



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended March 31, 2013**

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 March 31, 2013

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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,
	2013	2012	2012
REVENUE:			
Owned & controlled properties	\$ 341,774	\$ 352,314	\$ 1,421,447
Managed only properties and other	83,950	82,991	338,438
Total revenue	<u>425,724</u>	<u>435,305</u>	<u>1,759,885</u>
NET OPERATING INCOME:			
Owned & controlled properties	112,330	116,577	484,764
Managed only properties and other	5,864	3,194	22,937
Total net operating income	<u>\$ 118,194</u>	<u>\$ 119,771</u>	<u>\$ 507,701</u>
ADJUSTED DILUTED EPS	\$ 0.50	\$ 0.33	\$ 1.57
NORMALIZED FFO PER SHARE - DILUTED	\$ 0.70	\$ 0.52	\$ 2.36
AFFO PER SHARE - DILUTED	\$ 0.70	\$ 0.54	\$ 2.34
DEBT LEVERAGE	2.7	3.0	2.6
FIXED CHARGE COVERAGE RATIO	7.9	5.9	7.4

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

ASSETS	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Cash and cash equivalents	\$ 60,330	\$ 62,897	\$ 59,242	\$ 63,130	\$ 31,354
Accounts receivable, net of allowance	232,863	252,764	239,233	250,445	257,981
Current deferred tax assets	5,360	8,022	7,947	7,976	11,068
Prepaid expenses and other current assets	20,048	27,059	23,819	26,460	13,623
Total current assets	<u>318,601</u>	<u>350,742</u>	<u>330,241</u>	<u>348,011</u>	<u>314,026</u>
Property and equipment, net	2,551,961	2,568,791	2,582,019	2,592,252	2,601,303
Restricted cash	5,023	5,022	5,020	5,018	5,015
Investment in direct financing lease	6,991	7,467	7,928	8,376	8,811
Goodwill	11,988	11,988	11,988	11,988	11,988
Non-current deferred tax assets	5,998	-	-	-	-
Other assets	<u>35,813</u>	<u>30,732</u>	<u>30,479</u>	<u>30,357</u>	<u>29,983</u>
Total assets	<u>\$ 2,936,375</u>	<u>\$ 2,974,742</u>	<u>\$ 2,967,675</u>	<u>\$ 2,996,002</u>	<u>\$ 2,971,126</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 216,358	\$ 166,356	\$ 172,011	\$ 169,481	\$ 163,349
Income taxes payable	2,352	102	98	94	13,530
Current portion of long-term debt	-	-	-	-	40,000
Total current liabilities	<u>218,710</u>	<u>166,458</u>	<u>172,109</u>	<u>169,575</u>	<u>216,879</u>
Long-term debt, net of current portion	1,016,948	1,111,545	1,131,152	1,190,764	1,140,386
Deferred tax liabilities	-	139,526	137,276	136,316	135,750
Other liabilities	<u>38,815</u>	<u>35,593</u>	<u>35,060</u>	<u>34,777</u>	<u>34,540</u>
Total liabilities	<u>1,274,473</u>	<u>1,453,122</u>	<u>1,475,597</u>	<u>1,531,432</u>	<u>1,527,555</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,011	1,001	1,000	1,000	999
Additional paid-in capital	1,159,512	1,146,488	1,142,271	1,137,024	1,133,300
Retained earnings	<u>501,379</u>	<u>374,131</u>	<u>348,807</u>	<u>326,546</u>	<u>309,272</u>
Total stockholders' equity	<u>1,661,902</u>	<u>1,521,620</u>	<u>1,492,078</u>	<u>1,464,570</u>	<u>1,443,571</u>
Total liabilities and stockholders' equity	<u>\$ 2,936,375</u>	<u>\$ 2,974,742</u>	<u>\$ 2,967,675</u>	<u>\$ 2,996,002</u>	<u>\$ 2,971,126</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, 2012
	2013	2012	
REVENUE:			
Owned & controlled properties	\$ 341,774	\$ 352,314	\$ 1,421,447
Managed only and other	83,950	82,991	338,438
Total revenue	425,724	435,305	1,759,885
EXPENSES:			
Operating:			
Owned & controlled properties	229,444	235,737	936,683
Managed only and other	78,086	79,797	315,501
Total operating expenses	307,530	315,534	1,252,184
General and administrative	31,232	21,840	88,935
Depreciation and amortization	27,630	28,387	113,933
	366,392	365,761	1,455,052
OPERATING INCOME	59,332	69,544	304,833
OTHER (INCOME) EXPENSE:			
Interest expense, net	12,566	16,890	58,363
Expenses associated with debt refinancing transactions	225	1,541	2,099
Other expense	101	12	(338)
	12,892	18,443	60,124
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	46,440	51,101	244,709
Income tax (expense) benefit	134,652	(19,059)	(87,586)
INCOME FROM CONTINUING OPERATIONS	181,092	32,042	157,123
Loss from discontinued operations, net of taxes	-	(362)	(362)
NET INCOME	\$ 181,092	\$ 31,680	\$ 156,761
BASIC EARNINGS PER SHARE	\$ 1.81	\$ 0.32	\$ 1.58
DILUTED EARNINGS PER SHARE	\$ 1.78	\$ 0.32	\$ 1.56

