



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended September 30, 2011**

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, 2011

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

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

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

1 of 17

ASSETS	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Cash and cash equivalents	\$ 47,958	\$ 54,623	\$ 37,792	\$ 25,509	\$ 34,439
Accounts receivable, net of allowance	262,609	254,965	279,437	307,126	348,013
Deferred tax assets	9,442	8,464	10,920	14,132	11,275
Prepaid expenses and other current assets	28,681	32,352	14,248	31,526	28,330
Total current assets	<u>348,690</u>	<u>350,404</u>	<u>342,397</u>	<u>378,293</u>	<u>422,057</u>
Property and equipment, net	2,531,753	2,531,333	2,534,839	2,549,295	2,539,880
Restricted cash	5,012	6,760	6,758	6,756	6,754
Investment in direct financing lease	9,642	10,039	10,425	10,798	11,161
Goodwill	11,988	11,988	11,988	11,988	11,988
Other assets	25,468	25,824	25,622	26,098	26,424
Total assets	<u>\$ 2,932,553</u>	<u>\$ 2,936,348</u>	<u>\$ 2,932,029</u>	<u>\$ 2,983,228</u>	<u>\$ 3,018,264</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 192,476	\$ 184,881	\$ 186,188	\$ 205,379	\$ 201,937
Income taxes payable	106	113	9,903	476	473
Total current liabilities	<u>192,582</u>	<u>184,994</u>	<u>196,091</u>	<u>205,855</u>	<u>202,410</u>
Long-term debt	1,209,652	1,104,294	1,112,744	1,156,568	1,236,234
Deferred tax liabilities	130,908	123,823	121,477	118,245	108,497
Other liabilities	32,538	33,418	32,428	31,689	31,957
Total liabilities	<u>1,565,680</u>	<u>1,446,529</u>	<u>1,462,740</u>	<u>1,512,357</u>	<u>1,579,098</u>
Commitments and contingencies					
Common stock - \$0.01 par value	996	1,072	1,081	1,098	1,101
Additional paid-in capital	1,128,807	1,290,917	1,312,796	1,354,691	1,366,688
Retained earnings	237,070	197,830	155,412	115,082	71,377
Total stockholders' equity	<u>1,366,873</u>	<u>1,489,819</u>	<u>1,469,289</u>	<u>1,470,871</u>	<u>1,439,166</u>
Total liabilities and stockholders' equity	<u>\$ 2,932,553</u>	<u>\$ 2,936,348</u>	<u>\$ 2,932,029</u>	<u>\$ 2,983,228</u>	<u>\$ 3,018,264</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

2 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,	
	2011	2010	2011	2010
REVENUE:				
Management:				
Federal	\$ 188,444	\$ 186,291	\$ 556,755	\$ 535,955
State	215,781	210,686	648,527	617,874
Local	15,223	15,010	43,839	43,450
Other	14,048	13,351	41,732	40,181
Total management revenue	433,496	425,338	1,290,853	1,237,460
Transportation	974	1,247	2,888	3,236
Rental	551	522	1,653	2,007
Other	22	43	526	128
	435,043	427,150	1,295,920	1,242,831
EXPENSES:				
Operating:				
Facility fixed	228,703	219,186	674,982	651,832
Facility variable	71,799	69,313	211,255	204,740
Transportation	4,027	3,571	11,242	10,695
Other	135	90	339	793
Total operating expenses	304,664	292,160	897,818	868,060
General and administrative	23,007	23,606	66,236	62,087
Depreciation and amortization	26,637	26,195	80,883	76,715
	354,308	341,961	1,044,937	1,006,862
OPERATING INCOME	80,735	85,189	250,983	235,969
OTHER (INCOME) EXPENSE:				
Interest expense, net	18,058	17,925	54,820	52,499
Other (income) expense	73	(131)	262	(75)
	18,131	17,794	55,082	52,424
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	62,604	67,395	195,901	183,545
Income tax expense	(23,364)	(25,284)	(73,913)	(69,653)
INCOME FROM CONTINUING OPERATIONS	39,240	42,111	121,988	113,892
Loss from discontinued operations, net of taxes	-	(147)	-	(404)
NET INCOME	\$ 39,240	\$ 41,964	\$ 121,988	\$ 113,488
BASIC EARNINGS PER SHARE	\$ 0.38	\$ 0.38	\$ 1.14	\$ 1.01
DILUTED EARNINGS PER SHARE	\$ 0.37	\$ 0.38	\$ 1.14	\$ 1.00

