



**Supplemental Financial Information  
For the Quarter Ended March 31, 2017**

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.

# **CoreCivic, Inc.**

## **Supplemental Financial Information For the Quarter Ended March 31, 2017**

### **TABLE OF CONTENTS**

Financial Highlights & 2017 Guidance Summary .....	1
Consolidated Balance Sheets .....	2
Consolidated Statements of Operations .....	3
Reconciliation of Basic to Diluted Earnings Per Share .....	4
Calculation of Adjusted Diluted Earnings Per Share .....	5
Funds From Operations .....	6
Selected Financial Information .....	7
Segregated Data .....	9
Analysis of Outstanding Debt .....	10
Selected Operating Ratios .....	11
Partner Information .....	12
Facility Portfolio .....	13
Research Coverage / Credit Ratings .....	19

---

Damon T. Hininger, President and Chief Executive Officer  
David M. Garfinkle, Chief Financial Officer  
10 Burton Hills Boulevard  
Nashville, TN 37215  
Tel.: (615) 263-3000 Fax: (615) 263-3010

**FINANCIAL HIGHLIGHTS**

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

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2017	2016	2016
<b>Adjusted Diluted EPS</b>	\$ 0.43	\$ 0.40	\$ 1.90
<b>Normalized FFO Per Share</b>	\$ 0.63	\$ 0.60	\$ 2.70
<b>AFFO Per Share</b>	\$ 0.62	\$ 0.61	\$ 2.58
<b>Debt Leverage</b>	3.5x	3.6x	3.4x
<b>Fixed Charge Coverage Ratio</b>	6.0x	6.2x	6.8x

**GUIDANCE SUMMARY**

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

	Q2 2017		Full Year 2017	
	Low-End	High-End	Low-End	High-End
Net income	\$ 40,700	\$ 42,700	\$ 175,700	\$ 182,700
Expenses associated with mergers and acquisitions	400	400	1,500	1,500
Asset impairments	-	-	300	300
Adjusted net income	\$ 41,100	\$ 43,100	\$ 177,500	\$ 184,500
Net income	\$ 40,700	\$ 42,700	\$ 175,700	\$ 182,700
Depreciation of real estate assets	22,600	22,600	91,000	92,000
Funds From Operations	\$ 63,300	\$ 65,300	\$ 266,700	\$ 274,700
Expenses associated with mergers and acquisitions	400	400	1,500	1,500
Asset impairments	-	-	300	300
Normalized Funds From Operations	\$ 63,700	\$ 65,700	\$ 268,500	\$ 276,500
Maintenance capital expenditures on real estate assets	(5,500)	(5,500)	(25,000)	(26,000)
Stock-based compensation and non-cash interest	5,000	4,500	18,500	18,500
Other non-cash revenue and expenses	(1,500)	(1,500)	(3,500)	(3,500)
Adjusted Funds from Operations	\$ 61,700	\$ 63,200	\$ 258,500	\$ 265,500
Diluted EPS	\$ 0.34	\$ 0.36	\$ 1.48	\$ 1.54
Adjusted EPS	\$ 0.35	\$ 0.36	\$ 1.50	\$ 1.56
FFO per diluted share	\$ 0.53	\$ 0.55	\$ 2.25	\$ 2.32
Normalized FFO per diluted share	\$ 0.54	\$ 0.55	\$ 2.27	\$ 2.33
Adjusted Funds from Operations per diluted share	\$ 0.52	\$ 0.53	\$ 2.18	\$ 2.24
Net income	\$ 40,700	\$ 42,700	\$ 175,700	\$ 182,700
Interest expense, net	17,000	16,500	67,000	67,000
Depreciation and amortization	36,500	36,500	147,000	147,000
Income tax expense	3,100	2,600	11,000	10,500
EBITDA	\$ 97,300	\$ 98,300	\$ 400,700	\$ 407,200
Expenses associated with mergers and acquisitions	400	400	1,500	1,500
Depreciation expense associated with STFRC lease	(4,100)	(4,100)	(16,600)	(16,600)
Interest expense associated with STFRC lease	(1,600)	(1,600)	(6,400)	(6,400)
Asset impairments	-	-	300	300
Adjusted EBITDA	\$ 92,000	\$ 93,000	\$ 379,500	\$ 386,000
<b>Capital Expenditures</b>				
Prison construction & land acquisitions			\$ 10,000	\$ 13,000
Maintenance on real estate assets			25,000	26,000
Information technology and other assets			31,000	35,000
Total capital expenditures			\$ 66,000	\$ 74,000