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2013	2012	2012
Basic:			
Income from continuing operations	\$ 181,092	\$ 32,042	\$ 157,123
Loss from discontinued operations, net of taxes	-	(362)	(362)
Net income	<u>\$ 181,092</u>	<u>\$ 31,680</u>	<u>\$ 156,761</u>
Diluted:			
Income from continuing operations	\$ 181,092	\$ 32,042	\$ 157,123
Loss from discontinued operations, net of taxes	-	(362)	(362)
Diluted net income	<u>\$ 181,092</u>	<u>\$ 31,680</u>	<u>\$ 156,761</u>
Basic:			
Weighted average common shares outstanding	100,460	99,641	99,925
Unvested restricted common stock	(390)	(349)	(380)
Weighted average common shares outstanding-basic	<u>100,070</u>	<u>99,292</u>	<u>99,545</u>
Diluted:			
Weighted average common shares outstanding-basic	100,070	99,292	99,545
Effect of dilutive securities:			
Stock options	1,556	631	864
Restricted stock-based compensation	209	163	214
Weighted average shares and assumed conversions-diluted	<u>101,835</u>	<u>100,086</u>	<u>100,623</u>
Basic earnings per share:			
Income from continuing operations	\$ 1.81	\$ 0.32	\$ 1.58
Loss from discontinued operations, net of taxes	-	-	-
Net income	<u>\$ 1.81</u>	<u>\$ 0.32</u>	<u>\$ 1.58</u>
Diluted earnings per share:			
Income from continuing operations	\$ 1.78	\$ 0.32	\$ 1.56
Loss from discontinued operations, net of taxes	-	-	-
Net income	<u>\$ 1.78</u>	<u>\$ 0.32</u>	<u>\$ 1.56</u>

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2013	2012	2012
Net Income	\$ 181,092	\$ 31,680	\$ 156,761
Special items:			
Expenses associated with debt refinancing transactions	225	1,541	2,099
Expenses associated with REIT conversion	8,061	50	4,236
Income tax benefit for reversal of deferred taxes due to REIT conversion	(137,686)	-	(2,891)
Income tax benefit for special items	(602)	(593)	(2,340)
Diluted adjusted net income	<u>\$ 51,090</u>	<u>\$ 32,678</u>	<u>\$ 157,865</u>
Weighted average common shares outstanding - basic	100,070	99,292	99,545
Effect of dilutive securities:			
Stock options	1,556	631	864
Restricted stock-based compensation	209	163	214
Weighted average shares and assumed conversions - diluted	<u>101,835</u>	<u>100,086</u>	<u>100,623</u>
Adjusted Diluted Earnings Per Share	<u>\$ 0.50</u>	<u>\$ 0.33</u>	<u>\$ 1.57</u>