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Basic:				
Income from continuing operations	\$ 39,240	\$ 42,111	\$ 121,988	\$ 113,892
Loss from discontinued operations, net of taxes	-	(147)	-	(404)
Net income	<u>\$ 39,240</u>	<u>\$ 41,964</u>	<u>\$ 121,988</u>	<u>\$ 113,488</u>
Diluted:				
Income from continuing operations	\$ 39,240	\$ 42,111	\$ 121,988	\$ 113,892
Loss from discontinued operations, net of taxes	-	(147)	-	(404)
Diluted net income	<u>\$ 39,240</u>	<u>\$ 41,964</u>	<u>\$ 121,988</u>	<u>\$ 113,488</u>
Basic:				
Weighted average common shares outstanding	104,644	110,551	107,020	113,208
Unvested restricted common stock	(390)	(391)	(396)	(394)
Weighted average common shares outstanding-basic	<u>104,254</u>	<u>110,160</u>	<u>106,624</u>	<u>112,814</u>
Diluted:				
Weighted average common shares outstanding-basic	104,254	110,160	106,624	112,814
Effect of dilutive securities:				
Stock options	550	711	621	773
Restricted stock-based compensation	216	192	169	157
Weighted average shares and assumed conversions-diluted	<u>105,020</u>	<u>111,063</u>	<u>107,414</u>	<u>113,744</u>
Basic earnings per share:				
Income from continuing operations	\$ 0.38	\$ 0.38	\$ 1.14	\$ 1.01
Loss from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.38</u>	<u>\$ 0.38</u>	<u>\$ 1.14</u>	<u>\$ 1.01</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.37	\$ 0.38	\$ 1.14	\$ 1.00
Loss from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.37</u>	<u>\$ 0.38</u>	<u>\$ 1.14</u>	<u>\$ 1.00</u>

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Income	\$ 39,240	\$ 41,964	\$ 121,988	\$ 113,488
Special items:				
Goodwill impairment for discontinued operations	-	-	-	1,684
Diluted adjusted net income	<u>\$ 39,240</u>	<u>\$ 41,964</u>	<u>\$ 121,988</u>	<u>\$ 115,172</u>
Weighted average common shares outstanding - basic	104,254	110,160	106,624	112,814
Effect of dilutive securities:				
Stock options	550	711	621	773
Restricted stock-based compensation	<u>216</u>	<u>192</u>	<u>169</u>	<u>157</u>
Weighted average shares and assumed conversions - diluted	<u>105,020</u>	<u>111,063</u>	<u>107,414</u>	<u>113,744</u>
Adjusted Diluted Earnings Per Share	<u>\$ 0.37</u>	<u>\$ 0.38</u>	<u>\$ 1.14</u>	<u>\$ 1.01</u>