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

2 of 19

<b>ASSETS</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>	<b>June 30, 2016</b>	<b>March 31, 2016</b>
Cash and cash equivalents	\$ 43,164	\$ 37,711	\$ 42,731	\$ 70,843	\$ 54,816
Accounts receivable, net of allowance	213,027	229,885	222,420	221,427	208,304
Prepaid expenses and other current assets	25,391	31,228	32,742	32,995	28,641
Total current assets	<u>281,582</u>	<u>298,824</u>	<u>297,893</u>	<u>325,265</u>	<u>291,761</u>
Property and equipment, net	2,822,805	2,837,657	2,850,219	2,870,150	2,854,109
Goodwill	38,127	38,386	38,386	38,415	35,001
Non-current deferred tax assets	11,868	13,735	11,973	7,774	8,949
Other assets	<u>86,236</u>	<u>83,002</u>	<u>87,041</u>	<u>86,146</u>	<u>83,984</u>
Total assets	<u><u>\$ 3,240,618</u></u>	<u><u>\$ 3,271,604</u></u>	<u><u>\$ 3,285,512</u></u>	<u><u>\$ 3,327,750</u></u>	<u><u>\$ 3,273,804</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 240,586	\$ 260,107	\$ 329,446	\$ 332,859	\$ 308,576
Income taxes payable	2,601	2,086	1,627	1,139	2,421
Current portion of long-term debt	10,000	10,000	8,750	7,500	6,250
Total current liabilities	<u>253,187</u>	<u>272,193</u>	<u>339,823</u>	<u>341,498</u>	<u>317,247</u>
Long-term debt, net	1,421,182	1,435,169	1,420,155	1,448,142	1,400,128
Deferred revenue	50,006	53,437	36,257	45,608	54,641
Other liabilities	<u>53,082</u>	<u>51,842</u>	<u>45,084</u>	<u>47,875</u>	<u>55,332</u>
Total liabilities	<u>1,777,457</u>	<u>1,812,641</u>	<u>1,841,319</u>	<u>1,883,123</u>	<u>1,827,348</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,181	1,176	1,176	1,175	1,175
Additional paid-in capital	1,784,532	1,780,350	1,776,504	1,768,321	1,763,685
Accumulated deficit	<u>(322,552)</u>	<u>(322,563)</u>	<u>(333,487)</u>	<u>(324,869)</u>	<u>(318,404)</u>
Total stockholders' equity	<u>1,463,161</u>	<u>1,458,963</u>	<u>1,444,193</u>	<u>1,444,627</u>	<u>1,446,456</u>
Total liabilities and stockholders' equity	<u><u>\$ 3,240,618</u></u>	<u><u>\$ 3,271,604</u></u>	<u><u>\$ 3,285,512</u></u>	<u><u>\$ 3,327,750</u></u>	<u><u>\$ 3,273,804</u></u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2017	2016	2016
<b>REVENUE:</b>			
Owned & controlled properties	\$ 394,596	\$ 396,878	\$ 1,641,754
Managed only and other	51,088	50,507	208,031
Total revenue	445,684	447,385	1,849,785
<b>EXPENSES:</b>			
Operating:			
Owned & controlled properties	264,870	264,986	1,077,085
Managed only and other	50,433	48,932	198,501
Total operating expenses	315,303	313,918	1,275,586
General and administrative	24,826	26,480	107,027
Depreciation and amortization	36,257	42,059	166,746
Restructuring charges	-	-	4,010
Asset impairments	259	-	-
	376,645	382,457	1,553,369
<b>OPERATING INCOME</b>	69,039	64,928	296,416
<b>OTHER (INCOME) EXPENSE:</b>			
Interest expense, net	16,490	17,544	67,755
Other (income) expense	17	(83)	489
	16,507	17,461	68,244
<b>INCOME BEFORE INCOME TAXES</b>	52,532	47,467	228,172
Income tax expense	(2,485)	(1,160)	(8,253)
<b>NET INCOME</b>	\$ 50,047	\$ 46,307	\$ 219,919
<b>BASIC EARNINGS PER SHARE</b>	\$ 0.42	\$ 0.39	\$ 1.87
<b>DILUTED EARNINGS PER SHARE</b>	\$ 0.42	\$ 0.39	\$ 1.87

**RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE**

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

	<b>For the Three Months Ended March 31,</b>		<b>For the Twelve Months Ended December 31,</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
Basic:			
Net income	\$ 50,047	\$ 46,307	\$ 219,919
Diluted:			
Net income	\$ 50,047	\$ 46,307	\$ 219,919
Basic:			
Weighted average common shares outstanding	117,782	117,332	117,481
Unvested restricted common stock	-	(97)	(97)
Weighted average common shares outstanding-basic	117,782	117,235	117,384
Diluted:			
Weighted average common shares outstanding-basic	117,782	117,235	117,384
Effect of dilutive securities:			
Stock options	420	432	306
Restricted stock-based awards	57	102	101
Weighted average shares and assumed conversions-diluted	118,259	117,769	117,791
Basic earnings per share	\$ 0.42	\$ 0.39	\$ 1.87
Diluted earnings per share	\$ 0.42	\$ 0.39	\$ 1.87

## CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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

5 of 19

	<b>For the Three Months Ended March 31,</b>		<b>For the Twelve Months Ended December 31,</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
Net Income	\$ 50,047	\$ 46,307	\$ 219,919
Special items:			
Expenses associated with mergers and acquisitions	130	1,143	1,586
Gain on settlement of contingent consideration	-	-	(2,000)
Restructuring charges	-	-	4,010
Asset impairments	259	-	-
Income tax benefit for special items	-	-	(215)
Diluted adjusted net income	\$ 50,436	\$ 47,450	\$ 223,300
Weighted average common shares outstanding - basic	117,782	117,235	117,384
Effect of dilutive securities:			
Stock options	420	432	306
Restricted stock-based compensation	57	102	101
Weighted average shares and assumed conversions - diluted	118,259	117,769	117,791
<b>Adjusted Diluted Earnings Per Share</b>	<b>\$ 0.43</b>	<b>\$ 0.40</b>	<b>\$ 1.90</b>

**FUNDS FROM OPERATIONS**

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

	<b>For the Three Months Ended March 31,</b>		<b>For the Twelve Months Ended December 31, 2016</b>
	<b>2017</b>	<b>2016</b>	
<b>FUNDS FROM OPERATIONS:</b>			
Net income	\$ 50,047	\$ 46,307	\$ 219,919
Depreciation of real estate assets	23,699	23,337	94,346
Funds From Operations	<u>\$ 73,746</u>	<u>\$ 69,644</u>	<u>\$ 314,265</u>
Expenses associated with mergers and acquisitions	130	1,143	1,586
Gain on settlement of contingent consideration	-	-	(2,000)
Restructuring charges	-	-	4,010
Goodwill and other impairments	259	-	-
Income tax benefit for special items	-	-	(215)
Normalized Funds From Operations	<u>\$ 74,135</u>	<u>\$ 70,787</u>	<u>\$ 317,646</u>
Maintenance capital expenditures on real estate assets	(3,744)	(3,351)	(28,044)
Stock-based compensation	4,086	3,781	16,257
Amortization of debt costs	783	792	3,147
Other non-cash revenue and expenses	(1,510)	(16)	(4,634)
Adjusted Funds From Operations	<u>\$ 73,750</u>	<u>\$ 71,993</u>	<u>\$ 304,372</u>
<b>FUNDS FROM OPERATIONS PER SHARE:</b>			
Basic	<u>\$ 0.63</u>	<u>\$ 0.59</u>	<u>\$ 2.68</u>
Diluted	<u>\$ 0.62</u>	<u>\$ 0.59</u>	<u>\$ 2.67</u>
<b>NORMALIZED FUNDS FROM OPERATIONS PER SHARE:</b>			
Basic	<u>\$ 0.63</u>	<u>\$ 0.60</u>	<u>\$ 2.71</u>
Diluted	<u>\$ 0.63</u>	<u>\$ 0.60</u>	<u>\$ 2.70</u>
<b>ADJUSTED FUNDS FROM OPERATIONS PER SHARE:</b>			
Basic	<u>\$ 0.63</u>	<u>\$ 0.61</u>	<u>\$ 2.59</u>
Diluted	<u>\$ 0.62</u>	<u>\$ 0.61</u>	<u>\$ 2.58</u>