FUNDS FROM OPERATIONS

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

	For the Three Months Ended March 31,		For the Twelve Months
	2013	2012	Ended December 31,
			2012
FUNDS FROM OPERATIONS:			
Net income	\$ 181,092	\$ 31,680	\$ 156,761
Depreciation of real estate assets	19,747	19,343	79,145
Funds From Operations	<u>\$ 200,839</u>	<u>\$ 51,023</u>	<u>\$ 235,906</u>
Expenses associated with debt refinancing transactions	225	1,541	2,099
Expenses associated with REIT conversion	8,061	50	4,236
Income tax benefit for special items	(602)	(593)	(2,340)
Income tax benefit for reversal of deferred taxes due to REIT conversion	(137,686)	-	(2,891)
Normalized Funds From Operations	<u>\$ 70,837</u>	<u>\$ 52,021</u>	<u>\$ 237,010</u>
Maintenance capital expenditures on real estate assets	(4,134)	(2,112)	(18,643)
Stock-based compensation	3,205	2,629	12,296
Amortization of debt costs and other non-cash interest	1,047	1,153	4,316
Adjusted Funds From Operations	<u>\$ 70,955</u>	<u>\$ 53,691</u>	<u>\$ 234,979</u>
NORMALIZED FUNDS FROM OPERATIONS PER SHARE:			
Basic	<u>\$ 0.71</u>	<u>\$ 0.52</u>	<u>\$ 2.38</u>
Diluted	<u>\$ 0.70</u>	<u>\$ 0.52</u>	<u>\$ 2.36</u>
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:			
Basic	<u>\$ 0.71</u>	<u>\$ 0.54</u>	<u>\$ 2.36</u>
Diluted	<u>\$ 0.70</u>	<u>\$ 0.54</u>	<u>\$ 2.34</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). CCA 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. CCA 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. Normalized FFO excludes the effects of such items. CCA 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)

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	<u>March 31, 2013</u>	<u>December 31, 2012</u>	<u>September 30, 2012</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>
BALANCE SHEET:					
Property and equipment	\$ 3,577,198	\$ 3,567,967	\$ 3,564,952	\$ 3,546,780	\$ 3,528,285
Accumulated depreciation and amortization	(1,025,237)	(999,176)	(982,933)	(954,528)	(926,982)
Property and equipment, net	<u>\$ 2,551,961</u>	<u>\$ 2,568,791</u>	<u>\$ 2,582,019</u>	<u>\$ 2,592,252</u>	<u>\$ 2,601,303</u>
Total assets	\$ 2,936,375	\$ 2,974,742	\$ 2,967,675	\$ 2,996,002	\$ 2,971,126
Maintenance & technology capital expenditures for the quarter ended	\$ 7,150	\$ 13,283	\$ 10,205	\$ 12,051	\$ 12,800
Total debt	\$ 1,016,948	\$ 1,111,545	\$ 1,131,152	\$ 1,190,764	\$ 1,180,386
Equity book value	\$ 1,661,902	\$ 1,521,620	\$ 1,492,078	\$ 1,464,570	\$ 1,443,571
LIQUIDITY:					
Cash and cash equivalents	\$ 60,330	\$ 62,897	\$ 59,242	\$ 63,130	\$ 31,354
Availability under revolving credit facility	\$ 314,333	\$ 103,998	\$ 123,998	\$ 111,724	\$ 221,724
CAPITALIZATION:					
Common shares outstanding	101,102	100,105	100,048	99,977	99,944
Common share price at end of period	\$ 39.07	\$ 35.47	\$ 33.45	\$ 29.45	\$ 27.31
Market value of common equity at end of period	<u>\$ 3,950,055</u>	<u>\$ 3,550,724</u>	<u>\$ 3,346,606</u>	<u>\$ 2,944,323</u>	<u>\$ 2,729,471</u>
Total equity market capitalization	<u>\$ 3,950,055</u>	<u>\$ 3,550,724</u>	<u>\$ 3,346,606</u>	<u>\$ 2,944,323</u>	<u>\$ 2,729,471</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 4,967,003</u>	<u>\$ 4,662,269</u>	<u>\$ 4,477,758</u>	<u>\$ 4,135,087</u>	<u>\$ 3,909,857</u>
Dividends	\$ 53,844	\$ 20,084	\$ 20,078	\$ 20,060	\$ -
Dividends per common share	\$ 0.53	\$ 0.20	\$ 0.20	\$ 0.20	\$ -
EBITDA	\$ 86,636	\$ 109,014	\$ 108,754	\$ 102,859	\$ 96,378
ADJUSTED EBITDA	\$ 94,922	\$ 111,443	\$ 110,232	\$ 103,696	\$ 97,969
NORMALIZED FUNDS FROM OPERATIONS	\$ 70,837	\$ 64,198	\$ 63,289	\$ 57,502	\$ 52,021
Basic normalized funds from operations per share	\$ 0.71	\$ 0.64	\$ 0.64	\$ 0.58	\$ 0.52
Diluted normalized funds from operations per share	<u>\$ 0.70</u>	<u>\$ 0.64</u>	<u>\$ 0.63</u>	<u>\$ 0.57</u>	<u>\$ 0.52</u>
FFO PAYOUT RATIO	75.7%	31.3%	31.7%	35.1%	0.0%
ADJUSTED FUNDS FROM OPERATIONS	\$ 70,955	\$ 62,008	\$ 62,937	\$ 56,343	\$ 53,691
Basic adjusted funds from operations per share	\$ 0.71	\$ 0.62	\$ 0.63	\$ 0.57	\$ 0.54
Diluted adjusted funds from operations per share	<u>\$ 0.70</u>	<u>\$ 0.61</u>	<u>\$ 0.62</u>	<u>\$ 0.56</u>	<u>\$ 0.54</u>
AFFO PAYOUT RATIO	75.7%	32.8%	32.3%	35.7%	0.0%