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

5 of 17

	<u>September 30, 2011</u>	<u>June 30, 2011</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>	<u>September 30, 2010</u>
BALANCE SHEET:					
Property and equipment	\$ 3,409,916	\$ 3,383,302	\$ 3,359,746	\$ 3,347,857	\$ 3,313,298
Accumulated depreciation and amortization	<u>(878,163)</u>	<u>(851,969)</u>	<u>(824,907)</u>	<u>(798,562)</u>	<u>(773,418)</u>
Property and equipment, net	\$ 2,531,753	\$ 2,531,333	\$ 2,534,839	\$ 2,549,295	\$ 2,539,880
Total assets	\$ 2,932,553	\$ 2,936,348	\$ 2,932,029	\$ 2,983,228	\$ 3,018,264
Maintenance & technology capital expenditures for the quarter ended	\$ 14,264	\$ 9,355	\$ 4,830	\$ 18,679	\$ 9,835
Total debt	\$ 1,209,652	\$ 1,104,294	\$ 1,112,744	\$ 1,156,568	\$ 1,236,234
Equity book value	\$ 1,366,873	\$ 1,489,819	\$ 1,469,289	\$ 1,470,871	\$ 1,439,166
LIQUIDITY:					
Cash and cash equivalents	\$ 47,958	\$ 54,623	\$ 37,792	\$ 25,509	\$ 34,439
Availability under revolving credit facility	\$ 190,299	\$ 295,299	\$ 286,501	\$ 228,186	\$ 149,466
CAPITALIZATION:					
Common shares outstanding	99,608	107,169	108,094	109,754	110,121
Common share price at end of period	\$ 22.69	\$ 21.65	\$ 24.40	\$ 25.06	\$ 24.68
Market value of common equity at end of period	<u>\$ 2,260,106</u>	<u>\$ 2,320,209</u>	<u>\$ 2,637,494</u>	<u>\$ 2,750,435</u>	<u>\$ 2,717,786</u>
Total equity market capitalization	<u>\$ 2,260,106</u>	<u>\$ 2,320,209</u>	<u>\$ 2,637,494</u>	<u>\$ 2,750,435</u>	<u>\$ 2,717,786</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 3,469,758</u>	<u>\$ 3,424,503</u>	<u>\$ 3,750,238</u>	<u>\$ 3,907,003</u>	<u>\$ 3,954,020</u>
EBITDA	\$ 107,299	\$ 113,854	\$ 110,451	\$ 114,313	\$ 111,515
ADJUSTED EBITDA	\$ 107,299	\$ 113,854	\$ 110,451	\$ 114,313	\$ 111,515
FUNDS FROM OPERATIONS	\$ 75,997	\$ 57,355	\$ 95,496	\$ 81,577	\$ 79,792
FUNDS FROM OPERATIONS PER SHARE:					
Basic funds from operations per share	<u>\$ 0.73</u>	<u>\$ 0.54</u>	<u>\$ 0.88</u>	<u>\$ 0.74</u>	<u>\$ 0.72</u>
Diluted funds from operations per share	<u>\$ 0.72</u>	<u>\$ 0.53</u>	<u>\$ 0.87</u>	<u>\$ 0.74</u>	<u>\$ 0.72</u>
ADJUSTED FUNDS FROM OPERATIONS	\$ 61,733	\$ 48,000	\$ 90,666	\$ 62,898	\$ 69,957
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:					
Basic adjusted funds from operations per share	<u>\$ 0.59</u>	<u>\$ 0.45</u>	<u>\$ 0.83</u>	<u>\$ 0.57</u>	<u>\$ 0.64</u>
Diluted adjusted funds from operations per share	<u>\$ 0.59</u>	<u>\$ 0.45</u>	<u>\$ 0.83</u>	<u>\$ 0.57</u>	<u>\$ 0.63</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,	
	2011	2010	2011	2010
Number of days per period	92	92	273	273
ALL FACILITIES:				
Average available beds	90,293	87,201	90,151	85,713
Average compensated occupancy	89.5%	90.7%	89.8%	90.4%
Total compensated man-days	7,438,260	7,272,886	22,098,381	21,154,978
Revenue per compensated man-day	\$ 58.28	\$ 58.48	\$ 58.41	\$ 58.49
Operating expenses per compensated man-day:				
Fixed expense	30.75	30.14	30.54	30.81
Variable expense	9.65	9.53	9.56	9.68
Total	40.40	39.67	40.10	40.49
Operating margin per compensated man-day	\$ 17.88	\$ 18.81	\$ 18.31	\$ 18.00
Operating margin rate	30.7%	32.2%	31.4%	30.8%
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	18,348	17,860	55,048	52,100
Other depreciation expense	8,323	9,005	25,937	26,625
Amortization of negative contract values	(34)	(670)	(102)	(2,010)
Depreciation and amortization	\$ 26,637	\$ 26,195	\$ 80,883	\$ 76,715
FUNDS FROM OPERATIONS:				
Net income	\$ 39,240	\$ 41,964	\$ 121,988	\$ 113,488
Income tax expense	23,364	25,284	73,913	69,653
Income taxes paid	(16,631)	(17,226)	(58,092)	(44,213)
Depreciation and amortization	26,637	26,195	80,883	76,715
Depreciation and amortization for discontinued operations	-	379	-	2,222
Goodwill impairment for discontinued operations	-	-	-	1,684
Income tax expense (benefit) for discontinued operations	-	(89)	-	(253)
Stock-based compensation reflected in G&A expenses	2,294	2,224	6,922	6,503
Amortization of debt costs and other non-cash interest	1,093	1,061	3,234	3,197
Funds from operations	\$ 75,997	\$ 79,792	\$ 228,848	\$ 228,996
Maintenance and technology capital expenditures	(14,264)	(9,835)	(28,449)	(24,413)
Adjusted funds from operations	\$ 61,733	\$ 69,957	\$ 200,399	\$ 204,583
FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.73	\$ 0.72	\$ 2.15	\$ 2.03
Diluted	\$ 0.72	\$ 0.72	\$ 2.13	\$ 2.01
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.59	\$ 0.64	\$ 1.88	\$ 1.81
Diluted	\$ 0.59	\$ 0.63	\$ 1.87	\$ 1.80