FFO and AFFO are widely accepted non-GAAP supplemental measures of REIT performance following the standards established by the National Association of Real Estate Investment Trusts (NAREIT). The Company believes that FFO and AFFO are important operating measures that supplement discussion and analysis of the Company's results of operations and are used to review and assess operating performance of the Company and its correctional facilities and their management teams. NAREIT defines FFO as net income computed in accordance with generally accepted accounting principles, excluding gains (or losses) from sales of property and extraordinary items, plus depreciation and amortization of real estate and impairment of depreciable real estate. Because the historical cost accounting convention used for real estate assets requires depreciation (except on land), this accounting presentation assumes that the value of real estate assets diminishes at a level rate over time. Because of the unique structure, design and use of the Company's correctional facilities, management believes that assessing performance of the Company's correctional facilities without the impact of depreciation or amortization is useful. The Company may make adjustments to FFO from time to time for certain other income and expenses that it considers non-recurring, infrequent or unusual, even though such items may require cash settlement, because such items do not reflect a necessary component of the ongoing operations of the Company. Even though expenses associated with mergers and acquisitions (M&A) may be recurring, the magnitude and timing fluctuate based on the timing and scope of M&A activity, and therefore, such expenses, which are not a necessary component of the ongoing operations of the Company, may not be comparable from period to period. Normalized FFO excludes the effects of such items. The Company calculates AFFO by adding to Normalized FFO non-cash expenses such as the amortization of deferred financing costs and stock-based compensation, and by subtracting from Normalized FFO recurring real estate expenditures that are capitalized and then amortized, but which are necessary to maintain a REIT's properties and its revenue stream. Some of these capital expenditures contain a discretionary element with respect to when they are incurred, while others may be more urgent. Therefore, these capital expenditures may fluctuate from quarter to quarter, depending on the nature of the expenditures required, seasonal factors such as weather, and budgetary conditions. Other companies may calculate FFO, Normalized FFO, and AFFO differently than the Company does, or adjust for other items, and therefore comparability may be limited. FFO, Normalized FFO, and AFFO and their corresponding per share measures are not measures of performance under GAAP, and should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net income as indicators of the Company's operating performance or any other measure of performance derived in accordance with GAAP. This data should be read in conjunction with the Company's consolidated financial statements and related notes included in its filings with the Securities and Exchange Commission.



**SELECTED FINANCIAL INFORMATION**

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

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>	<u>June 30, 2016</u>	<u>March 31, 2016</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 4,201,029	\$ 4,189,980	\$ 4,169,671	\$ 4,147,056	\$ 4,088,987
Accumulated depreciation and amortization	(1,378,224)	(1,352,323)	(1,319,452)	(1,276,906)	(1,234,878)
Property and equipment, net	\$ 2,822,805	\$ 2,837,657	\$ 2,850,219	\$ 2,870,150	\$ 2,854,109
Total assets	\$ 3,240,618	\$ 3,271,604	\$ 3,285,512	\$ 3,327,750	\$ 3,273,804
Maintenance & technology capital expenditures for the quarter ended	\$ 8,175	\$ 18,868	\$ 12,055	\$ 14,368	\$ 6,193
Prison construction & land acquisition capital expenditures for the quarter ended	\$ 6,359	\$ 8,383	\$ 10,812	\$ 15,220	\$ 6,734
Total debt	\$ 1,440,500	\$ 1,455,000	\$ 1,439,250	\$ 1,466,500	\$ 1,417,750
Equity book value	\$ 1,463,161	\$ 1,458,963	\$ 1,444,193	\$ 1,444,627	\$ 1,446,456
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 43,164	\$ 37,711	\$ 42,731	\$ 70,843	\$ 54,816
Availability under revolving credit facility	\$ 467,900	\$ 455,900	\$ 471,734	\$ 445,734	\$ 484,546
<b>CAPITALIZATION:</b>					
Common shares outstanding	118,140	117,554	117,551	117,520	117,477
Common share price at end of period	\$ 31.42	\$ 24.46	\$ 13.87	\$ 35.02	\$ 32.05
Market value of common equity at end of period	\$ 3,711,959	\$ 2,875,371	\$ 1,630,432	\$ 4,115,550	\$ 3,765,138
Total equity market capitalization	\$ 3,711,959	\$ 2,875,371	\$ 1,630,432	\$ 4,115,550	\$ 3,765,138
Total market capitalization (market value of equity plus debt)	\$ 5,152,459	\$ 4,330,371	\$ 3,069,682	\$ 5,582,050	\$ 5,182,888
Regular Dividends	\$ 50,036	\$ 49,765	\$ 63,958	\$ 64,048	\$ 63,950
Dividends per common share	\$ 0.42	\$ 0.42	\$ 0.54	\$ 0.54	\$ 0.54
Annualized dividend yield	5.3%	6.9%	15.6%	6.2%	6.7%
<b>EBITDA</b>	\$ 105,279	\$ 119,391	\$ 116,823	\$ 119,389	\$ 107,070
<b>ADJUSTED EBITDA</b>	\$ 99,937	\$ 110,651	\$ 105,737	\$ 106,419	\$ 94,744
<b>NORMALIZED FUNDS FROM OPERATIONS</b>	\$ 74,135	\$ 84,642	\$ 80,929	\$ 81,288	\$ 70,787
Basic normalized funds from operations per share	\$ 0.63	\$ 0.72	\$ 0.69	\$ 0.69	\$ 0.60
Diluted normalized funds from operations per share	\$ 0.63	\$ 0.72	\$ 0.69	\$ 0.69	\$ 0.60
<b>FFO PAYOUT RATIO</b>	66.7%	58.3%	78.3%	78.3%	90.0%
<b>ADJUSTED FUNDS FROM OPERATIONS</b>	\$ 73,750	\$ 76,322	\$ 79,619	\$ 76,438	\$ 71,993
Basic adjusted funds from operations per share	\$ 0.63	\$ 0.65	\$ 0.68	\$ 0.65	\$ 0.61
Diluted adjusted funds from operations per share	\$ 0.62	\$ 0.65	\$ 0.68	\$ 0.65	\$ 0.61
<b>AFFO PAYOUT RATIO</b>	67.7%	64.6%	79.4%	83.1%	88.5%

