



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended September 30, 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 September 30, 2009

TABLE OF CONTENTS

Consolidated Balance Sheets	1
Consolidated Statements of Operations	2
Reconciliation of Basic to Diluted Earnings Per Share	3
Calculation of Adjusted Diluted Earnings Per Share	4
Selected Financial Information	5
Analysis of Outstanding Debt	8
Selected Operating Ratios	9
Facility Portfolio	10
Diversification of Revenue	16
Research Coverage / Credit Ratings	17

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CONSOLIDATED BALANCE SHEETS

1 of 17

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

ASSETS	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Cash and cash equivalents	\$ 53,626	\$ 73,388	\$ 44,048	\$ 34,077	\$ 28,736
Accounts receivable, net of allowance	278,476	249,386	261,226	264,336	242,732
Deferred tax assets	15,167	11,999	14,359	16,108	14,789
Prepaid expenses and other current assets	26,667	36,035	15,891	23,778	20,717
Total current assets	<u>373,936</u>	<u>370,808</u>	<u>335,524</u>	<u>338,299</u>	<u>306,974</u>
Property and equipment, net	2,486,080	2,476,507	2,478,612	2,478,824	2,456,949
Restricted cash	6,745	6,741	6,732	6,710	6,669
Investment in direct financing lease	12,506	12,818	13,120	13,414	13,698
Goodwill	13,672	13,672	13,672	13,672	13,672
Other assets	27,709	28,295	19,621	20,455	21,907
Total assets	<u>\$ 2,920,648</u>	<u>\$ 2,908,841</u>	<u>\$ 2,867,281</u>	<u>\$ 2,871,374</u>	<u>\$ 2,819,869</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 214,024	\$ 176,548	\$ 173,042	\$ 191,083	\$ 219,587
Income taxes payable	482	455	11,574	450	8,905
Current portion of long-term debt	-	-	290	290	290
Total current liabilities	<u>214,506</u>	<u>177,003</u>	<u>184,906</u>	<u>191,823</u>	<u>228,782</u>
Long-term debt, net of current portion	1,198,792	1,276,357	1,264,781	1,192,632	1,155,460
Deferred tax liabilities	81,949	73,343	71,109	68,349	42,884
Other liabilities	32,050	39,245	39,016	38,211	39,505
Total liabilities	<u>1,527,297</u>	<u>1,565,948</u>	<u>1,559,812</u>	<u>1,491,015</u>	<u>1,466,631</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,155	1,152	1,151	1,247	1,256
Additional paid-in capital	1,476,798	1,471,595	1,468,786	1,576,177	1,589,572
Retained deficit	(84,602)	(129,854)	(162,468)	(197,065)	(237,590)
Total stockholders' equity	<u>1,393,351</u>	<u>1,342,893</u>	<u>1,307,469</u>	<u>1,380,359</u>	<u>1,353,238</u>
Total liabilities and stockholders' equity	<u>\$ 2,920,648</u>	<u>\$ 2,908,841</u>	<u>\$ 2,867,281</u>	<u>\$ 2,871,374</u>	<u>\$ 2,819,869</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
REVENUE:				
Management:				
Federal	\$ 166,364	\$ 158,656	\$ 488,673	\$ 466,934
State	224,939	211,010	653,510	604,823
Local	18,044	16,790	50,584	48,816
Other	15,454	15,082	45,206	45,225
Total management revenue	<u>424,801</u>	<u>401,538</u>	<u>1,237,973</u>	<u>1,165,798</u>
Transportation	647	1,563	3,117	5,717
Rental	455	650	1,484	1,926
Other	115	6	291	75
	<u>426,018</u>	<u>403,757</u>	<u>1,242,865</u>	<u>1,173,516</u>
EXPENSES:				
Operating:				
Facility fixed	223,458	212,434	650,482	607,759
Facility variable	72,596	68,502	211,811	204,637
Transportation	3,327	4,110	9,238	12,702
Other	60	197	1,990	3,741
Total operating expenses	<u>299,441</u>	<u>285,243</u>	<u>873,521</u>	<u>828,839</u>
General and administrative	21,704	20,866	65,015	60,222
Depreciation and amortization	25,532	23,251	75,124	66,373
	<u>346,677</u>	<u>329,360</u>	<u>1,013,660</u>	<u>955,434</u>
OPERATING INCOME	<u>79,341</u>	<u>74,397</u>	<u>229,205</u>	<u>218,082</u>
OTHER EXPENSE:				
Interest expense, net	18,339	15,087	54,935	42,671
Expenses associated with debt refinancing transactions	-	-	3,838	-
Other (income) expenses	49	(314)	(242)	(309)
	<u>18,388</u>	<u>14,773</u>	<u>58,531</u>	<u>42,362</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	60,953	59,624	170,674	175,720
Income tax expense	<u>(15,701)</u>	<u>(21,862)</u>	<u>(57,422)</u>	<u>(66,214)</u>
INCOME FROM CONTINUING OPERATIONS	45,252	37,762	113,252	109,506
Income (loss) from discontinued operations, net of taxes	<u>-</u>	<u>129</u>	<u>(789)</u>	<u>910</u>
NET INCOME	<u>\$ 45,252</u>	<u>\$ 37,891</u>	<u>\$ 112,463</u>	<u>\$ 110,416</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.39</u>	<u>\$ 0.30</u>	<u>\$ 0.97</u>	<u>\$ 0.89</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.39</u>	<u>\$ 0.30</u>	<u>\$ 0.96</u>	<u>\$ 0.87</u>

