



**CORRECTIONS CORPORATION OF AMERICA**

**Supplemental Financial Information  
For the Quarter Ended September 30, 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 September 30, 2013

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**FINANCIAL HIGHLIGHTS**

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>REVENUE:</b>				
Owned & controlled properties	\$ 344,431	\$ 360,010	\$ 1,035,094	\$ 1,070,813
Managed only properties and other	77,035	75,717	228,100	225,167
Total revenue	<u>421,466</u>	<u>435,727</u>	<u>1,263,194</u>	<u>1,295,980</u>
<b>NET OPERATING INCOME:</b>				
Owned & controlled properties	111,435	124,606	337,751	361,058
Managed only properties and other	8,542	5,530	21,731	14,857
Total net operating income	<u>\$ 119,977</u>	<u>\$ 130,136</u>	<u>\$ 359,482</u>	<u>\$ 375,915</u>
<b>ADJUSTED DILUTED EPS</b>	\$ 0.46	\$ 0.43	\$ 1.48	\$ 1.13
<b>NORMALIZED FFO PER SHARE - DILUTED</b>	\$ 0.63	\$ 0.63	\$ 2.03	\$ 1.72
<b>AFFO PER SHARE - DILUTED</b>	\$ 0.63	\$ 0.62	\$ 2.02	\$ 1.72
<b>DEBT LEVERAGE</b>	3.0	2.6	3.1	2.7
<b>FIXED CHARGE COVERAGE RATIO</b>	9.4	8.2	8.5	7.0

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

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<b>ASSETS</b>	<b>September 30, 2013</b>	<b>June 30, 2013</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>
Cash and cash equivalents	\$ 70,223	\$ 37,875	\$ 60,330	\$ 62,897	\$ 59,242
Accounts receivable, net of allowance	220,104	233,470	232,863	252,764	239,233
Current deferred tax assets	5,174	5,416	5,360	8,022	7,947
Prepaid expenses and other current assets	27,779	28,969	20,048	27,059	23,819
Total current assets	<u>323,280</u>	<u>305,730</u>	<u>318,601</u>	<u>350,742</u>	<u>330,241</u>
Property and equipment, net	2,546,904	2,538,825	2,551,961	2,568,791	2,582,019
Restricted cash	5,835	5,673	5,023	5,022	5,020
Investment in direct financing lease	5,994	6,500	6,991	7,467	7,928
Goodwill	17,229	11,158	11,988	11,988	11,988
Non-current deferred tax assets	2,959	9,035	5,998	-	-
Other assets	65,981	40,239	35,813	30,732	30,479
Total assets	<u>\$ 2,968,182</u>	<u>\$ 2,917,160</u>	<u>\$ 2,936,375</u>	<u>\$ 2,974,742</u>	<u>\$ 2,967,675</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 229,362	\$ 228,101	\$ 216,358	\$ 166,356	\$ 172,011
Income taxes payable	964	652	2,352	102	98
Total current liabilities	<u>230,326</u>	<u>228,753</u>	<u>218,710</u>	<u>166,458</u>	<u>172,109</u>
Long-term debt, net of current portion	1,185,000	1,150,000	1,016,948	1,111,545	1,131,152
Deferred tax liabilities	-	-	-	139,526	137,276
Other liabilities	45,908	37,218	38,815	35,593	35,060
Total liabilities	<u>1,461,234</u>	<u>1,415,971</u>	<u>1,274,473</u>	<u>1,453,122</u>	<u>1,475,597</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,158	1,154	1,011	1,001	1,000
Additional paid-in capital	1,721,497	1,711,821	1,159,512	1,146,488	1,142,271
(Accumulated deficit) retained earnings	(215,707)	(211,786)	501,379	374,131	348,807
Total stockholders' equity	<u>1,506,948</u>	<u>1,501,189</u>	<u>1,661,902</u>	<u>1,521,620</u>	<u>1,492,078</u>
Total liabilities and stockholders' equity	<u>\$ 2,968,182</u>	<u>\$ 2,917,160</u>	<u>\$ 2,936,375</u>	<u>\$ 2,974,742</u>	<u>\$ 2,967,675</u>

**CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>REVENUE:</b>				
Owned & controlled properties	\$ 344,431	\$ 360,010	\$ 1,035,094	\$ 1,070,813
Managed only and other	77,035	75,717	228,100	225,167
Total revenue	<u>421,466</u>	<u>435,727</u>	<u>1,263,194</u>	<u>1,295,980</u>
<b>EXPENSES:</b>				
Operating:				
Owned & controlled properties	232,996	235,404	697,343	709,755
Managed only and other	68,493	70,187	206,369	210,310
Total operating expenses	<u>301,489</u>	<u>305,591</u>	<u>903,712</u>	<u>920,065</u>
General and administrative	23,570	22,015	80,162	66,950
Depreciation and amortization	28,151	28,388	83,203	84,656
Asset impairments	985	-	985	-
	<u>354,195</u>	<u>355,994</u>	<u>1,068,062</u>	<u>1,071,671</u>
<b>OPERATING INCOME</b>	<u>67,271</u>	<u>79,733</u>	<u>195,132</u>	<u>224,309</u>
<b>OTHER (INCOME) EXPENSE:</b>				
Interest expense, net	10,378	13,722	34,856	45,341
Expenses associated with debt refinancing transactions	-	168	36,528	1,996
Other income	(184)	(422)	(120)	(370)
	<u>10,194</u>	<u>13,468</u>	<u>71,264</u>	<u>46,967</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	57,077	66,265	123,868	177,342
Income tax (expense) benefit	<u>(4,571)</u>	<u>(24,025)</u>	<u>133,253</u>	<u>(65,634)</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>	52,506	42,240	257,121	111,708
(Loss) income from discontinued operations, net of taxes	<u>(663)</u>	<u>99</u>	<u>(3,757)</u>	<u>(355)</u>
<b>NET INCOME</b>	<u>\$ 51,843</u>	<u>\$ 42,339</u>	<u>\$ 253,364</u>	<u>\$ 111,353</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.45</u>	<u>\$ 0.42</u>	<u>\$ 2.35</u>	<u>\$ 1.12</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.44</u>	<u>\$ 0.42</u>	<u>\$ 2.32</u>	<u>\$ 1.11</u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

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

	<b>As Adjusted for Discontinued Operations</b>		
	<b>March 31, 2013</b>	<b>June 30, 2013</b>	<b>September 30, 2013</b>
<b>REVENUE:</b>			
Owned & controlled properties	\$ 341,774	\$ 348,889	\$ 344,431
Managed only and other	74,949	76,116	77,035
Total revenue	<u>416,723</u>	<u>425,005</u>	<u>421,466</u>
<b>EXPENSES:</b>			
Operating:			
Owned & controlled properties	229,444	234,903	232,996
Managed only and other	68,778	69,098	68,493
Total operating expenses	<u>298,222</u>	<u>304,001</u>	<u>301,489</u>
General and administrative	31,232	25,360	23,570
Depreciation and amortization	27,377	27,675	28,151
Asset impairments	-	-	985
	<u>356,831</u>	<u>357,036</u>	<u>354,195</u>
<b>OPERATING INCOME</b>	<u>59,892</u>	<u>67,969</u>	<u>67,271</u>
<b>OTHER (INCOME) EXPENSE:</b>			
Interest expense, net	12,566	11,912	10,378
Expenses associated with debt refinancing transactions	225	36,303	-
Other (income) expense	101	(37)	(184)
	<u>12,892</u>	<u>48,178</u>	<u>10,194</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	47,000	19,791	57,077
Income tax (expense) benefit	134,447	3,377	(4,571)
<b>INCOME FROM CONTINUING OPERATIONS</b>	181,447	23,168	52,506
Loss from discontinued operations, net of taxes	(355)	(2,739)	(663)
<b>NET INCOME</b>	<u>\$ 181,092</u>	<u>\$ 20,429</u>	<u>\$ 51,843</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 1.81</u>	<u>\$ 0.19</u>	<u>\$ 0.45</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 1.78</u>	<u>\$ 0.19</u>	<u>\$ 0.44</u>
<b>TOTAL COMPENSATED MAN-DAYS</b>	6,867,860	7,002,977	6,935,801
<b>TOTAL AVAILABLE BED-DAYS</b>	8,035,290	8,124,571	8,247,435
<b>AVERAGE COMPENSATED OCCUPANCY</b>	85.5%	86.2%	84.1%

**CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	<b>As Adjusted for Discontinued Operations</b>			
	<b>For the Three Months Ended</b>			
	<b>March 31, 2012</b>	<b>June 30, 2012</b>	<b>September 30, 2012</b>	<b>December 31, 2012</b>
<b>REVENUE:</b>				
Owned & controlled properties	\$ 352,314	\$ 358,489	\$ 360,010	\$ 350,634
Managed only and other	74,042	75,408	75,717	77,043
Total revenue	<u>426,356</u>	<u>433,897</u>	<u>435,727</u>	<u>427,677</u>
<b>EXPENSES:</b>				
Operating:				
Owned & controlled properties	235,737	238,614	235,404	226,928
Managed only and other	71,149	68,974	70,187	70,058
Total operating expenses	<u>306,886</u>	<u>307,588</u>	<u>305,591</u>	<u>296,986</u>
General and administrative	21,840	23,095	22,015	21,985
Depreciation and amortization	28,179	28,089	28,388	28,407
	<u>356,905</u>	<u>358,772</u>	<u>355,994</u>	<u>347,378</u>
<b>OPERATING INCOME</b>	<u>69,451</u>	<u>75,125</u>	<u>79,733</u>	<u>80,299</u>
<b>OTHER (INCOME) EXPENSE:</b>				
Interest expense, net	16,890	14,729	13,722	13,022
Expenses associated with debt refinancing transactions	1,541	287	168	103
Other (income) expense	11	41	(422)	37
	<u>18,442</u>	<u>15,057</u>	<u>13,468</u>	<u>13,162</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	51,009	60,068	66,265	67,137
Income tax expense	<u>(19,025)</u>	<u>(22,584)</u>	<u>(24,025)</u>	<u>(21,879)</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>	31,984	37,484	42,240	45,258
(Loss) income from discontinued operations, net of taxes	<u>(304)</u>	<u>(150)</u>	<u>99</u>	<u>150</u>
<b>NET INCOME</b>	<u>\$ 31,680</u>	<u>\$ 37,334</u>	<u>\$ 42,339</u>	<u>\$ 45,408</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.32</u>	<u>\$ 0.37</u>	<u>\$ 0.42</u>	<u>\$ 0.46</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.32</u>	<u>\$ 0.37</u>	<u>\$ 0.42</u>	<u>\$ 0.45</u>
<b>TOTAL COMPENSATED MAN-DAYS</b>	7,070,050	7,171,942	7,201,389	7,090,267
<b>TOTAL AVAILABLE BED-DAYS</b>	7,997,817	8,083,257	8,172,084	8,191,274
<b>AVERAGE COMPENSATED OCCUPANCY</b>	88.4%	88.7%	88.1%	86.6%

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

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Basic:				
Income from continuing operations	\$ 52,506	\$ 42,240	\$ 257,121	\$ 111,708
(Loss) income from discontinued operations, net of taxes	(663)	99	(3,757)	(355)
Net income	<u>\$ 51,843</u>	<u>\$ 42,339</u>	<u>\$ 253,364</u>	<u>\$ 111,353</u>
Diluted:				
Income from continuing operations	\$ 52,506	\$ 42,240	\$ 257,121	\$ 111,708
(Loss) income from discontinued operations, net of taxes	(663)	99	(3,757)	(355)
Diluted net income	<u>\$ 51,843</u>	<u>\$ 42,339</u>	<u>\$ 253,364</u>	<u>\$ 111,353</u>
Basic:				
Weighted average common shares outstanding	115,715	100,026	108,051	99,879
Unvested restricted common stock	(433)	(389)	(411)	(379)
Weighted average common shares outstanding-basic	<u>115,282</u>	<u>99,637</u>	<u>107,640</u>	<u>99,500</u>
Diluted:				
Weighted average common shares outstanding-basic	115,282	99,637	107,640	99,500
Effect of dilutive securities:				
Stock options	1,165	973	1,335	790
Restricted stock-based compensation	425	232	325	174
Weighted average shares and assumed conversions-diluted	<u>116,872</u>	<u>100,842</u>	<u>109,300</u>	<u>100,464</u>
Basic earnings per share:				
Income from continuing operations	\$ 0.46	\$ 0.42	\$ 2.38	\$ 1.12
(Loss) income from discontinued operations, net of taxes	(0.01)	-	(0.03)	-
Net income	<u>\$ 0.45</u>	<u>\$ 0.42</u>	<u>\$ 2.35</u>	<u>\$ 1.12</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.45	\$ 0.42	\$ 2.35	\$ 1.11
(Loss) income from discontinued operations, net of taxes	(0.01)	-	(0.03)	-
Net income	<u>\$ 0.44</u>	<u>\$ 0.42</u>	<u>\$ 2.32</u>	<u>\$ 1.11</u>



**CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE**

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net Income	\$ 51,843	\$ 42,339	\$ 253,364	\$ 111,353
Special items:				
Expenses associated with debt refinancing transactions, net	-	107	33,299	1,251
Expenses associated with REIT conversion, net	122	835	9,152	1,211
Expenses associated with mergers and acquisitions, net	530	-	618	-
Asset impairments, net	985	-	2,896	-
Income tax benefit for reversal of deferred taxes due to REIT conversion	-	-	(137,686)	-
Diluted adjusted net income	<u>\$ 53,480</u>	<u>\$ 43,281</u>	<u>\$ 161,643</u>	<u>\$ 113,815</u>
Weighted average common shares outstanding - basic	115,282	99,637	107,640	99,500
Effect of dilutive securities:				
Stock options	1,165	973	1,335	790
Restricted stock-based compensation	<u>425</u>	<u>232</u>	<u>325</u>	<u>174</u>
Weighted average shares and assumed conversions - diluted	<u>116,872</u>	<u>100,842</u>	<u>109,300</u>	<u>100,464</u>
<b>Adjusted Diluted Earnings Per Share</b>	<u>\$ 0.46</u>	<u>\$ 0.43</u>	<u>\$ 1.48</u>	<u>\$ 1.13</u>