**SELECTED FINANCIAL INFORMATION**

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

	<b>For the Three Months Ended March 31, 2017</b>	<b>2016</b>	<b>For the Twelve Months Ended December 31, 2016</b>
Number of days per period	90	91	366
<b>ALL FACILITIES:</b>			
Average available beds	<u>82,979</u>	<u>85,194</u>	<u>83,882</u>
Average compensated occupancy	<u>81.0%</u>	<u>75.1%</u>	<u>78.8%</u>
Total compensated man-days	<u>6,047,239</u>	<u>5,822,606</u>	<u>24,196,926</u>
Revenue per compensated man-day	\$ 71.98	\$ 75.30	\$ 74.77
Operating expenses per compensated man-day:			
Fixed expense (1)	37.99	39.88	38.53
Variable expense	<u>14.05</u>	<u>15.42</u>	<u>15.21</u>
Total	<u>52.04</u>	<u>55.30</u>	<u>53.74</u>
Operating income per compensated man-day	<u>\$ 19.94</u>	<u>\$ 20.00</u>	<u>\$ 21.03</u>
Operating margin	<u>27.7%</u>	<u>26.6%</u>	<u>28.1%</u>
<b>DEPRECIATION AND AMORTIZATION:</b>			
Depreciation expense on real estate	23,699	23,337	94,346
Depreciation expense associated with STFRC rent payment	4,057	10,590	38,678
Other depreciation expense	8,220	7,936	32,780
Amortization of intangibles	281	196	942
Depreciation and amortization	<u>\$ 36,257</u>	<u>\$ 42,059</u>	<u>\$ 166,746</u>
<b>NET OPERATING INCOME:</b>			
Revenue			
Owned & controlled properties	\$ 394,596	\$ 396,878	\$ 1,641,754
Managed only and other	<u>51,088</u>	<u>50,507</u>	<u>208,031</u>
Total revenues	<u>445,684</u>	<u>447,385</u>	<u>1,849,785</u>
Operating Expenses			
Owned & controlled properties	264,870	264,986	1,077,085
Managed only and other	<u>50,433</u>	<u>48,932</u>	<u>198,501</u>
Total operating expenses	<u>315,303</u>	<u>313,918</u>	<u>1,275,586</u>
Facility Net Operating Income			
Owned & controlled properties	129,726	131,892	564,669
Managed only and other	<u>655</u>	<u>1,575</u>	<u>9,530</u>
Total net operating income	<u>\$ 130,381</u>	<u>\$ 133,467</u>	<u>\$ 574,199</u>

(1) Fixed expense and the corresponding fixed expense per compensated man-day for the three months ended March 31, 2017 and 2016 include depreciation expense of \$4.1 million and \$10.6 million, respectively, and interest expense of \$1.7 million and \$2.9 million, respectively, associated with the South Texas Family Residential Center (STFRC) lease payments. Fixed expense and the corresponding fixed expense per compensated man-day for the twelve months ended December 31, 2016 include depreciation expense of \$38.7 million and interest expense of \$10.0 million associated with the STFRC lease payments. These amounts are also deducted from our calculation of Adjusted EBITDA, because we believe this presentation is more reflective of the cash flows associated with the facility's operations, and therefore cash available to service our debt and pay dividends to our shareholders.

**SEGREGATED DATA**

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

	<b>For the Three Months Ended March 31, 2017</b>	<b>2016</b>	<b>For the Twelve Months Ended December 31, 2016</b>
<b>OWNED AND MANAGED FACILITIES:</b>			
Corrections revenue	\$ 384,703	\$ 388,621	\$ 1,603,671
Operating expenses:			
Fixed expense (1)	196,434	200,221	803,026
Variable expense	71,569	76,671	313,723
Total	268,003	276,892	1,116,749
Facility net operating income	\$ 116,700	\$ 111,729	\$ 486,922
Average available beds	69,081	71,296	69,984
Average compensated occupancy	78.4%	71.5%	75.6%
Total compensated man-days	4,874,595	4,641,382	19,376,673
Revenue per compensated man-day	\$ 78.92	\$ 83.73	\$ 82.76
Operating expenses per compensated man-day:			
Fixed (1)	40.30	43.14	41.44
Variable	14.68	16.52	16.19
Total	54.98	59.66	57.63
Operating income per compensated man-day	\$ 23.94	\$ 24.07	\$ 25.13
Operating margin	30.3%	28.7%	30.4%
<b>MANAGED ONLY FACILITIES:</b>			
Corrections revenue	\$ 50,561	\$ 49,830	\$ 205,420
Operating expenses:			
Fixed expense	33,318	31,996	129,227
Variable expense	13,407	13,095	54,416
Total	46,725	45,091	183,643
Facility net operating income	\$ 3,836	\$ 4,739	\$ 21,777
Average available beds	13,898	13,898	13,898
Average compensated occupancy	93.8%	93.4%	94.8%
Total compensated man-days	1,172,644	1,181,224	4,820,253
Revenue per compensated man-day	\$ 43.12	\$ 42.19	\$ 42.62
Operating expenses per compensated man-day:			
Fixed expense	28.41	27.09	26.81
Variable expense	11.43	11.09	11.29
Total	39.84	38.18	38.10
Operating income per compensated man-day	\$ 3.28	\$ 4.01	\$ 4.52
Operating margin	7.6%	9.5%	10.6%