SELECTED FINANCIAL INFORMATION

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

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2013	2012	2012
Number of days per period	90	91	366
ALL FACILITIES:			
Average available beds	92,497	91,104	91,862
Average compensated occupancy	85.9%	88.7%	88.2%
Total compensated man-days	7,147,578	7,351,044	29,668,774
Revenue per compensated man-day	\$ 59.43	\$ 59.06	\$ 59.14
Operating expenses per compensated man-day:			
Fixed expense	32.43	32.20	31.56
Variable expense	10.01	10.06	10.05
Total	42.44	42.26	41.61
Operating income per compensated man-day	\$ 16.99	\$ 16.80	\$ 17.53
Operating margin	28.6%	28.4%	29.6%
DEPRECIATION AND AMORTIZATION:			
Depreciation expense on real estate	19,747	19,343	79,145
Other depreciation expense	7,917	9,078	34,924
Amortization of negative contract values	(34)	(34)	(136)
Depreciation and amortization	\$ 27,630	\$ 28,387	\$ 113,933
NET OPERATING INCOME:			
Revenue			
Owned & controlled properties	\$ 341,774	\$ 352,314	\$ 1,421,447
Managed only and other	83,950	82,991	338,438
Total revenues	425,724	435,305	1,759,885
Operating Expenses			
Owned & controlled properties	229,444	235,737	936,683
Managed only and other	78,086	79,797	315,501
Total operating expenses	307,530	315,534	1,252,184
Facility Net Operating Income			
Owned & controlled properties	112,330	116,577	484,764
Managed only and other	5,864	3,194	22,937
Total net operating income	\$ 118,194	\$ 119,771	\$ 507,701