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

3 of 17

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Basic:				
Income from continuing operations	\$ 45,252	\$ 37,762	\$ 113,252	\$ 109,506
Income (loss) from discontinued operations, net of taxes	-	129	(789)	910
Net income	\$ 45,252	\$ 37,891	\$ 112,463	\$ 110,416
Diluted:				
Income from continuing operations	\$ 45,252	\$ 37,762	\$ 113,252	\$ 109,506
Income (loss) from discontinued operations, net of taxes	-	129	(789)	910
Diluted net income	\$ 45,252	\$ 37,891	\$ 112,463	\$ 110,416
Basic:				
Weighted average common shares outstanding	115,278	125,433	116,907	125,092
Unvested restricted common stock	(507)	(737)	(516)	(726)
Weighted average common shares outstanding-basic	114,771	124,696	116,391	124,366
Diluted:				
Weighted average common shares outstanding-basic	114,771	124,696	116,391	124,366
Effect of dilutive securities:				
Stock options and warrants	1,154	1,596	870	1,722
Restricted stock-based compensation	244	255	191	214
Weighted average shares and assumed conversions-diluted	116,169	126,547	117,452	126,302
Basic earnings per share:				
Income from continuing operations	\$ 0.39	\$ 0.30	\$ 0.98	\$ 0.88
Income (loss) from discontinued operations, net of taxes	-	-	(0.01)	0.01
Net income	\$ 0.39	\$ 0.30	\$ 0.97	\$ 0.89
Diluted earnings per share:				
Income from continuing operations	\$ 0.39	\$ 0.30	\$ 0.97	\$ 0.86
Income (loss) from discontinued operations, net of taxes	-	-	(0.01)	0.01
Net income	\$ 0.39	\$ 0.30	\$ 0.96	\$ 0.87

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

4 of 17

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Net Income	\$ 45,252	\$ 37,891	\$ 112,463	\$ 110,416
Special items:				
Reversal of reserve for uncertain tax positions and other additional income tax credits	(6,974)	-	(6,974)	-
Expenses associated with debt refinancing transactions	-	-	3,838	-
Income tax benefit for special items	-	-	(1,465)	-
Diluted adjusted net income	<u>\$ 38,278</u>	<u>\$ 37,891</u>	<u>\$ 107,862</u>	<u>\$ 110,416</u>
Weighted average common shares outstanding - basic	114,771	124,696	116,391	124,366
Effect of dilutive securities:				
Stock options and warrants	1,154	1,596	870	1,722
Restricted stock-based compensation	<u>244</u>	<u>255</u>	<u>191</u>	<u>214</u>
Weighted average shares and assumed conversions - diluted	<u>116,169</u>	<u>126,547</u>	<u>117,452</u>	<u>126,302</u>
Adjusted Diluted Earnings Per Share	<u>\$ 0.33</u>	<u>\$ 0.30</u>	<u>\$ 0.92</u>	<u>\$ 0.87</u>