(1) Fixed expense and the corresponding fixed expense per compensated man-day for the three months ended March 31, 2017 and 2016 include depreciation expense of \$4.1 million and \$10.6 million, respectively, and interest expense of \$1.7 million and \$2.9 million, respectively, associated with the South Texas Family Residential Center (STFRC) lease payments. Fixed expense and the corresponding fixed expense per compensated man-day for the twelve months ended December 31, 2016 include depreciation expense of \$38.7 million and interest expense of \$10.0 million associated with the STFRC lease payments. These amounts are also deducted from our calculation of Adjusted EBITDA, because we believe this presentation is more reflective of the cash flows associated with the facility's operations, and therefore cash available to service our debt and pay dividends to our shareholders.

## ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2016</u>	<u>Outstanding Balance 3/31/2017</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u> <sup>1)</sup>	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
<b>Fixed Rate:</b>						
\$350 Million Senior Notes	\$ 350,000	\$ 350,000	4.625%	4.80%	May 2023	Prior to February 1, 2023, redeemable at a "make-whole" redemption price, plus accrued and unpaid interest; thereafter the notes are redeemable at 100% of the aggregate principal amount plus accrued and unpaid interest.
\$325 Million Senior Notes	325,000	325,000	4.125%	4.38%	April 2020	Prior to January 1, 2020, redeemable at a "make-whole" redemption price, plus accrued and unpaid interest; thereafter the notes are redeemable at 100% of the aggregate principal amount plus accrued and unpaid interest.
\$250 Million Senior Notes	250,000	250,000	5.0%	5.19%	October 2022	Prior to July 15, 2022, redeemable at a "make-whole" redemption price, plus accrued and unpaid interest; thereafter the notes are redeemable at 100% of the aggregate principal amount plus accrued and unpaid interest.
Total Fixed Rate Debt	<u>925,000</u>	<u>925,000</u>				
<b>Floating Rate:</b>						
Revolving Credit Facility	435,000	423,000	2.74%	2.98%	July 2020	
Term Loan	<u>95,000</u>	<u>92,500</u>	2.32%	2.44%	July 2020	
Total Floating Rate Debt	<u>530,000</u>	<u>515,500</u>				
Grand Total Debt	<u>\$ 1,455,000</u>	<u>\$ 1,440,500</u>	3.88%	4.09%	4.30	

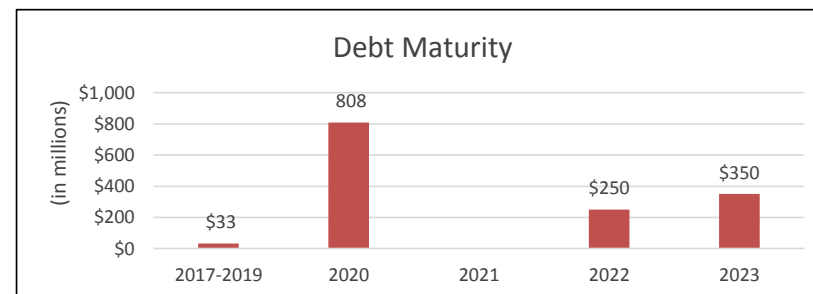
<sup>1)</sup> Includes amortization of debt issuance costs.

<sup>2)</sup> The Company has \$9.1 million of letters of credit outstanding under a sub-facility reducing the available capacity under the \$900.0 million revolving credit facility to \$467.9 million as of March 31, 2017. Based on the Company's current leverage ratio, the revolving credit facility bears interest at LIBOR plus a margin of 1.50%.

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

### Debt Maturity Schedule at March 31, 2017:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
<b>2017</b>	\$ 7,500	0.52%	0.52%
<b>2018</b>	10,000	0.69%	1.21%
<b>2019</b>	15,000	1.04%	2.26%
<b>2020</b>	808,000	56.09%	58.35%
<b>2021</b>	-	0.00%	58.35%
<b>Thereafter</b>	<u>600,000</u>	<u>41.65%</u>	<u>100.00%</u>
	<u>\$ 1,440,500</u>	<u>100.00%</u>	