SEGMENTED DATA

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

	For the Three Months Ended March 31, 2013	2012	For the Twelve Months Ended December 31, 2012
OWNED AND MANAGED FACILITIES:			
Corrections revenue	\$ 341,493	\$ 351,763	\$ 1,418,783
Operating expenses:			
Fixed expense	176,354	181,135	716,277
Variable expense	52,901	54,503	219,403
Total	<u>229,255</u>	<u>235,638</u>	<u>935,680</u>
Facility net operating income	<u>\$ 112,238</u>	<u>\$ 116,125</u>	<u>\$ 483,103</u>
Average available beds	<u>67,975</u>	<u>66,582</u>	<u>67,340</u>
Average compensated occupancy	<u>81.9%</u>	<u>85.8%</u>	<u>85.1%</u>
Total compensated man-days	<u>5,010,775</u>	<u>5,200,419</u>	<u>20,985,383</u>
Revenue per compensated man-day	\$ 68.15	\$ 67.64	\$ 67.61
Operating expenses per compensated man-day:			
Fixed	35.19	34.83	34.13
Variable	10.56	10.48	10.46
Total	<u>45.75</u>	<u>45.31</u>	<u>44.59</u>
Operating income per compensated man-day	<u>\$ 22.40</u>	<u>\$ 22.33</u>	<u>\$ 23.02</u>
Operating margin	<u>32.9%</u>	<u>33.0%</u>	<u>34.0%</u>
MANAGED ONLY FACILITIES:			
Corrections revenue	\$ 83,313	\$ 82,408	\$ 335,827
Operating expenses:			
Fixed expense	55,426	55,594	220,092
Variable expense	18,624	19,463	78,719
Total	<u>74,050</u>	<u>75,057</u>	<u>298,811</u>
Facility net operating income	<u>\$ 9,263</u>	<u>\$ 7,351</u>	<u>\$ 37,016</u>
Average available beds	<u>24,522</u>	<u>24,522</u>	<u>24,522</u>
Average compensated occupancy	<u>96.8%</u>	<u>96.4%</u>	<u>96.8%</u>
Total compensated man-days	<u>2,136,803</u>	<u>2,150,625</u>	<u>8,683,391</u>
Revenue per compensated man-day	\$ 38.99	\$ 38.32	\$ 38.67
Operating expenses per compensated man-day:			
Fixed expense	25.94	25.85	25.35
Variable expense	8.72	9.05	9.07
Total	<u>34.66</u>	<u>34.90</u>	<u>34.42</u>
Operating income per compensated man-day	<u>\$ 4.33</u>	<u>\$ 3.42</u>	<u>\$ 4.25</u>
Operating margin	<u>11.1%</u>	<u>8.9%</u>	<u>11.0%</u>

ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2012</u>	<u>Outstanding Balance 3/31/2013</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u> ¹⁾	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
Fixed Rate:						
\$465.0 Million Senior Notes	\$ 456,545	\$ 456,948	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>456,545</u>	<u>456,948</u>				
Floating Rate:						
Revolving Credit Facility	<u>655,000</u>	<u>560,000</u>	1.92%	2.14% ²⁾	December 2017	
Grand Total Debt	<u>\$ 1,111,545</u>	<u>\$ 1,016,948</u>	4.54%	4.94%	4.5 ³⁾	

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

²⁾ During March 2013, the Company amended and extended the revolving credit facility to an aggregate capacity of \$900.0 million with a maturity of December 2017. The Company also has \$25.7 million of letters of credit outstanding under a sub-facility reducing the available capacity under the revolving credit facility to \$314.3 million as of March 31, 2013. The Revolving Credit facility currently bears interest at LIBOR plus a margin of 1.50%.

³⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule at March 31, 2013:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
2013	-	0.00%	0.00%
2014	-	0.00%	0.00%
2015	-	0.00%	0.00%
2016	-	0.00%	0.00%
2017	1,025,000	100.00%	100.00%
Thereafter	-	0.00%	100.00%
	<u>\$ 1,025,000</u>	<u>100.00%</u>	
Debt Discount - \$465.0 Million Senior Notes	<u>(8,052)</u>		
	<u>\$ 1,016,948</u>		

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

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	For the Three Months Ended March 31,		For the Twelve Months Ended December 31, 2012
	2013	2012	2012
<u>COVERAGE RATIOS:</u>			
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	7.9	5.9	7.4
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	7.9	5.9	7.4
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.7	3.0	2.6
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.7	3.0	2.6
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.3	6.7	7.0
<u>DEBT/EQUITY RATIOS:</u>			
Total debt/Total market capitalization	20.5%	30.2%	23.8%
Total debt/Equity market capitalization	25.7%	43.2%	31.3%
Total debt/Book equity capitalization	61.2%	81.8%	73.1%
Total debt/Gross book value of real estate assets	28.4%	33.4%	31.1%
<u>RETURN ON INVESTMENT RATIOS:</u>			
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	10.6%	11.1%	11.9%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	9.6%	10.0%	10.7%
<u>OVERHEAD RATIOS:</u>			
Annualized general & administrative expenses (excl. REIT conversion costs)/Average total assets (undepreciated book value)*	2.3%	2.2%	2.1%
General & administrative expenses (excluding REIT conversion costs)/Total revenues	5.4%	5.0%	4.8%
<u>INTEREST EXPENSE, NET:</u>			
Interest income from continuing operations	\$ (350)	\$ (460)	\$ (2,134)
Interest incurred	12,010	16,694	57,238
Amortization of debt costs and other non-cash interest	1,047	1,153	4,316
Capitalized interest	(141)	(497)	(1,057)
Interest expense, net	<u>\$ 12,566</u>	<u>\$ 16,890</u>	<u>\$ 58,363</u>
<u>EBITDA CALCULATION:</u>			
Net income	\$ 181,092	\$ 31,680	\$ 156,761
Interest expense, net	12,566	16,890	58,363
Depreciation and amortization	27,630	28,387	113,933
Income tax expense (benefit)	(134,652)	19,059	87,586
(Income) loss from discontinued operations, net of taxes	-	362	362
EBITDA	<u>86,636</u>	<u>96,378</u>	<u>417,005</u>
Expenses associated with debt refinancing transactions	225	1,541	2,099
Expenses associated with pursuit of REIT conversion	8,061	50	4,236
ADJUSTED EBITDA	<u>\$ 94,922</u>	<u>\$ 97,969</u>	<u>\$ 423,340</u>