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

5 of 17

	<u>September 30, 2009</u>	<u>June 30, 2009</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>September 30, 2008</u>
BALANCE SHEET:					
Property and equipment	\$ 3,161,080	\$ 3,126,257	\$ 3,102,821	\$ 3,078,214	\$ 3,035,753
Accumulated depreciation and amortization	(675,000)	(649,750)	(624,209)	(599,390)	(578,804)
Property and equipment, net	<u>\$ 2,486,080</u>	<u>\$ 2,476,507</u>	<u>\$ 2,478,612</u>	<u>\$ 2,478,824</u>	<u>\$ 2,456,949</u>
Total assets	\$ 2,920,648	\$ 2,908,841	\$ 2,867,281	\$ 2,871,374	\$ 2,819,869
Maintenance & technology capital expenditures for the quarter ended	\$ 12,667	\$ 7,877	\$ 10,312	\$ 12,268	\$ 7,861
Total debt	\$ 1,198,792	\$ 1,276,357	\$ 1,265,071	\$ 1,192,922	\$ 1,155,750
Equity book value	\$ 1,393,351	\$ 1,342,893	\$ 1,307,469	\$ 1,380,359	\$ 1,353,238
LIQUIDITY:					
Cash and cash equivalents	\$ 53,626	\$ 73,388	\$ 44,048	\$ 34,077	\$ 28,736
Availability under revolving credit facility	\$ 188,498	\$ 187,950	\$ 119,028	\$ 191,250	\$ 237,208
CAPITALIZATION:					
Common shares outstanding	115,482	115,181	115,149	124,673	125,597
Common share price at end of period	\$ 22.65	\$ 16.99	\$ 12.81	\$ 16.36	\$ 24.85
Market value of common equity at end of period	<u>\$ 2,615,667</u>	<u>\$ 1,956,925</u>	<u>\$ 1,475,059</u>	<u>\$ 2,039,650</u>	<u>\$ 3,121,085</u>
Total equity market capitalization	<u>\$ 2,615,667</u>	<u>\$ 1,956,925</u>	<u>\$ 1,475,059</u>	<u>\$ 2,039,650</u>	<u>\$ 3,121,085</u>
Total market capitalization (market value of equity plus debt)	<u><u>\$ 3,814,459</u></u>	<u><u>\$ 3,233,282</u></u>	<u><u>\$ 2,740,130</u></u>	<u><u>\$ 3,232,572</u></u>	<u><u>\$ 4,276,835</u></u>
EBITDA	\$ 104,824	\$ 96,349	\$ 99,560	\$ 106,126	\$ 97,962
ADJUSTED EBITDA	\$ 104,824	\$ 100,187	\$ 99,560	\$ 106,126	\$ 97,962
ADJUSTED FREE CASH FLOW	\$ 68,117	\$ 34,577	\$ 73,021	\$ 64,986	\$ 61,953
ADJUSTED FREE CASH FLOW PER SHARE:					
Basic adjusted free cash flow per share	<u>\$ 0.59</u>	<u>\$ 0.30</u>	<u>\$ 0.61</u>	<u>\$ 0.52</u>	<u>\$ 0.50</u>
Diluted adjusted free cash flow per share	<u><u>\$ 0.59</u></u>	<u><u>\$ 0.30</u></u>	<u><u>\$ 0.61</u></u>	<u><u>\$ 0.52</u></u>	<u><u>\$ 0.49</u></u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
Number of days per period	92	92	273	274
ALL FACILITIES:				
Average available beds	86,632	79,337	85,917	77,399
Average compensated occupancy	91.3%	95.4%	90.4%	96.5%
Total compensated man-days	7,275,451	6,963,538	21,203,631	20,455,389
Revenue per compensated man-day	\$ 58.39	\$ 57.66	\$ 58.38	\$ 56.99
Operating expenses per compensated man-day:				
Fixed expense	30.71	30.51	30.68	29.71
Variable expense	9.98	9.84	9.99	10.00
Total	40.69	40.35	40.67	39.71
Operating margin per compensated man-day	\$ 17.70	\$ 17.31	\$ 17.71	\$ 17.28
Operating margin rate	30.3%	30.0%	30.3%	30.3%
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	17,121	15,120	49,989	42,547
Other depreciation expense	9,091	9,296	27,498	27,323
Amortization of negative contract values	(680)	(1,165)	(2,363)	(3,497)
Depreciation and amortization	\$ 25,532	\$ 23,251	\$ 75,124	\$ 66,373
ADJUSTED FREE CASH FLOW:				
Income from continuing operations before income taxes	\$ 60,953	\$ 59,624	\$ 170,674	\$ 175,720
Expenses associated with debt refinancing transactions	-	-	3,838	-
Income tax benefit for debt refinancing transactions	-	-	(1,465)	-
Income taxes paid	(8,852)	(16,702)	(49,691)	(39,474)
Depreciation and amortization	25,532	23,251	75,124	66,373
Depreciation and amortization for discontinued operations	-	313	4	779
Income (loss) from discontinued operations, net of taxes	-	129	(789)	910
Income tax expense (benefit) for discontinued operations	-	61	(481)	525
Stock-based compensation reflected in G&A expenses	2,063	2,198	6,422	6,336
Amortization of debt costs and other non-cash interest	1,088	940	2,935	2,900
Maintenance and technology capital expenditures	(12,667)	(7,861)	(30,856)	(23,053)
Adjusted free cash flow	\$ 68,117	\$ 61,953	\$ 175,715	\$ 191,016
ADJUSTED FREE CASH FLOW PER SHARE:				
Basic	\$ 0.59	\$ 0.50	\$ 1.51	\$ 1.54
Diluted	\$ 0.59	\$ 0.49	\$ 1.50	\$ 1.51