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

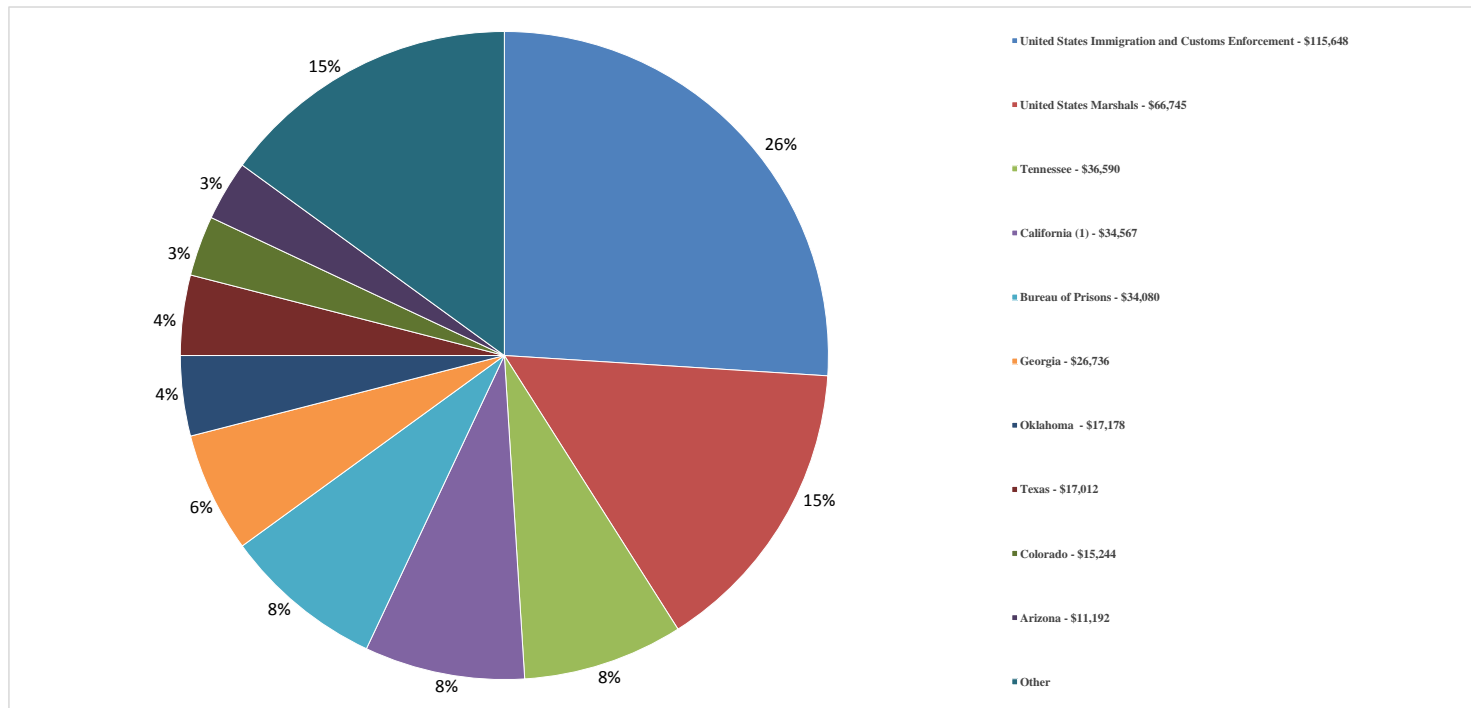
	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2017	2016	2016
<b><u>COVERAGE RATIOS:</u></b>			
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	7.0x	6.7x	7.4x
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	6.0x	6.2x	6.8x
Senior debt coverage ratio ((Senior debt - cash)/Annualized Adjusted EBITDA) (x)	3.5x	3.6x	3.4x
Total debt coverage ratio ((Total debt - cash)/Annualized Adjusted EBITDA) (x)	3.5x	3.6x	3.4x
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	8.4x	8.6x	8.0x
<b><u>DEBT/EQUITY RATIOS:</u></b>			
Total debt/Total market capitalization	28.0%	27.4%	33.6%
Total debt/Equity market capitalization	38.8%	37.7%	50.6%
Total debt/Book equity capitalization	98.5%	98.0%	99.7%
Total debt/Gross book value of real estate assets	34.3%	34.7%	34.7%
<b><u>RETURN ON INVESTMENT RATIOS:</u></b>			
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	9.5%	9.3%	10.1%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	8.6%	8.4%	9.1%
<b><u>OVERHEAD RATIOS:</u></b>			
Annualized general & administrative expenses (excl. non-recurring costs)/Average total assets (undepreciated book value)*	2.1%	2.2%	2.3%
General & administrative expenses (excluding non-recurring costs)/Total revenues	5.5%	5.7%	5.7%
<b><u>INTEREST EXPENSE, NET:</u></b>			
Interest income	\$ (212)	\$ (110)	\$ (1,117)
Interest incurred	14,245	14,043	56,237
Interest expense associated with STFRC lease	1,674	2,879	10,040
Amortization of debt costs	783	792	3,147
Capitalized interest	-	(60)	(552)
Interest expense, net	<u>\$ 16,490</u>	<u>\$ 17,544</u>	<u>\$ 67,755</u>
<b><u>EBITDA CALCULATION:</u></b>			
Net income	\$ 50,047	\$ 46,307	\$ 219,919
Interest expense, net	16,490	17,544	67,755
Depreciation and amortization	36,257	42,059	166,746
Income tax expense	2,485	1,160	8,253
EBITDA	<u>105,279</u>	<u>107,070</u>	<u>462,673</u>
Expenses associated with mergers and acquisitions	130	1,143	1,586
Gain on settlement of contingent consideration	-	-	(2,000)
Restructuring charges	-	-	4,010
Depreciation expense associated with STFRC lease	(4,057)	(10,590)	(38,678)
Interest expense associated with STFRC lease	(1,674)	(2,879)	(10,040)
Asset impairments	259	-	-
ADJUSTED EBITDA	<u>\$ 99,937</u>	<u>\$ 94,744</u>	<u>\$ 417,551</u>

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

**PARTNER INFORMATION**  
(Unaudited)

<b>CONTRACT RETENTION</b>							
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>YTD 2017</b>	<b>TOTAL</b>
<b>OWNED AND CONTROLLED:</b>							
# of Contracts up for Renewal	22	28	22	29	42	3	146
# of Contracts Retained	21	25	22	26	39	3	136
Retention Rate	95.5%	89.3%	100.0%	89.7%	92.9%	100.0%	93.2%
<b>MANAGED ONLY:</b>							
# of Contracts up for Renewal	7	13	7	10	4	-	41
# of Contracts Retained	6	11	4	10	4	-	35
Retention Rate	85.7%	84.6%	57.1%	100.0%	100.0%	-	85.4%
<b>TOTAL RETENTION RATE</b>	<b>93.1%</b>	<b>87.8%</b>	<b>89.7%</b>	<b>92.3%</b>	<b>93.5%</b>	<b>100.0%</b>	<b>91.4%</b>

**TOP TEN PARTNERS**  
**Percentage of Revenue for the Three Months Ended March 31, 2017**  
(Revenue Percentages and Amounts are Inclusive of all Contracts with Respective Partners)



(1) Revenues of \$26.1 million, or 6% of total revenue, were earned under a contract in facilities housing out-of-state inmates.