**FUNDS FROM OPERATIONS**

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>FUNDS FROM OPERATIONS:</b>				
Net income	\$ 51,843	\$ 42,339	\$ 253,364	\$ 111,353
Depreciation of real estate assets	20,454	19,895	60,016	58,687
Depreciation of real estate assets for discontinued operations	24	113	323	310
Funds From Operations	\$ 72,321	\$ 62,347	\$ 313,703	\$ 170,350
Expenses associated with debt refinancing transactions, net	-	107	33,299	1,251
Expenses associated with REIT conversion, net	122	835	9,152	1,211
Expenses associated with mergers and acquisitions, net	530	-	618	-
Asset impairments, net	985	-	2,896	-
Income tax benefit for reversal of deferred taxes due to REIT conversion	-	-	(137,686)	-
Normalized Funds From Operations	\$ 73,958	\$ 63,289	\$ 221,982	\$ 172,812
Maintenance capital expenditures on real estate assets	(4,585)	(4,614)	(13,115)	(12,215)
Stock-based compensation	3,277	3,206	9,675	9,094
Amortization of debt costs and other non-cash interest	774	1,056	2,740	3,280
Adjusted Funds From Operations	\$ 73,424	\$ 62,937	\$ 221,282	\$ 172,971
<b>NORMALIZED FUNDS FROM OPERATIONS PER SHARE:</b>				
Basic	\$ 0.64	\$ 0.64	\$ 2.06	\$ 1.74
Diluted	\$ 0.63	\$ 0.63	\$ 2.03	\$ 1.72
<b>ADJUSTED FUNDS FROM OPERATIONS PER SHARE:</b>				
Basic	\$ 0.64	\$ 0.63	\$ 2.06	\$ 1.74
Diluted	\$ 0.63	\$ 0.62	\$ 2.02	\$ 1.72

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)

	<u>September 30, 2013</u>	<u>June 30, 2013</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>	<u>September 30, 2012</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 3,622,734	\$ 3,588,675	\$ 3,577,198	\$ 3,567,967	\$ 3,564,952
Accumulated depreciation and amortization	(1,075,830)	(1,049,850)	(1,025,237)	(999,176)	(982,933)
Property and equipment, net	<u>\$ 2,546,904</u>	<u>\$ 2,538,825</u>	<u>\$ 2,551,961</u>	<u>\$ 2,568,791</u>	<u>\$ 2,582,019</u>
Total assets	\$ 2,968,182	\$ 2,917,160	\$ 2,936,375	\$ 2,974,742	\$ 2,967,675
Maintenance & technology capital expenditures for the quarter ended	\$ 10,924	\$ 8,897	\$ 7,150	\$ 13,283	\$ 10,205
Total debt	\$ 1,185,000	\$ 1,150,000	\$ 1,016,948	\$ 1,111,545	\$ 1,131,152
Equity book value	\$ 1,506,948	\$ 1,501,189	\$ 1,661,902	\$ 1,521,620	\$ 1,492,078
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 70,223	\$ 37,875	\$ 60,330	\$ 62,897	\$ 59,242
Availability under revolving credit facility	\$ 364,833	\$ 399,833	\$ 314,333	\$ 103,998	\$ 123,998
<b>CAPITALIZATION:</b>					
Common shares outstanding	115,831	115,418	101,102	100,105	100,048
Common share price at end of period	<u>34.55</u>	<u>33.87</u>	<u>39.07</u>	<u>35.47</u>	<u>33.45</u>
Market value of common equity at end of period	<u>\$ 4,001,961</u>	<u>\$ 3,909,208</u>	<u>\$ 3,950,055</u>	<u>\$ 3,550,724</u>	<u>\$ 3,346,606</u>
Total equity market capitalization	<u>\$ 4,001,961</u>	<u>\$ 3,909,208</u>	<u>\$ 3,950,055</u>	<u>\$ 3,550,724</u>	<u>\$ 3,346,606</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 5,186,961</u>	<u>\$ 5,059,208</u>	<u>\$ 4,967,003</u>	<u>\$ 4,662,269</u>	<u>\$ 4,477,758</u>
Regular Dividends	\$ 55,821	\$ 55,644	\$ 53,844	\$ 20,084	\$ 20,078
Dividends per common share	\$ 0.48	\$ 0.48	\$ 0.53	\$ 0.20	\$ 0.20
Annualized dividend yield	5.6%	5.7%	5.4%	2.3%	2.4%
<b>EBITDA</b>	\$ 95,606	\$ 59,378	\$ 86,943	\$ 108,566	\$ 108,375
<b>ADJUSTED EBITDA</b>	\$ 97,295	\$ 97,444	\$ 95,229	\$ 110,995	\$ 109,853
<b>NORMALIZED FUNDS FROM OPERATIONS</b>	\$ 73,958	\$ 77,187	\$ 70,837	\$ 64,198	\$ 63,289
Basic normalized funds from operations per share	<u>\$ 0.64</u>	<u>\$ 0.72</u>	<u>\$ 0.71</u>	<u>\$ 0.64</u>	<u>\$ 0.64</u>
Diluted normalized funds from operations per share	<u>\$ 0.63</u>	<u>\$ 0.71</u>	<u>\$ 0.70</u>	<u>\$ 0.64</u>	<u>\$ 0.63</u>
<b>FFO PAYOUT RATIO</b>	76.2%	67.6%	75.7%	31.3%	31.7%
<b>ADJUSTED FUNDS FROM OPERATIONS</b>	\$ 73,424	\$ 76,903	\$ 70,955	\$ 62,008	\$ 62,937
Basic adjusted funds from operations per share	<u>\$ 0.64</u>	<u>\$ 0.72</u>	<u>\$ 0.71</u>	<u>\$ 0.62</u>	<u>\$ 0.63</u>
Diluted adjusted funds from operations per share	<u>\$ 0.63</u>	<u>\$ 0.71</u>	<u>\$ 0.70</u>	<u>\$ 0.61</u>	<u>\$ 0.62</u>
<b>AFFO PAYOUT RATIO</b>	76.2%	67.6%	75.7%	32.8%	32.3%