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
MANAGED ONLY FACILITIES:				
Management revenue	\$ 89,331	\$ 87,187	\$ 260,176	\$ 257,255
Operating expenses:				
Fixed expense	58,112	56,363	167,841	165,410
Variable expense	19,385	18,363	57,443	56,553
Total	<u>77,497</u>	<u>74,726</u>	<u>225,284</u>	<u>221,963</u>
Contribution	<u>\$ 11,834</u>	<u>\$ 12,461</u>	<u>\$ 34,892</u>	<u>\$ 35,292</u>
Average available beds	<u>25,578</u>	<u>24,483</u>	<u>24,877</u>	<u>24,549</u>
Average compensated occupancy	<u>95.6%</u>	<u>98.1%</u>	<u>97.1%</u>	<u>97.4%</u>
Total compensated man-days	<u>2,248,444</u>	<u>2,210,468</u>	<u>6,595,476</u>	<u>6,553,168</u>
Revenue per compensated man-day	\$ 39.73	\$ 39.44	\$ 39.45	\$ 39.26
Operating expenses per compensated man-day:				
Fixed expense	25.85	25.50	25.45	25.24
Variable expense	8.62	8.31	8.71	8.63
Total	<u>34.47</u>	<u>33.81</u>	<u>34.16</u>	<u>33.87</u>
Operating margin per compensated man-day	<u>\$ 5.26</u>	<u>\$ 5.63</u>	<u>\$ 5.29</u>	<u>\$ 5.39</u>
Operating margin rate	<u>13.2%</u>	<u>14.3%</u>	<u>13.4%</u>	<u>13.7%</u>
OWNED AND MANAGED FACILITIES:				
Management revenue	\$ 335,470	\$ 314,351	\$ 977,797	\$ 908,543
Operating expenses:				
Fixed expense	165,346	156,071	482,641	442,349
Variable expense	53,211	50,139	154,368	148,084
Total	<u>218,557</u>	<u>206,210</u>	<u>637,009</u>	<u>590,433</u>
Contribution	<u>\$ 116,913</u>	<u>\$ 108,141</u>	<u>\$ 340,788</u>	<u>\$ 318,110</u>
Average available beds	<u>61,054</u>	<u>54,854</u>	<u>61,040</u>	<u>52,850</u>
Average compensated occupancy	<u>89.5%</u>	<u>94.2%</u>	<u>87.7%</u>	<u>96.0%</u>
Total compensated man-days	<u>5,027,007</u>	<u>4,753,070</u>	<u>14,608,155</u>	<u>13,902,221</u>
Revenue per compensated man-day	\$ 66.73	\$ 66.14	\$ 66.94	\$ 65.35
Operating expenses per compensated man-day:				
Fixed	32.89	32.84	33.04	31.82
Variable	10.59	10.55	10.57	10.65
Total	<u>43.48</u>	<u>43.39</u>	<u>43.61</u>	<u>42.47</u>
Operating margin per compensated man-day	<u>\$ 23.25</u>	<u>\$ 22.75</u>	<u>\$ 23.33</u>	<u>\$ 22.88</u>
Operating margin rate	<u>34.8%</u>	<u>34.4%</u>	<u>34.8%</u>	<u>35.0%</u>