FACILITY PORTFOLIO

Facility Name	Year Constructed/Acquired (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 3/31/17
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-18	(2) 5 year	104.94%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	92.51%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-18	(2) 5 year	98.27%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-19	Indefinite	82.41%
Red Rock Correctional Center (E) Eloy, Arizona	2006, 2016	State of Arizona	2,024	Medium	Correctional	Jan-24	(2) 5 year	93.25%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-19	(2) 1 year	85.33%
CAI Boston Avenue San Diego, California	2013	State of California	120	-	Community Corrections	Jun-18	(3) 1 year	85.46%
CAI Ocean View San Diego, California	2013	BOP	483	-	Community Corrections	May-17	(4) 1 year	98.47%
Leo Chesney Correctional Center Live Oak, California	1989	-	240	-	-	-	-	0.00%
Otay Mesa Detention Center San Diego, California	2015	ICE	1,482	Minimum/ Medium	Detention	Jun-17	(2) 3 year	92.65%
Arapahoe Community Treatment Center Englewood, Colorado	2017	Arapahoe County	135	-	Community Corrections	Jun-17	-	86.97%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-17	-	98.06%
Boulder Community Treatment Center Boulder, Colorado	2016	Boulder County	69	-	Community Corrections	Dec-17	(1) 1 year	94.94%
Centennial Community Transition Center Englewood, Colorado	2016	Arapahoe County	107	-	Community Corrections	Jun-17	-	94.91%
Columbine Facility Denver, Colorado	2016	Denver County	60	-	Community Corrections	Jun-17	-	90.24%
Crowley County Correctional Facility Olney Springs, Colorado	2003, 2004	State of Colorado	1,794	Medium	Correctional	Jun-17	-	88.14%
Dahlia Facility Denver, Colorado	2016	Denver County	120	-	Community Corrections	Jun-17	-	91.61%
Fox Facility and Training Center Denver, Colorado	2016	Denver County	90	-	Community Corrections	Jun-17	-	74.62%
Huerfano County Correctional Center Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%

FACILITY PORTFOLIO

Facility Name	Year Constructed/Acquired (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 3/31/17
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	-	1,488	Medium	Correctional	-	-	0.00%
Longmont Community Treatment Center Longmont, Colorado	2016	Boulder County	69	-	Community Corrections	Dec-17	(1) 1 year	95.75%
Ulster Facility Denver, Colorado	2016	Denver County	90	-	Community Corrections	Jun-17	-	83.10%
Coffee Correctional Facility (F) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-17	(17) 1 year	113.41%
Jenkins Correctional Center (F) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-17	(18) 1 year	101.72%
McRae Correctional Facility McRae, Georgia	2000, 2002, 2012	BOP	1,978	Medium	Correctional	Nov-18	(2) 2 year	82.56%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	106.61%
Wheeler Correctional Facility (F) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-17	(17) 1 year	115.58%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-21	(1) 5 year	64.15%
Lee Adjustment Center Beattyville, Kentucky	1998	-	816	Minimum/ Medium	Correctional	-	-	0.00%
Marion Adjustment Center St. Mary, Kentucky	1998	-	826	Minimum/ Medium	Correctional	-	-	0.00%
Southeast Kentucky Correctional Facility (G) Wheelwright, Kentucky	1998	-	656	Minimum/ Medium	Correctional	-	-	0.00%
Prairie Correctional Facility Appleton, Minnesota	1991	-	1,600	Medium	Correctional	-	-	0.00%
Adams County Correctional Center Adams County, Mississippi	2008	BOP	2,232	Medium	Correctional	Jul-17	(1) 2 year	97.65%
Tallahatchie County Correctional Facility (H) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-19	Indefinite	76.48%
Crossroads Correctional Center (I) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Jun-17	(1) 2 year	104.76%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-20	(2) 5 year	71.95%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Aug-17	(4) 1 year	97.82%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	ICE	1,129	Medium	Detention	Oct-21	Indefinite	55.06%
Northwest New Mexico Correctional Center Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-20	-	116.20%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	83.38%



FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed/Acquired (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/17</u>
Lake Erie Correctional Institution (J) Conneaut, Ohio	2011	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	97.85%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	USMS	2,016	Medium	Correctional	Dec-18	-	37.42%
Carver Transitional Center Oklahoma City, Oklahoma	2015	State of Oklahoma	494	-	Community Corrections	Jun-17	(1) 1 year	55.27%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-17	(2) 1 year	95.05%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-17	(2) 1 year	96.90%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	-	2,160	Medium	Correctional	-	-	0.00%
Tulsa Transitional Center Tulsa, Oklahoma	2015	State of Oklahoma	390	-	Community Corrections	Jun-17	(1) 1 year	61.77%
Turley Residential Center Tulsa, Oklahoma	2015	State of Oklahoma	289	-	Community Corrections	Jun-17	(2) 1 year	51.57%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	-	-	-	-	0.00%
Trousdale Turner Correctional Center Hartsville, Tennessee	2015	State of Tennessee	2,552	Multi	Correctional	Jan-21	-	94.98%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-17	(6) 2 year	70.71%
Whiteville Correctional Facility (L) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-16	-	97.54%
Austin Residential Reentry Center Del Valle, Texas	2015	BOP	116	-	Community Corrections	Aug-17	-	67.38%
Austin Transitional Center Del Valle, Texas	2015	State of Texas	460	-	Community Corrections	Aug-17	(3) 1 year	85.62%
Corpus Christi Transitional Center Corpus Christi, Texas	2015	State of Texas	160	-	Community Corrections	Aug-17	(1) 2 year	88.14%
Dallas Transitional Center Hutchins, Texas	2015	State of Texas	300	-	Community Corrections	Aug-17	(3) 1 year	94.09%
Eden Detention Center Eden, Texas	1995	BOP	1,422	Medium	Correctional	Apr-17	-	85.79%
El Paso Multi-Use Facility El Paso, Texas	2015	State of Texas	360	-	Community Corrections	Aug-17	(3) 1 year	80.19%
El Paso Transitional Center El Paso, Texas	2015	State of Texas	224	-	Community Corrections	Aug-17	(3) 1 year	80.88%

