171,799	14.79%	14.79%
<b>2013</b>	375,000	32.28%	47.06%
<b>2014</b>	150,000	12.91%	59.98%
<b>Thereafter</b>	<u>465,000</u>	<u>40.02%</u>	<u>100.00%</u>
	<u>\$ 1,161,799</u>	<u>100.00%</u>	
<b>Debt Discount - \$465.0 Million Senior Notes</b>	<u>(12,700)</u>		
	<u>\$ 1,149,099</u>		

**SELECTED OPERATING RATIOS**  
(Unaudited and amounts in thousands, except per share amounts)

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	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2009	2008	2009	2008
<b><u>COVERAGE RATIOS:</u></b>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	6.1	5.7	5.7	5.4
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	6.1	5.7	5.7	5.4
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.6	2.8	2.8	3.1
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.6	2.8	2.8	3.1
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.1	6.2	6.9	6.0
<b><u>DEBT/EQUITY RATIOS:</u></b>				
Total debt/Total market capitalization	28.8%	36.9%	28.8%	36.9%
Total debt/Equity market capitalization	40.4%	58.5%	40.4%	58.5%
Total debt/Book equity capitalization	79.7%	86.4%	79.7%	86.4%
Total debt/Gross book value of real estate assets	35.6%	38.6%	35.6%	38.6%
<b><u>RETURN ON INVESTMENT RATIOS:</u></b>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undeprciated book value)*)	13.8%	13.8%	13.2%	13.7%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undeprciated book value)*)	12.3%	12.4%	11.7%	12.1%
<b><u>OVERHEAD RATIOS:</u></b>				
Annualized general & administrative expenses/Average total assets (undeprciated book value)*	2.4%	2.3%	2.4%	2.5%
General & administrative expenses/Total revenues	5.0%	4.9%	5.2%	5.1%
<b><u>INTEREST EXPENSE, NET:</u></b>				
Interest income from continuing operations	\$ (620)	\$ (692)	\$ (2,714)	\$ (3,372)
Interest incurred	18,175	18,757	73,059	72,490
Amortization of debt costs and other non-cash interest	1,082	912	4,017	3,812
Capitalized interest	(792)	(2,244)	(1,582)	(13,526)
Interest expense, net	<u>\$ 17,845</u>	<u>\$ 16,733</u>	<u>\$ 72,780</u>	<u>\$ 59,404</u>
<b><u>EBITDA CALCULATION:</u></b>				
Net income	\$ 42,491	\$ 40,525	\$ 154,954	\$ 150,941
Interest expense, net	17,845	16,733	72,780	59,404
Depreciation and amortization	25,675	24,182	100,799	90,555
Income tax expense	24,323	24,719	81,745	90,933
(Income) loss from discontinued operations, net of taxes	-	(33)	789	(943)
EBITDA	<u>110,334</u>	<u>106,126</u>	<u>411,067</u>	<u>390,890</u>
Expenses associated with debt refinancing transactions	<u>-</u>	<u>-</u>	<u>3,838</u>	<u>-</u>
ADJUSTED EBITDA	<u>\$ 110,334</u>	<u>\$ 106,126</u>	<u>\$ 414,905</u>	<u>\$ 390,890</u>

\*Calculated as a simple average (beginning of period plus end of period divided by 2)

**FACILITY PORTFOLIO**

Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/09
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	144.44%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	99.61%
Florence Correctional Center Florence, Arizona	1999, 2004	State of California	1,824	Multi	Correctional	Jun-11	Indefinite	112.25%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-11	Indefinite	97.08%
Red Rock Correctional Center Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-11	Indefinite	74.39%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-11	-	99.34%
California City Correctional Center (E) California City, California	1999	BOP	2,304	Medium	Correctional	Sep-10	-	113.90%
San Diego Correctional Facility (F) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-11	(4) 3 year	87.44%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-10	-	94.91%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-10	-	91.03%
Huerfano County Correctional Center (G) Walsenburg, Colorado	1997	State of Arizona	752	Medium	Correctional	Mar-10	-	90.00%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-10	-	86.92%
Coffee Correctional Facility (H) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-10	(24) 1 year	112.66%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-10	(2) 1 year	113.92%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	81.33%
Wheeler Correctional Facility (H) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-10	(24) 1 year	112.36%