ANALYSIS OF OUTSTANDING DEBT

8 of 17

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2008</u>	<u>Outstanding Balance 9/30/2009</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u>	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
Fixed Rate:						
\$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	-	451,993	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>976,993</u>				
Floating Rate:						
Revolving Credit Facility	<u>217,245</u>	<u>221,799</u>	1.25%	1.51%	²⁾ December 2012	
Grand Total Debt	<u>\$ 1,192,922</u>	<u>\$ 1,198,792</u>	5.95%	6.28%	5.10	³⁾

¹⁾ Includes amortization of debt issuance costs, net of debt discounts and premiums.

²⁾ The Company also has \$30.4 million of letters of credit outstanding under a sub-facility. Further, the Company was notified that Lehman's unfunded \$9.3 million commitment would no longer be 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 \$188.5 million. The Revolving Credit facility currently bears interest at LIBOR plus a margin of 0.75%.

³⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
2009	-	0.00%	0.00%
2010	-	0.00%	0.00%
2011	-	0.00%	0.00%
2012	221,799	18.30%	18.30%
2013	375,000	30.95%	49.25%
Thereafter	615,000	50.75%	100.00%
	<u>\$ 1,211,799</u>	<u>100.00%</u>	
Debt Discount - \$465.0 Million Senior Notes	(13,007)		
	<u>\$ 1,198,792</u>		

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

9 of 17

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2009	2008	2009	2008
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	5.7	5.3	5.5	5.3
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	5.7	5.3	5.5	5.3
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.9	2.9	3.0	3.0
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.9	2.9	3.0	3.0
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.1	6.7	6.0	6.4
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	31.4%	27.0%	31.4%	27.0%
Total debt/Equity market capitalization	45.8%	37.0%	45.8%	37.0%
Total debt/Book equity capitalization	86.0%	85.4%	86.0%	85.4%
Total debt/Gross book value of real estate assets	37.8%	37.9%	37.8%	37.9%
<u>RETURN ON INVESTMENT RATIOS:</u>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	13.3%	13.1%	13.0%	13.4%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	11.7%	11.7%	11.5%	11.9%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.4%	2.5%	2.5%	2.5%
General & administrative expenses/Total revenues	5.1%	5.2%	5.2%	5.1%
<u>INTEREST EXPENSE, NET:</u>				
Interest income from continuing operations	\$ (843)	\$ (784)	\$ (2,094)	\$ (2,680)
Interest incurred	18,357	18,504	54,884	53,733
Amortization of debt costs and other non-cash interest	1,088	940	2,935	2,900
Capitalized interest	(263)	(3,573)	(790)	(11,282)
Interest expense, net	<u>\$ 18,339</u>	<u>\$ 15,087</u>	<u>\$ 54,935</u>	<u>\$ 42,671</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 45,252	\$ 37,891	\$ 112,463	\$ 110,416
Interest expense, net	18,339	15,087	54,935	42,671
Depreciation and amortization	25,532	23,251	75,124	66,373
Income tax expense	15,701	21,862	57,422	66,214
(Income) loss from discontinued operations, net of taxes	-	(129)	789	(910)
EBITDA	<u>104,824</u>	<u>97,962</u>	<u>300,733</u>	<u>284,764</u>
Expenses associated with debt refinancing transactions	<u>-</u>	<u>-</u>	<u>3,838</u>	<u>-</u>
ADJUSTED EBITDA	<u>\$ 104,824</u>	<u>\$ 97,962</u>	<u>\$ 304,571</u>	<u>\$ 284,764</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 9/30/09
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	145.00%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	101.46%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	Sep-13	(3) 5 year	108.30%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-11	Indefinite	96.63%
Red Rock Correctional Center Eloy, Arizona	2006	State of Alaska	1,596	Medium	Correctional	Dec-09	-	88.11%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-11	-	98.39%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-10	-	113.88%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-11	(4) 3 year	90.94%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-10	-	96.49%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-10	-	91.49%
Huerfano County Correctional Center Walsenburg, Colorado	1997	State of Arizona	752	Medium	Correctional	Mar-10	(4) 1 year	91.26%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-10	-	88.98%
Coffee Correctional Facility (F) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-10	(24) 1 year	112.28%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-09	(3) 1 year	113.89%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	88.85%
Wheeler Correctional Facility (F) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-10	(24) 1 year	112.18%