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Number of days per period	92	92	273	274
<b>ALL FACILITIES:</b>				
Average available beds	89,646	88,827	89,405	88,516
Average compensated occupancy	84.1%	88.1%	85.2%	88.4%
Total compensated man-days	6,935,801	7,201,389	20,806,638	21,443,381
Revenue per compensated man-day	\$ 60.60	\$ 60.27	\$ 60.56	\$ 60.24
Operating expenses per compensated man-day:				
Fixed expense	32.59	31.84	32.75	32.12
Variable expense	10.37	9.93	10.09	10.13
Total	42.96	41.77	42.84	42.25
Operating income per compensated man-day	\$ 17.64	\$ 18.50	\$ 17.72	\$ 17.99
Operating margin	29.1%	30.7%	29.3%	29.9%
<b>DEPRECIATION AND AMORTIZATION:</b>				
Depreciation expense on real estate	20,454	19,895	60,016	58,687
Other depreciation expense	7,715	8,527	23,273	26,071
Amortization of intangibles	(18)	(34)	(86)	(102)
Depreciation and amortization	\$ 28,151	\$ 28,388	\$ 83,203	\$ 84,656
<b>NET OPERATING INCOME:</b>				
Revenue				
Owned & controlled properties	\$ 344,431	\$ 360,010	\$ 1,035,094	\$ 1,070,813
Managed only and other	77,035	75,717	228,100	225,167
Total revenues	421,466	435,727	1,263,194	1,295,980
Operating Expenses				
Owned & controlled properties	232,996	235,404	697,343	709,755
Managed only and other	68,493	70,187	206,369	210,310
Total operating expenses	301,489	305,591	903,712	920,065
Facility Net Operating Income				
Owned & controlled properties	111,435	124,606	337,751	361,058
Managed only and other	8,542	5,530	21,731	14,857
Total net operating income	\$ 119,977	\$ 130,136	\$ 359,482	\$ 375,915