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

	<u>For the Three Months Ended September 30, 2011</u>	<u>2010</u>	<u>For the Nine Months Ended September 30, 2011</u>	<u>2010</u>
MANAGED ONLY FACILITIES:				
Management revenue	\$ 94,316	\$ 84,865	\$ 279,964	\$ 243,721
Operating expenses:				
Fixed expense	62,181	56,118	182,765	162,268
Variable expense	19,893	17,654	57,748	52,543
Total	<u>82,074</u>	<u>73,772</u>	<u>240,513</u>	<u>214,811</u>
Contribution	<u>\$ 12,242</u>	<u>\$ 11,093</u>	<u>\$ 39,451</u>	<u>\$ 28,910</u>
Average available beds	<u>26,496</u>	<u>24,126</u>	<u>26,354</u>	<u>23,626</u>
Average compensated occupancy	<u>95.9%</u>	<u>96.1%</u>	<u>96.0%</u>	<u>95.7%</u>
Total compensated man-days	<u>2,338,673</u>	<u>2,132,130</u>	<u>6,905,723</u>	<u>6,170,293</u>
Revenue per compensated man-day	\$ 40.33	\$ 39.80	\$ 40.54	\$ 39.50
Operating expenses per compensated man-day:				
Fixed expense	26.59	26.32	26.47	26.30
Variable expense	8.51	8.28	8.36	8.52
Total	<u>35.10</u>	<u>34.60</u>	<u>34.83</u>	<u>34.82</u>
Operating margin per compensated man-day	<u>\$ 5.23</u>	<u>\$ 5.20</u>	<u>\$ 5.71</u>	<u>\$ 4.68</u>
Operating margin rate	<u>13.0%</u>	<u>13.1%</u>	<u>14.1%</u>	<u>11.8%</u>
OWNED AND MANAGED FACILITIES:				
Management revenue	\$ 339,180	\$ 340,473	\$ 1,010,889	\$ 993,739
Operating expenses:				
Fixed expense	166,522	163,068	492,217	489,564
Variable expense	51,906	51,659	153,507	152,197
Total	<u>218,428</u>	<u>214,727</u>	<u>645,724</u>	<u>641,761</u>
Contribution	<u>\$ 120,752</u>	<u>\$ 125,746</u>	<u>\$ 365,165</u>	<u>\$ 351,978</u>
Average available beds	<u>63,797</u>	<u>63,075</u>	<u>63,797</u>	<u>62,087</u>
Average compensated occupancy	<u>86.9%</u>	<u>88.6%</u>	<u>87.2%</u>	<u>88.4%</u>
Total compensated man-days	<u>5,099,587</u>	<u>5,140,756</u>	<u>15,192,658</u>	<u>14,984,685</u>
Revenue per compensated man-day	\$ 66.51	\$ 66.23	\$ 66.54	\$ 66.32
Operating expenses per compensated man-day:				
Fixed	32.65	31.72	32.40	32.67
Variable	10.18	10.05	10.10	10.16
Total	<u>42.83</u>	<u>41.77</u>	<u>42.50</u>	<u>42.83</u>
Operating margin per compensated man-day	<u>\$ 23.68</u>	<u>\$ 24.46</u>	<u>\$ 24.04</u>	<u>\$ 23.49</u>
Operating margin rate	<u>35.6%</u>	<u>36.9%</u>	<u>36.1%</u>	<u>35.4%</u>

ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2010</u>	<u>Outstanding Balance 9/30/2011</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u> ¹⁾	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
Fixed Rate:						
\$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	453,602	454,652	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>978,602</u>	<u>979,652</u>				
Floating Rate:						
Revolving Credit Facility	<u>177,966</u>	<u>230,000</u>	1.30%	1.61%	December 2012	
Grand Total Debt	<u>\$ 1,156,568</u>	<u>\$ 1,209,652</u>	6.06%	6.43%	3.1	³⁾

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

²⁾ The Company also has \$29.7 million of letters of credit outstanding under a sub-facility reducing the available capacity under the revolving credit facility to \$190.3 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>
2011	-	0.00%	0.00%
2012	230,000	18.85%	18.85%
2013	375,000	30.74%	49.59%
2014	150,000	12.30%	61.89%
2015	-	0.00%	61.89%
Thereafter	465,000	38.11%	100.00%
	<u>\$ 1,220,000</u>	<u>100.00%</u>	
Debt Discount - \$465.0 Million Senior Notes	(10,348)		
	<u>\$ 1,209,652</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,	
	2011	2010	2011	2010
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	5.9	6.1	6.1	5.7
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	5.9	6.1	6.1	5.7
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.8	2.8	2.7	3.0
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.8	2.8	2.7	3.0
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.6	4.9	6.6	4.8
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	34.9%	31.3%	34.9%	31.3%
Total debt/Equity market capitalization	53.5%	45.5%	53.5%	45.5%
Total debt/Book equity capitalization	88.5%	85.9%	88.5%	85.9%
Total debt/Gross book value of real estate assets	35.4%	37.2%	35.4%	37.2%
<u>RETURN ON INVESTMENT RATIOS:</u>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	12.6%	13.4%	13.0%	12.7%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	11.3%	11.9%	11.6%	11.3%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.4%	2.5%	2.3%	2.2%
General & administrative expenses/Total revenues	5.3%	5.5%	5.1%	5.0%
<u>INTEREST EXPENSE, NET:</u>				
Interest income from continuing operations	\$ (623)	\$ (555)	\$ (1,898)	\$ (1,702)
Interest incurred	18,098	18,371	54,378	54,748
Amortization of debt costs and other non-cash interest	1,093	1,061	3,234	3,197
Capitalized interest	(510)	(952)	(894)	(3,744)
Interest expense, net	<u>\$ 18,058</u>	<u>\$ 17,925</u>	<u>\$ 54,820</u>	<u>\$ 52,499</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 39,240	\$ 41,964	\$ 121,988	\$ 113,488
Interest expense, net	18,058	17,925	54,820	52,499
Depreciation and amortization	26,637	26,195	80,883	76,715
Income tax expense	23,364	25,284	73,913	69,653
(Income) loss from discontinued operations, net of taxes	-	147	-	404
EBITDA	<u>107,299</u>	<u>111,515</u>	<u>331,604</u>	<u>312,759</u>
ADJUSTED EBITDA	<u>\$ 107,299</u>	<u>\$ 111,515</u>	<u>\$ 331,604</u>	<u>\$ 312,759</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 9/30/11
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	154.77%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	97.94%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	Sep-13	(3) 5 year	128.44%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-13	Indefinite	96.06%
Red Rock Correctional Center Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-13	Indefinite	95.65%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-14	(2) 1 year	89.40%
California City Correctional Center California City, California	1999	Office of the Federal Detention Trustee	2,304	Medium	Correctional	Sep-25	-	57.01%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-14	(3) 3 year	89.79%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-12	(4) 1 year	96.91%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-12	(4) 1 year	90.26%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-12	(4) 1 year	53.89%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-12	(22) 1 year	115.82%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-11	(1) 1 year	114.19%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	94.06%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-12	(22) 1 year	116.19%