**FACILITY PORTFOLIO**

<b>Facility Name</b>	<b>Year Constructed (A)</b>	<b>Primary Customer</b>	<b>Design Capacity (B)</b>	<b>Security Level</b>	<b>Facility Type (C)</b>	<b>Term</b>	<b>Remaining Renewal Options (D)</b>	<b>Compensated Occupancy % for the Quarter ended 12/31/09</b>
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-11	(3) 5 year	83.55%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-11	-	100.13%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Jun-11	(1) 2 year	98.94%
Otter Creek Correctional Center (I) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jun-10	(1) 1 year (2) 2 year	65.03%
Prairie Correctional Facility (J) Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-10	(2) 1 year	16.75%
Adams County Correctional Center Adams County, Mississippi	2008	BOP	2,232	Medium	Correctional	Jul-13	(3) 2 year	63.48%
Tallahatchie County Correctional Facility (K) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-11	Indefinite	97.28%
Crossroads Correctional Center (L) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-09	(5) 2 year	95.68%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	101.82%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-10	-	97.09%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	100.60%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-11	(2) 2 year	100.41%
Queensgate Correctional Facility (M) Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.00%
Cimarron Correctional Facility (N) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-10	(4) 1 year	38.30%
Davis Correctional Facility (N) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-10	(4) 1 year	95.22%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	May-10	(2) 1 year	95.00%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-11	Indefinite	44.07%

## FACILITY PORTFOLIO

Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/09
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-10	-	91.00%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.00%
Whiteville Correctional Facility (O) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-10	(1) 1 year	96.47%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-10	(1) 1 year	99.88%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-11	(3) 2 year	108.20%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-10	(4) 1 year	94.43%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Indefinite	-	94.33%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	118.60%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-10	(1) 1 year	97.08%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	-	100.00%
D.C. Correctional Treatment Facility (P) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Mar-17	-	71.26%
Total design capacity for Owned and Managed Facilities (44 Owned and Managed Facilities)			61,149					
<b>Managed Only Facilities:</b>								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	985	Medium	Correctional	Jul-10	Indefinite	99.41%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	77.76%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,520	Minimum/ Medium	Correctional	Jul-10	Indefinite	99.29%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	876	Multi	Detention	Oct-12	-	64.73%

## FACILITY PORTFOLIO

Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/09
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-12	Indefinite	99.21%
North Georgia Detention Center Hall County, Georgia	N/A	ICE	502	Medium	Detention	May-14	Indefinite	20.52%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	2,016	Minimum/ Medium	Correctional	Jun-14	(2) 2 year	99.69%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	106.38%
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Mar-11	-	95.01%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	Jul-10	-	89.52%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Jul-10	-	96.01%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Sep-11	(4) 3 year	100.00%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	1,046	Multi	Detention	Dec-10	-	92.37%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jun-10	(1) 2 year	96.30%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-14	-	101.74%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-12	(2) 3 year	97.30%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,049	Minimum/ Medium	Correctional	Jan-11	-	99.81%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-11	-	99.39%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-11	-	99.19%

## FACILITY PORTFOLIO

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Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/09
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-11	-	99.57%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-11	-	99.89%
Total design capacity for Managed Only Facilities (21 Managed Only Facilities)			<u>25,767</u>					
Total design capacity for All Facilities as of December 31, 2009			<u>86,916</u>					

### Expansion and Development Projects:

Facility Name	Estimated Completion	Potential Customer(s)	Design Capacity (B)	Project Description
Nevada Southern Detention Center Pahrump, Nevada	Third quarter 2010	Office of the Federal Detention Trustee	1,072	New owned facility
Coffee Correctional Facility Nicholls, Georgia	Third quarter 2010	State of Georgia	788	Expansion of owned facility
Wheeler Correctional Facility Alamo, Georgia	Third quarter 2010	State of Georgia	712	Expansion of owned facility
<b>Projected Design Capacity For All Facilities</b>			<u>89,488</u>	

### Leased Facilities:

Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-10	-	N/A
Community Education Partners (Q) Houston, Texas	N/A	Community Education Partners	-	Non-secure	Owned/Leased	Jun-11	(2) 1 year	N/A

(A) The year constructed represents the initial completion of the facility's construction, as well as significant additions to the facility that occurred at a later date.

(B) Design capacity measures the number of beds, and accordingly, the number of inmates each facility is designed to accommodate. Facilities housing detainees on a short term basis may exceed the original intended design capacity for sentenced inmates due to the lower level of services required by detainees in custody for a brief period. From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays. We believe design capacity is an appropriate measure for evaluating prison operations, because the revenue generated by each facility is based on a per diem or monthly rate per inmate housed at the facility paid by the corresponding contracting governmental entity.