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

TOP 10 PARTNERS
(Unaudited and amounts in thousands)

<u>Customer</u>	<u>Revenue For the Three Months Ended March 31, 2013</u>	<u>Percent of Revenue For the Three Months Ended March 31, 2013</u>
1 United States Marshals	\$ 77,538	18.21%
2 Bureau of Prisons	51,396	12.07%
3 California	50,705	11.91%
4 United States Immigration and Customs Enforcement	49,224	11.56%
5 Georgia	26,146	6.14%
6 Texas	21,910	5.15%
7 Tennessee	21,319	5.01%
8 Florida	19,024	4.47%
9 Colorado	15,475	3.63%
10 Oklahoma	10,827	2.54%
	<u>\$ 343,564</u>	<u>80.70%</u>
Total Revenue	<u>\$ 425,724</u>	<u>100.00%</u>

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 3/31/13
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	87.8%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	99.3%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-13	(3) 5 year	133.1%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-13	Indefinite	97.8%
Red Rock Correctional Center (E) Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-13	Indefinite	96.5%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-14	(2) 1 year	76.3%
California City Correctional Center California City, California	1999	Office of the Federal Detention Trustee	2,304	Medium	Detention	Sep-25	-	50.5%
San Diego Correctional Facility (F) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-14	(3) 3 year	86.9%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-13	(3) 1 year	97.6%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-13	(3) 1 year	66.2%
Huerfano County Correctional Center (G) Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.0%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-13	(3) 1 year	64.9%
Coffee Correctional Facility (H) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-13	(21) 1 year	112.3%
Jenkins Correctional Center (H) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-13	(22) 1 year	100.8%
McRae Correctional Facility McRae, Georgia	2000, 2002, 2012	BOP	1,978	Medium	Correctional	Nov-16	(3) 2 year	97.8%
North Georgia Detention Center Hall County, Georgia	1980, 1989, 1999 2009	ICE	502	Medium	Detention	Mar-14	Indefinite	56.9%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	84.2%

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 3/31/13
Wheeler Correctional Facility (H) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-13	(21) 1 year	115.6%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-16	(2) 5 year	87.3%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-13	(1) 2 year	57.2%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum/ Medium	Correctional	Jun-13	-	97.3%
Otter Creek Correctional Center (I) Wheelwright, Kentucky	1993	-	656	Minimum/ Medium	Correctional	-	-	0.0%
Prairie Correctional Facility (J) Appleton, Minnesota	1991	-	1,600	Medium	Correctional	-	-	0.0%
Adams County Correctional Center Adams County, Mississippi	2008	BOP	2,232	Medium	Correctional	Jul-13	(3) 2 year	108.5%
Tallahatchie County Correctional Facility (K) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-13	Indefinite	98.4%
Crossroads Correctional Center (L) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Jun-13	(3) 2 year	94.7%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-15	(3) 5 year	75.8%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Sep-13	(8) 1 year	95.3%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	104.4%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-13	-	99.2%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	86.2%
Lake Erie Correctional Institution (M) Conneaut, Ohio	1999	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	97.2%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-13	(1) 2 year	102.0%
Queensgate Correctional Facility (N) Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.0%
Cimarron Correctional Facility (O) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-13	(1) 1 year	81.4%