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 9/30/11
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-11	(3) 5 year	58.71%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-13	(1) 2 year	52.84%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Jun-12	(1) 1 year	97.10%
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jun-12	(1) 1 year (1) 2 year	97.30%
Prairie Correctional Facility (I) Appleton, Minnesota	1991	-	1,600	Medium	Correctional	-	-	0.00%
Adams County Correctional Center Adams County, Mississippi	2008	BOP	2,232	Medium	Correctional	Jul-13	(3) 2 year	114.63%
Tallahatchie County Correctional Facility (J) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-13	Indefinite	96.98%
Crossroads Correctional Center (K) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-11	(4) 2 year	95.12%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-15	(3) 5 year	73.72%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	104.96%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-13	-	103.25%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	107.93%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-13	(1) 2 year	99.52%
Queensgate Correctional Facility (L) Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.00%
Cimarron Correctional Facility (M) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-12	(2) 1 year	38.37%
Davis Correctional Facility (M) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-12	(2) 1 year	95.30%
Diamondback Correctional Facility (F) Watonga, Oklahoma	1998, 2000	-	2,160	Medium	Correctional	-	-	0.00%

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 9/30/11
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-13	Indefinite	97.95%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-13	(8) 2 year	72.69%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.00%
Whiteville Correctional Facility (N) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-11	(1) 1 year	97.25%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Aug-13	(2) 2 year	99.88%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-13	(2) 2 year	109.05%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-12	(2) 1 year	86.09%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-13	-	117.01%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	56.72%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Aug-13	(2) 2 year	98.94%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	Indefinite	96.44%
D.C. Correctional Treatment Facility (O) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Jan-17	-	58.14%
Total design capacity for Owned and Managed Facilities (45 Owned and Managed Facilities)			<u>63,797</u>					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	1995, 2007	State of Florida	985	Medium	Correctional	Jul-13	(2) 2 year	99.27%
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	80.89%
Graceville Correctional Facility Graceville, Florida	2007	State of Florida	1,884	Minimum/ Medium	Correctional	Sep-13	(2) 2 year	99.52%

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 9/30/11
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Secure	Correctional	Jun-12	Indefinite	99.46%
Moore Haven Correctional Facility Moore Haven, Florida	1995	State of Florida	985	Minimum/ Medium	Correctional	Jul-13	(2) 2 year	99.27%
North Georgia Detention Center Hall County, Georgia	1980, 1989, 1999 2009	ICE	502	Medium	Detention	Mar-14	Indefinite	69.98%
Idaho Correctional Center Boise, Idaho	1999, 2006, 2009	State of Idaho	2,016	Multi	Correctional	Jun-14	(2) 2 year	101.02%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	102.13%
Winn Correctional Center Winnfield, Louisiana	1990, 1992, 1996	State of Louisiana	1,538	Medium/ Maximum	Correctional	Jun-20	-	95.96%
Delta Correctional Facility Greenwood, Mississippi	2004	State of Mississippi	1,172	Minimum/ Medium	Correctional	Nov-11	-	86.20%
Wilkinson County Correctional Facility Woodville, Mississippi	1997	State of Mississippi	1,000	Medium	Correctional	Jun-12	(3) 1 year	89.57%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Sep-12	(9) 1 year	100.00%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Dec-12	-	88.09%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-12	-	97.24%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jul-14	-	84.52%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-12	(2) 3 year	97.69%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.63%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.20%
Dawson State Jail Dallas, Texas	1997	State of Texas	2,216	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.33%

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 9/30/11</u>
Lindsey State Jail Jacksboro, Texas	1995	State of Texas	1,031	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.58%
Willacy State Jail Raymondville, Texas	1995	State of Texas	1,069	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.91%
Total design capacity for Managed Only Facilities (21 Managed Only Facilities)			<u>26,496</u>					
Total design capacity for All Facilities as of September 30, 2011			<u>90,293</u>					