**SEGMENTED DATA**

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>OWNED AND MANAGED FACILITIES:</b>				
Corrections revenue	\$ 344,150	\$ 358,730	\$ 1,034,251	\$ 1,068,431
Operating expenses:				
Fixed expense	178,351	180,609	537,307	542,869
Variable expense	54,427	54,456	159,374	166,062
Total	232,778	235,065	696,681	708,931
Facility net operating income	\$ 111,372	\$ 123,665	\$ 337,570	\$ 359,500
Average available beds	68,340	67,521	68,099	67,210
Average compensated occupancy	80.2%	85.4%	81.7%	85.8%
Total compensated man-days	5,040,895	5,303,803	15,181,951	15,799,433
Revenue per compensated man-day	\$ 68.27	\$ 67.64	\$ 68.12	\$ 67.62
Operating expenses per compensated man-day:				
Fixed	35.38	34.05	35.39	34.36
Variable	10.80	10.27	10.50	10.51
Total	46.18	44.32	45.89	44.87
Operating income per compensated man-day	\$ 22.09	\$ 23.32	\$ 22.23	\$ 22.75
Operating margin	32.4%	34.5%	32.6%	33.6%
<b>MANAGED ONLY FACILITIES:</b>				
Corrections revenue	\$ 76,132	\$ 75,292	\$ 225,754	\$ 223,258
Operating expenses:				
Fixed expense	47,656	48,664	144,065	145,910
Variable expense	17,521	17,081	50,665	51,096
Total	65,177	65,745	194,730	197,006
Facility net operating income	\$ 10,955	\$ 9,547	\$ 31,024	\$ 26,252
Average available beds	21,306	21,306	21,306	21,306
Average compensated occupancy	96.7%	96.8%	96.7%	96.7%
Total compensated man-days	1,894,906	1,897,586	5,624,687	5,643,948
Revenue per compensated man-day	\$ 40.18	\$ 39.68	\$ 40.14	\$ 39.56
Operating expenses per compensated man-day:				
Fixed expense	25.15	25.65	25.61	25.85
Variable expense	9.25	9.00	9.01	9.05
Total	34.40	34.65	34.62	34.90
Operating income per compensated man-day	\$ 5.78	\$ 5.03	\$ 5.52	\$ 4.66
Operating margin	14.4%	12.7%	13.8%	11.8%

**ANALYSIS OF OUTSTANDING DEBT**

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2012</u>	<u>Outstanding Balance 9/30/2013</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>						
\$465.0 Million Senior Notes	\$ 456,545	\$ -	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.
\$350.0 Million Senior Notes	-	350,000	4.625%	4.81%	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	4.125%	4.39%	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.
Total Fixed Rate Debt	<u>456,545</u>	<u>675,000</u>				
<b>Floating Rate:</b>						
Revolving Credit Facility	<u>655,000</u>	<u>510,000</u>	2.00%	2.31%	December 2017	
Grand Total Debt	<u>\$ 1,111,545</u>	<u>\$ 1,185,000</u>	3.34%	3.60%	6.4	<sup>3)</sup>

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

<sup>2)</sup> 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 \$25.2 million of letters of credit outstanding under a sub-facility reducing the available capacity under the revolving credit facility to \$364.8 million as of September 30, 2013. The Revolving Credit facility currently 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 September 30, 2013:**

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
<b>2013</b>	-	0.00%	0.00%
<b>2014</b>	-	0.00%	0.00%
<b>2015</b>	-	0.00%	0.00%
<b>2016</b>	-	0.00%	0.00%
<b>2017</b>	510,000	43.04%	43.04%
<b>Thereafter</b>	<u>675,000</u>	<u>56.96%</u>	100.00%
	<u>\$ 1,185,000</u>	<u>100.00%</u>	