(C) We manage numerous facilities that have more than a single function (i.e., housing both long-term sentenced adult prisoners and pre-trial detainees). The primary functional categories into which facility types are identified was determined by the relative size of prisoner populations in a particular facility on December 31, 2009. If, for example, a 1,000-bed facility housed 900 adult prisoners with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correction facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.

(D) Remaining renewal options represents the number of renewal options, if applicable, and the remaining term of each option renewal.

(E) During January 2010, we were notified by the BOP of their decision not to renew the management contract at the California City Correctional Center upon its expiration on September 30, 2010.

(F) The facility is subject to a ground lease with the County of San Diego whereby the initial lease term is 18 years from the commencement of the contract, as defined. The County has the right to buy out all, or designated portions of, the premises at various times prior to the expiration of the term at a price generally equal to the cost of the premises, or the designated portion of the premises, less an allowance for the amortization over a 20-year period. Upon expiration of the lease, ownership of the facility automatically reverts to the County of San Diego.

(G) During January 2010, we were notified by the state of Arizona of their decision not to renew the management contract at the Huerfano County Correctional Center upon its expiration on March 8, 2010.

(H) The facility is subject to a purchase option held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value or fair market value at any time during the term of the contract between us and the GDOC.



## FACILITY PORTFOLIO

Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/09
<p>(I) The facility is subject to a deed of conveyance with the city of Wheelwright, KY which includes provisions that would allow assumption of ownership by the city of Wheelwright under the following occurrences: (1) we cease operate the facility for more than two years, (2) our failure to maintain at least one employee for a period of sixty consecutive days, or (3) a conversion to a maximum security facility based upon classification by the Kentucky Corrections Cabinet.</p> <p>(J) During December 2009, we announced our decision to cease operations at our Prairie Correctional Facility on or about February 1, 2010 due to low inmate populations at the facility. During 2009, the Prairie facility housed offenders from the states of Minnesota and Washington. However, due to excess capacity in the states' systems, both states have been reducing the populations held at Prairie.</p> <p>(K) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization originally over a 20 year period. The amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.</p> <p>(L) The State of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the sum of a pre-determined portion of per-diem payments made to us by the state of Montana.</p> <p>(M) During December 2008, we were notified by Hamilton County, Ohio of its intent to terminate the lease for the 850-bed Queensgate Correctional Facility. We believe the County elected to terminate the lease effective January 1, 2009, due to funding issues experienced by the County.</p> <p>(N) The facility is subject to a purchase option held by the Oklahoma Department of Corrections, or ODC, which grants the ODC the right to purchase the facility at its fair market value at any time.</p> <p>(O) The state of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational breach, as defined, at a price equal to the book value, as defined.</p> <p>(P) The District of Columbia has the right to purchase the facility at any time during the term of the contract at a price generally equal to the present value of the remaining lease payments for the premises. Upon expiration of the lease in 2017, ownership of the facility automatically reverts to the District of Columbia.</p> <p>(Q) The alternative educational facility is currently configured to accommodate 900 at-risk juveniles and may be expanded to accommodate a total of 1,400 at-risk juveniles.</p>								

## DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

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<b>Customer</b>	<b>Management Revenue For the Twelve Months Ended December 31, 2009</b>	<b>Percent of Management Revenue For the Twelve Months Ended December 31, 2009</b>
United States Marshals	\$ 237,320	14.27%
Bureau of Prisons	218,547	13.14%
United States Immigration and Customs Enforcement	203,676	12.24%
California	177,098	10.65%
Texas	89,702	5.39%
Colorado	82,499	4.96%
Tennessee	78,681	4.73%
Florida	62,071	3.73%
Arizona	56,511	3.40%
Georgia	53,242	3.20%
	<u>\$ 1,259,347</u>	<u>75.71%</u>
Total Management Revenue	<u>\$ 1,663,345</u>	<u>100.00%</u>

## RESEARCH / ANALYST COVERAGE

### Equity Research Coverage:

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### Rating Agency Coverage:

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Standard & Poor's	Gerald Phelan	(312) 233-7031

### Credit Ratings:

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	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
Corporate Credit Rating	BB	Not rated
Senior Unsecured Debt	BB	Ba2

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