FACILITY PORTFOLIO

Facility Name	Year Constructed/Acquired (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 3/31/17
Fort Worth Transitional Center Fort Worth, Texas	2015	State of Texas	248	-	Community Corrections	Aug-17	(3) 1 year	77.69%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Apr-18	(5) 2 month	100.03%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-18	-	113.11%
South Texas Family Residential Center Dilley, Texas	2014	ICE	2,400	-	Residential	Sep-21	-	100.00%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Medium	Detention	Jan-20	Indefinite	97.56%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-17	-	64.47%
Cheyenne Transitional Center Cheyenne, Wyoming	2015	State of Wyoming	116	-	Community Corrections	Jun-17	Indefinite	73.64%
Total design capacity for Owned and Managed Facilities (66 Owned and Managed Facilities)			<u>68,564</u>					<u>78.4%</u>
<b>Managed Only Facilities:</b>								
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-20	Indefinite	68.77%
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Medium	Correctional	Jun-18	Indefinite	98.82%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	123.41%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-17	-	97.43%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jan-20	-	74.22%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Apr-17	-	88.94%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-18	-	97.15%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-17	-	81.85%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-17	-	98.57%
Lindsey State Jail Jacksboro, Texas	1995	State of Texas	1,031	Minimum/ Medium	Correctional	Aug-17	-	93.24%
Willacy State Jail Raymondville, Texas	1995	State of Texas	1,069	Minimum/ Medium	Correctional	Aug-17	-	99.01%
Total design capacity for Managed Only Facilities (11 Managed Only Facilities)			<u>13,898</u>					<u>93.8%</u>
Total design capacity for All Owned and Managed and Managed Only Facilities as of March 31, 2017			<u>82,462</u>					<u>81.0%</u>

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed/Acquired (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/17</u>
<b>Leased Facilities:</b>								
California City Correctional Center California City, California	1999	CDCR	2,560	Medium	Correctional	Nov-20	Indefinite	100.00%
Long Beach Community Corrections Center Long Beach, California	2016	Community Education Centers	112	-	Community Corrections	Jun-20	(1) 5 year	100.00%
Stockton Female Community Corrections Facility Stockton, California	2017	WestCare California, Inc.	100		Community Corrections	Apr-21	(1) 5 year	100.00%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of Oklahoma	2,400	Medium	Correctional	Jul-21	Indefinite	100.00%
Broad Street Residential Reentry Center Philadelphia, Pennsylvania	2015	Community Education Centers	150	-	Community Corrections	Jul-19	(4) 5 year	100.00%
Chester Residential Reentry Center Chester, Pennsylvania	2015	Community Education Centers	135	-	Community Corrections	Jul-19	(4) 5 year	100.00%
Roth Hall Residential Reentry Center Philadelphia, Pennsylvania	2015	Community Education Centers	160	-	Community Corrections	Jul-19	(4) 5 year	100.00%
Walker Hall Residential Reentry Center Philadelphia, Pennsylvania	2015	Community Education Centers	160	-	Community Corrections	Jul-19	(4) 5 year	100.00%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1995	MTC	200	Medium	Correctional	Sep-17	-	100.00%
Total design capacity for Leased Facilities (9 Facilities)			<u>5,977</u>					<u>100.0%</u>
<b>Total Portfolio (86 Facilities)</b>			<u>88,439</u>					<u>82.2%</u>
<b>Less Idle Facilities: (9 Facilities)</b>			(8,738)					0.0%
<b>Total Portfolio, Excluding Idle Facilities</b>			<u>79,701</u>					<u>91.2%</u>

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed/Acquired (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/17</u>
----------------------	--------------------------------------	-------------------------	----------------------------	-----------------------	--------------------------	-------------	--------------------------------------	--

(A) The year constructed/acquired represents the initial date of acquisition or completion of construction of the facility, 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 offenders each facility is designed to accommodate. Facilities housing detainees on a short-term basis may exceed the original intended design capacity 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 our operations, because the revenue generated by each facility is based on a per diem or monthly rate per offender 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 offender populations in a particular facility on March 31, 2017. If, for example, a 1,000-bed facility housed 900 adult offenders 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) Pursuant to the terms of a contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the twenty year term.

(F) 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, as defined, or fair market value at any time during the term of the contract between us and the GDOC.

(G) 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 to 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. We have entered into an agreement with the city of Wheelwright that extends the reversion through July 31, 2018, in exchange for \$20,000 per month or until we resume operations, as defined in the agreement.

(H) 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.

(I) 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.

(J) The state of Ohio has the irrevocable right to repurchase the facility before we may resell the facility to a third party, or if we become insolvent or are unable to meet our obligations under the management contract with the state of Ohio, at a price generally equal to the fair market value, as defined in the Real Estate Purchase Agreement.

(K) 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.

(L) The state of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational or financial breach, as defined, at a price equal to the book value, as defined.

**RESEARCH / ANALYST COVERAGE**

Equity Research Coverage:

---

Canaccord Genuity	Michael Kodesch	(212) 389-8095
Deutsche Bank Securities	Kevin McVeigh	(212) 250-9679
SunTrust Robinson Humphrey	Tobey Sommer	(404) 926-5009
Wells Fargo Securities	Robert LaQuaglia	(617) 603-4263

Debt Research Coverage:

---

Wells Fargo Securities	Kevin McClure	(704) 410-3252
------------------------	---------------	----------------

Rating Agency Coverage:

---

Moody's Investors Service	Chris Pappas	(212) 553-1836
Standard & Poor's	Jerry Phelan	(312) 233-7031
Fitch Ratings	Steven Marks	(212) 908-9161

Credit Ratings:

---

	<u>Fitch</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
Corporate Credit Rating	BB +	BB	Not rated
Senior Unsecured Debt	BB +	BB	Ba1
Senior Bank Credit Facility	BBB -	BBB-	Not Rated

Any opinions, estimates and/or forecasts regarding the Company's performance made by the analysts and/or rating agencies listed above are theirs alone and do not necessarily represent the opinions, forecasts or predictions of the Company or its management. The Company does not by its reference above imply its endorsement of or concurrence with such information, conclusions or recommendations and the Company has not undertaken to verify any of the information provided by such analysts or agencies.