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

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	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
<b><u>COVERAGE RATIOS:</u></b>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	9.4	8.2	8.5	7.0
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	9.4	8.2	8.5	7.0
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	3.0	2.6	3.1	2.7
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	3.0	2.6	3.1	2.7
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.7	7.3	7.7	7.2
<b><u>DEBT/EQUITY RATIOS:</u></b>				
Total debt/Total market capitalization	22.8%	25.3%	22.8%	25.3%
Total debt/Equity market capitalization	29.6%	33.8%	29.6%	33.8%
Total debt/Book equity capitalization	78.6%	75.8%	78.6%	75.8%
Total debt/Gross book value of real estate assets	32.7%	31.7%	32.7%	31.7%
<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)*)	10.8%	12.3%	10.7%	11.7%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	9.7%	11.1%	9.6%	10.5%
<b><u>OVERHEAD RATIOS:</u></b>				
Annualized general & administrative expenses (excl. non-recurring costs)/Average total assets (undepreciated book value)*	2.3%	2.1%	2.3%	2.2%
General & administrative expenses (excluding non-recurring costs)/Total revenues	5.4%	4.8%	5.5%	5.0%
<b><u>INTEREST EXPENSE, NET:</u></b>				
Interest income from continuing operations	\$ (505)	\$ (507)	\$ (1,497)	\$ (1,610)
Interest incurred	10,312	13,375	34,117	44,508
Amortization of debt costs and other non-cash interest	774	1,056	2,740	3,280
Capitalized interest	(203)	(202)	(504)	(837)
Interest expense, net	<u>\$ 10,378</u>	<u>\$ 13,722</u>	<u>\$ 34,856</u>	<u>\$ 45,341</u>
<b><u>EBITDA CALCULATION:</u></b>				
Net income	\$ 51,843	\$ 42,339	\$ 253,364	\$ 111,353
Interest expense, net	10,378	13,722	34,856	45,341
Depreciation and amortization	28,151	28,388	83,203	84,656
Income tax expense (benefit)	4,571	24,025	(133,253)	65,634
(Income) loss from discontinued operations, net of taxes	663	(99)	3,757	355
EBITDA	<u>95,606</u>	<u>108,375</u>	<u>241,927</u>	<u>307,339</u>
Expenses associated with debt refinancing transactions	-	168	36,528	1,996
Expenses associated with REIT conversion	132	1,310	9,861	1,910
Expenses associated with mergers and acquisitions	572	-	667	-
Asset impairments	985	-	985	-
ADJUSTED EBITDA	<u>\$ 97,295</u>	<u>\$ 109,853</u>	<u>\$ 289,968</u>	<u>\$ 311,245</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 Nine Months Ended September 30, 2013</u>	<u>Percent of Revenue For the Nine Months Ended September 30, 2013</u>
1 United States Marshals	\$ 232,112	18.38%
2 United States Immigration and Customs Enforcement	158,675	12.56%
3 Bureau of Prisons	156,289	12.37%
4 California	152,416	12.07%
5 Georgia	79,460	6.29%
6 Tennessee	65,233	5.16%
7 Florida	57,710	4.57%
8 Colorado	46,303	3.67%
9 Texas	43,546	3.45%
10 Oklahoma	36,501	2.89%
	<u>\$ 1,028,245</u>	<u>81.40%</u>
Total Revenue	<u>\$ 1,263,194</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 9/30/13
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-18	(2) 5 year	137.79%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	95.44%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-18	(2) 5 year	106.73%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-16	Indefinite	101.48%
Red Rock Correctional Center (E) Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-16	Indefinite	60.47%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-14	(2) 1 year	74.49%
CAI Boston Avenue San Diego, California	1980, 2011	BOP	120	Minimum	Community Corrections	May-14	(2) 1 year	105.89%
CAI Ocean View San Diego, California	1930, 2011	County of San Diego	483	Minimum	Community Corrections	Jun-14	(3) 1 year	71.13%
California City Correctional Center (F) California City, California	1999	Office of the Federal Detention Trustee	2,304	Medium	Detention	Sep-25	-	44.09%
San Diego Correctional Facility (G) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-14	(3) 3 year	87.47%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-14	(2) 1 year	97.51%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-14	(2) 1 year	66.85%
Huerfano County Correctional Center Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-14	(2) 1 year	50.76%
Coffee Correctional Facility (H) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-14	(20) 1 year	112.97%
Jenkins Correctional Center (H) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-14	(21) 1 year	101.15%
McRae Correctional Facility McRae, Georgia	2000, 2002, 2012	BOP	1,978	Medium	Correctional	Nov-16	(3) 2 year	113.93%
North Georgia Detention Center Hall County, Georgia	1980, 1989, 1999 2009	ICE	502	Medium	Detention	Mar-14	Indefinite	41.75%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	75.97%

**FACILITY PORTFOLIO**

<b>Facility Name</b>	<b>Year Constructed (A)</b>	<b>Primary Customer</b>	<b>Design Capacity (B)</b>	<b>Security Level</b>	<b>Facility Type (C)</b>	<b>Term</b>	<b>Remaining Renewal Options (D)</b>	<b>Compensated Occupancy % for the Quarter ended 9/30/13</b>
Wheeler Correctional Facility (H) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-14	(20) 1 year	115.99%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-16	(2) 5 year	91.39%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-15	-	52.97%
Marion Adjustment Center (I) St. Mary, Kentucky	1955, 1988	-	826	Minimum/ Medium	Correctional	-	-	65.80%
Otter Creek Correctional Center (J) Wheelwright, Kentucky	1993	-	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-15	(2) 2 year	113.77%
Tallahatchie County Correctional Facility (K) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-16	Indefinite	98.45%
Crossroads Correctional Center (L) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Jun-13	(3) 2 year	96.40%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-15	(3) 5 year	71.80%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Sep-14	(7) 1 year	95.00%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	104.54%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-13	-	101.05%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	109.26%
Lake Erie Correctional Institution (M) Conneaut, Ohio	1999	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	98.32%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-15	-	101.53%