Expansion and Development Projects and Facility Activations:

<u>Facility Name</u>	<u>Estimated Completion</u>	<u>Potential Customer(s)</u>	<u>Design Capacity (B)</u>	<u>Project Description</u>
Jenkins Correctional Center (G) Millen, Georgia	First quarter 2012	State of Georgia	1,124	New owned facility
Lake Erie Correctional Institution (P) Conneaut, Ohio	First quarter 2012	State of Ohio	1,798	New owned facility
Projected Design Capacity For All Facilities			<u>93,215</u>	

Leased Facilities:

Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-15	-	N/A
Community Education Partners (Q) Houston, Texas	N/A	Community Education Partners	-	Non-secure	Owned/Leased	Jun-14	-	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, 2011. 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. Upon expiration of the lease in December 2015, ownership of the facility automatically reverts to the County of San Diego.

(F) 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.

(G) 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.

(H) 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.

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 9/30/11
<p>(I) 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.</p> <p>(J) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization originally over a 20 year period. The amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.</p> <p>(K) The State of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the sum of a pre-determined portion of per-diem payments made to us by the state of Montana.</p> <p>(L) During December 2008, we were notified by Hamilton County, Ohio of its intent to terminate the lease for the 850-bed Queensgate Correctional Facility. We believe the County elected to terminate the lease effective January 1, 2009, due to funding issues experienced by the County.</p> <p>(M) The facility is subject to a purchase option held by the Oklahoma Department of Corrections, or ODC, which grants the ODC the right to purchase the facility at its fair market value at any time.</p> <p>(N) 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> <p>(O) The District of Columbia has the right to purchase the facility at any time during the term of the contract at a price generally equal to the present value of the remaining lease payments for the premises. Upon expiration of the lease in 2017, ownership of the facility automatically reverts to the District of Columbia.</p> <p>(P) In September 2011, we announced that we entered into a contract with the state of Ohio to purchase and operate the 1,798-bed Lake Erie Correctional Institution located in Conneaut, Ohio. The management contract, which is expected to commence on January 1, 2012, has an initial term of twenty years with unlimited renewal options subject to appropriations and mutual agreement.</p> <p>(Q) The alternative educational facility is currently configured to accommodate 900 at-risk juveniles and may be expanded to accommodate a total of 1,400 at-risk juveniles.</p>								

DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

16 of 17

Customer	Management Revenue For the Nine Months Ended September 30, 2011	Percent of Management Revenue For the Nine Months Ended September 30, 2011
United States Marshals	\$ 251,126	19.45%
California	173,051	13.41%
United States Immigration and Customs Enforcement	153,570	11.90%
Bureau of Prisons	152,058	11.78%
Texas	69,335	5.37%
Georgia	64,239	4.98%
Tennessee	61,920	4.80%
Florida	58,322	4.52%
Colorado	52,957	4.10%
Hawaii	29,968	2.32%
	<u>\$ 1,066,546</u>	<u>82.62%</u>
Total Management Revenue	<u>\$ 1,290,853</u>	<u>100.00%</u>

RESEARCH / ANALYST COVERAGEEquity Research Coverage:

Avondale Partners	Kevin Campbell	(615) 467-3521
First Analysis Corporation	Todd Van Fleet	(312) 258-1400
Barclays Capital	Manav Patnaik	(212) 526-2983
Macquarie Research	Kevin McVeigh	(212) 231-6191
Davenport & Company LLC	Clinton Fendley	(804) 780-2151
SunTrust Robinson Humphrey	Tobey Sommer	(615) 748-5681

Debt Research Coverage:

Barclays Capital	Emily Shanks	(212) 526-6403
SG Cowen Securities Corporation	Brad E. Eilert	(212) 278-5290

Rating Agency Coverage:

Moody's Investors Service	Christopher Wimmer	(212) 553-2947
Standard & Poor's	Brian Milligan	(312) 233-7050

Credit Ratings:

	<u>Standard & Poor's</u>	<u>Moody's</u>
Corporate Credit Rating	BB	Not rated
Senior Unsecured Debt	BB	Ba1

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.