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 3/31/13
Davis Correctional Facility (O) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-13	(1) 1 year	99.9%
Diamondback Correctional Facility (G) Watonga, Oklahoma	1998, 2000	-	2,160	Medium	Correctional	-	-	0.0%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-13	Indefinite	69.8%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-13	(8) 2 year	50.3%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.0%
Whiteville Correctional Facility (P) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-16	-	97.8%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Aug-13	(2) 2 year	100.0%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-15	(1) 2 year	107.5%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-13	(1) 1 year	88.2%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-13	-	120.5%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-17	-	81.6%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Aug-13	(2) 2 year	79.7%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	Indefinite	97.6%
D.C. Correctional Treatment Facility (Q) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Jan-17	-	42.1%
Total design capacity for Owned and Managed Facilities (49 Owned and Managed Facilities)			<u>67,975</u>					<u>81.9%</u>
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	1995, 2007	State of Florida	985	Medium	Correctional	Jul-13	(2) 2 year	99.2%
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	71.7%

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 3/31/13
Graceville Correctional Facility Graceville, Florida	2007	State of Florida	1,884	Minimum/ Medium	Correctional	Sep-13	(2) 2 year	99.2%
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Secure	Correctional	Jun-14	Indefinite	98.9%
Moore Haven Correctional Facility Moore Haven, Florida	1995	State of Florida	985	Minimum/ Medium	Correctional	Jul-13	(2) 2 year	99.1%
Idaho Correctional Center Boise, Idaho	1999, 2006, 2009	State of Idaho	2,016	Multi	Correctional	Jun-14	(2) 2 year	102.4%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	100.0%
Winn Correctional Center Winnfield, Louisiana	1990, 1992, 1996	State of Louisiana	1,538	Medium/ Maximum	Correctional	Jun-20	-	96.0%
Wilkinson County Correctional Facility Woodville, Mississippi	1997	State of Mississippi	1,000	Medium	Correctional	Jun-13	(2) 1 year	90.2%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Mar-13	-	87.5%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-13	-	97.7%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jul-14	-	91.9%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-17	-	97.7%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	98.8%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.3%
Dawson State Jail Dallas, Texas	1997	State of Texas	2,216	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.5%
Lindsey State Jail Jacksboro, Texas	1995	State of Texas	1,031	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	95.1%
Willacy State Jail Raymondville, Texas	1995	State of Texas	1,069	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	100.0%
Total design capacity for Managed Only Facilities (18 Managed Only Facilities)			<u>24,522</u>					<u>96.8%</u>
Total design capacity for All Facilities as of March 31, 2013			<u>92,497</u>					<u>85.9%</u>

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 3/31/13
Leased Facilities:								
Leo Chesney Correctional Center Live Oak, California	1989	GEO Group	-	Minimum	Owned/Leased	Sep-15	-	N/A
Houston Educational Facility (R) Houston, Texas	N/A	-	-	Non-secure	Owned/Leased	-	-	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 March 31, 2013. 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) Pursuant to the terms of a new 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 ground lease with the County of San Diego. Upon expiration of the lease in December 2015, ownership of the facility automatically reverts to the County of San Diego.

(G) During the first quarter of 2010, we were notified by the state of Arizona of their decision not to renew the management contracts at the Huerfano County Correctional Center upon its expiration on March 8, 2010 and the Diamondback Correctional Facility upon its expiration on May 1, 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, as defined, or fair market value at any time during the term of the contract between us and the GDOC.

(I) In late January 2012, the governor of Kentucky submitted his proposed budget which included the transfer of the inmates currently held at our Otter Creek Correctional Center to a facility owned by the Commonwealth of Kentucky by the end of July 2012. 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.

(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 removed the populations held at Prairie.

(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.

(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.

(M) 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.

(N) During December 2008, we were notified by Hamilton County, Ohio of its intent to terminate the lease for the 850-bed Queensgate Correctional Facility. The lease was terminated effective January 1, 2009.

(O) 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) 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.

(Q) 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.

(R) The tenant of this alternative educational facility vacated the premises in 2011 and defaulted on the lease in June 2012.

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Credit Ratings:

	<u>Fitch</u>	<u>Standard & 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

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