**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 9/30/13
Queensgate Correctional Facility Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.00%
Cimarron Correctional Facility (N) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-14	-	90.08%
Davis Correctional Facility (N) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-14	-	99.88%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	-	2,160	Medium	Correctional	-	-	0.00%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-16	Indefinite	78.02%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-15	(7) 2 year	40.81%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.00%
Whiteville Correctional Facility (O) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-16	-	97.61%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-15	(1) 2 year	109.04%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-14	-	91.19%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-18	-	125.10%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-17	-	79.95%
Mineral Wells Pre-Parole Transfer Facility (P) Mineral Wells, Texas	1995	-	2,103	Minimum	Correctional	-	-	4.68%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	Indefinite	98.94%
D.C. Correctional Treatment Facility (Q) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Jan-17	-	48.84%
Total design capacity for Owned and Managed Facilities (50 Owned and Managed Facilities)			<u>68,378</u>					<u>80.2%</u>
<b>Managed Only Facilities:</b>								
Bay Correctional Facility (R) Panama City, Florida	1995, 2007	State of Florida	985	Medium	Correctional	Jan-14	(2) 2 year	99.02%
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	70.68%
Graceville Correctional Facility (R) Graceville, Florida	2007	State of Florida	1,884	Minimum/ Medium	Correctional	Jan-14	(2) 2 year	99.10%
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Secure	Correctional	Jun-14	Indefinite	99.16%

**FACILITY PORTFOLIO**

<u>Facility Name</u>	<u>Year Constructed (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 9/30/13</u>
Moore Haven Correctional Facility (R) Moore Haven, Florida	1995	State of Florida	985	Minimum/ Medium	Correctional	Jan-14	(2) 2 year	99.46%
Idaho Correctional Center Boise, Idaho	1999, 2006, 2009	State of Idaho	2,016	Multi	Correctional	Jun-14	-	103.41%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	103.57%
Winn Correctional Center Winnfield, Louisiana	1990, 1992, 1996	State of Louisiana	1,538	Medium/ Maximum	Correctional	Jun-20	-	102.23%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Apr-16	-	86.47%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-16	(1) 2 year	97.75%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jul-14	-	81.49%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-17	-	97.62%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-15	(1) 2 year	98.31%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-15	(1) 2 year	99.18%
Lindsey State Jail Jacksboro, Texas	1995	State of Texas	1,031	Minimum/ Medium	Correctional	Aug-15	(1) 2 year	92.65%
Willacy State Jail Raymondville, Texas	1995	State of Texas	1,069	Minimum/ Medium	Correctional	Aug-15	(1) 2 year	99.98%
Total design capacity for Managed Only Facilities (16 Managed Only Facilities)			<u>21,306</u>					<u>96.7%</u>
Total design capacity for All Facilities as of September 30, 2013			<u>89,684</u>					<u>84.1%</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 9/30/13
<b>Leased Facilities:</b>								
Leo Chesney Correctional Center Live Oak, California	1989	GEO Group	-	Minimum	Owned/Leased	Sep-15	-	N/A
Bridgeport Pre-Parole Transfer Facility (S) Bridgeport, Texas	1989	MTC	200	Medium	Correctional	Aug-15	(1) 2 year	99.32%
Houston Educational Facility 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 September 30, 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) In October 2013, we announced that we entered into a lease for our California City Correctional Center with state of California Department of Corrections and Rehabilitation, or CDCR. The lease agreement includes a three-year base term commencing December 1, 2013, with unlimited two-year renewal options upon mutual agreement.

(G) 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.

(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 June 2013, the Kentucky Department of Corrections provided us notice that it was not going to renew its contract at our Marion Adjustment Center after expiration on June 30, 2013. After agreeing to a short-term extension, we idled the Marion Adjustment Center following the transfer of the population in September 2013.

(J) In late January 2012, the governor of Kentucky submitted his proposed budget which included the transfer of the inmates 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.

(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) 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.

(O) 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.

(P) During June 2013, we announced that the Texas Department of Criminal Justice ("TDCJ") elected not to renew our contract for our owned and operated 2,103-bed Mineral Wells Pre-Parole Transfer Facility due to a legislative budget reduction. As a result, upon expiration of the contract in August 2013, we ceased operations and idled our Mineral Wells facility.

(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) During the fourth quarter of 2013, the Florida Department of Management Services ("DMS") awarded a contract to another operator to manage this facility owned by the state of Florida that we currently manage under a contract that expires January 31, 2014. Accordingly, we will transfer operations of this facility to the new operator upon expiration of the contract.

(S) During September 2013, we entered into a lease agreement with another operator to assume the operation of our owned 200-bed Bridgeport Pre-Parole Transfer Facility. We will continue to own the facility and have reported the occupancy and operating results through the date we transferred operations to another operator.

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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

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