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 9/30/09
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-11	(3) 5 year	84.00%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-11	-	85.44%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Jun-11	(1) 2 year	97.94%
Otter Creek Correctional Center (G) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jun-10	(1) 1 year (2) 2 year	81.54%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-10	(2) 1 year	32.74%
Adams County Correctional Center Adams County, Mississippi	2008	BOP	2,232	Medium	Correctional	Jul-13	(3) 2 year	33.15%
Tallahatchie County Correctional Facility (H) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-11	Indefinite	96.36%
Crossroads Correctional Center (I) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-09	(5) 2 year	94.36%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-10	-	101.61%
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	-	89.80%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-11	(2) 2 year	97.32%
Queensgate Correctional Facility (J) Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.00%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-10	(4) 1 year	46.04%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-10	(4) 1 year	75.28%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	May-10	(2) 1 year	95.72%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-11	Indefinite	44.51%

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 9/30/09
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-10	-	93.22%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.00%
Whiteville Correctional Facility (L) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-10	(1) 1 year	96.78%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-10	(1) 1 year	99.95%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-11	(3) 2 year	108.35%
Houston Processing Center Houston, Texas	1984, 2005	ICE	905	Medium	Detention	Mar-10	(4) 1 year	98.73%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Indefinite	-	102.56%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	110.68%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-10	(1) 1 year	98.15%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Dec-09	-	100.00%
D.C. Correctional Treatment Facility (M) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Mar-17	-	70.71%
Total design capacity for Owned and Managed Facilities (44 Owned and Managed Facilities)			61,054					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	985	Medium	Correctional	Jun-10	Indefinite	99.48%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	79.16%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,520	Minimum/ Medium	Correctional	Jun-10	Indefinite	99.32%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	876	Multi	Detention	Oct-10	-	84.04%

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 9/30/09
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-12	Indefinite	99.50%
North Georgia Detention Center Hall County, GA	N/A	ICE	502	Medium	Detention	May-14	Indefinite	0.00%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	2,016	Minimum/ Medium	Correctional	Jun-14	(2) 2 year	95.40%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	114.65%
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Mar-11	-	95.02%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	Jul-10	-	90.95%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Jul-10	-	97.46%
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-08	-	96.18%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jun-10	(1) 2 year	96.52%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-14	-	99.99%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-12	(2) 3 year	97.46%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,049	Minimum/ Medium	Correctional	Jan-10	(1) 1 year	99.73%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-10	(1) 1 year	99.48%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-10	(1) 1 year	99.29%

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 9/30/09
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-10	(1) 1 year	99.64%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-10	(1) 1 year	99.85%
Total design capacity for Managed Only Facilities (21 Managed Only Facilities)			<u>25,767</u>					
Total design capacity for All Facilities as of September 30, 2009			<u>86,821</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
Projected design capacity for All Facilities			<u>87,893</u>	

Leased Facilities:

Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-10	-	N/A
Community Education Partners (N) 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 September 30, 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) 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.

(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 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.

(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, and which amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.

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 9/30/09
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(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) 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.

(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 breach, as defined, at a price equal to the book value, as defined.

(M) 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, ownership of the facility automatically reverts to the District of Columbia.

(N) 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.

DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

16 of 17

<u>Customer</u>	<u>Management Revenue For the Nine Months Ended September 30, 2009</u>	<u>Percent of Management Revenue For the Nine Months Ended September 30, 2009</u>
United States Marshals	\$ 175,645	14.19%
Bureau of Prisons	157,285	12.71%
United States Immigration and Customs Enforcement	155,743	12.58%
California	128,945	10.42%
Texas	67,067	5.42%
Colorado	61,942	5.00%
Tennessee	58,636	4.74%
Florida	45,904	3.71%
Arizona	41,337	3.34%
Georgia	39,691	3.21%
	<u>\$ 932,195</u>	<u>75.30%</u>
Total Management Revenue	<u>\$ 1,237,973</u>	<u>100.00%</u>

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Credit Ratings:

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

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.