

CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended December 31, 2015**

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 December 31, 2015

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FINANCIAL HIGHLIGHTS

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|------------------------------------|--|-------------------|---|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| REVENUE: | | | | |
| Owned & controlled properties | \$ 396,371 | \$ 368,087 | \$ 1,576,938 | \$ 1,409,597 |
| Managed only properties and other | 51,464 | 55,390 | 216,149 | 237,270 |
| Total revenue | <u>447,835</u> | <u>423,477</u> | <u>1,793,087</u> | <u>1,646,867</u> |
| NET OPERATING INCOME: | | | | |
| Owned & controlled properties | 132,121 | 121,144 | 526,356 | 476,380 |
| Managed only properties and other | 4,783 | 3,900 | 10,603 | 14,352 |
| Total net operating income | <u>\$ 136,904</u> | <u>\$ 125,044</u> | <u>\$ 536,959</u> | <u>\$ 490,732</u> |
| Adjusted Diluted EPS | \$ 0.43 | \$ 0.49 | \$ 1.93 | \$ 1.92 |
| Normalized FFO Per Share | \$ 0.63 | \$ 0.67 | \$ 2.69 | \$ 2.65 |
| AFFO Per Share | \$ 0.58 | \$ 0.65 | \$ 2.62 | \$ 2.57 |
| Debt Leverage | 3.6x | 2.9x | 3.5x | 2.9x |
| Fixed Charge Coverage Ratio | 7.3x | 9.0x | 8.7x | 9.1x |

2016 GUIDANCE SUMMARY

(Unaudited and amounts in millions except per share amounts)

| | Q1 2016 | | Full Year 2016 | |
|---|---------|----------|----------------|-----------------|
| | Low-End | High-End | Low-End | High-End |
| Adjusted Diluted EPS | \$ 0.37 | \$ 0.39 | \$ 1.76 | \$ 1.84 |
| Normalized FFO Per Share | \$ 0.57 | \$ 0.59 | \$ 2.54 | \$ 2.62 |
| AFFO Per Share | \$ 0.56 | \$ 0.58 | \$ 2.47 | \$ 2.55 |
| Adjusted EBITDA | \$ 92.0 | \$ 96.0 | \$ 410.0 | \$ 422.0 |
| Capital Expenditures | | | | |
| Prison construction & land acquisitions | | | \$ 40.0 | \$ 50.0 |
| Maintenance on real estate assets | | | 27.0 | 27.0 |
| Information technology and other assets | | | 29.0 | 34.0 |
| Total capital expenditures | | | <u>\$ 96.0</u> | <u>\$ 111.0</u> |

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

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| ASSETS | December 31, 2015 | September 30, 2015 | June 30, 2015 | March 31, 2015 | December 31, 2014 |
|---|------------------------------|-------------------------------|--------------------------|---------------------------|------------------------------|
| Cash and cash equivalents | \$ 65,291 | \$ 78,402 | \$ 41,069 | \$ 74,022 | \$ 74,393 |
| Restricted cash | 877 | 985 | 1,641 | 2,254 | - |
| Accounts receivable, net of allowance | 234,456 | 250,537 | 229,541 | 226,275 | 248,588 |
| Prepaid expenses and other current assets | 41,434 | 36,233 | 41,347 | 29,213 | 29,775 |
| Total current assets | <u>342,058</u> | <u>366,157</u> | <u>313,598</u> | <u>331,764</u> | <u>352,756</u> |
| Property and equipment, net | 2,883,060 | 2,772,743 | 2,755,292 | 2,720,082 | 2,658,628 |
| Restricted cash | 131 | 122 | 114 | 105 | 2,858 |
| Investment in direct financing lease | 684 | 1,348 | 1,992 | 2,617 | 3,223 |
| Goodwill | 35,557 | 15,155 | 15,155 | 15,155 | 16,110 |
| Non-current deferred tax assets | 9,824 | 14,287 | 12,919 | 14,893 | 15,530 |
| Other assets | 84,704 | 68,900 | 67,012 | 65,973 | 68,541 |
| Total assets | <u>\$ 3,356,018</u> | <u>\$ 3,238,712</u> | <u>\$ 3,166,082</u> | <u>\$ 3,150,589</u> | <u>\$ 3,117,646</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | |
| Accounts payable and accrued expenses | \$ 317,675 | \$ 322,271 | \$ 307,591 | \$ 316,149 | \$ 317,620 |
| Income taxes payable | 1,920 | 1,483 | 1,086 | 659 | 1,368 |
| Current portion of long-term debt | 5,000 | - | - | - | - |
| Total current liabilities | <u>324,595</u> | <u>323,754</u> | <u>308,677</u> | <u>316,808</u> | <u>318,988</u> |
| Long-term debt, net of current portion | 1,447,077 | 1,308,080 | 1,228,916 | 1,230,818 | 1,190,455 |
| Deferred revenue | 63,289 | 72,722 | 82,976 | 91,607 | 87,227 |
| Other liabilities | 58,309 | 60,275 | 64,352 | 37,740 | 39,476 |
| Total liabilities | <u>1,893,270</u> | <u>1,764,831</u> | <u>1,684,921</u> | <u>1,676,973</u> | <u>1,636,146</u> |
| Commitments and contingencies | | | | | |
| Common stock - \$0.01 par value | 1,172 | 1,172 | 1,171 | 1,170 | 1,168 |
| Additional paid-in capital | 1,762,394 | 1,758,386 | 1,752,646 | 1,746,727 | 1,748,303 |
| Accumulated deficit | (300,818) | (285,677) | (272,656) | (274,281) | (267,971) |
| Total stockholders' equity | <u>1,462,748</u> | <u>1,473,881</u> | <u>1,481,161</u> | <u>1,473,616</u> | <u>1,481,500</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,356,018</u> | <u>\$ 3,238,712</u> | <u>\$ 3,166,082</u> | <u>\$ 3,150,589</u> | <u>\$ 3,117,646</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|--|--|------------|---|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| REVENUE: | | | | |
| Owned & controlled properties | \$ 396,371 | \$ 368,087 | \$ 1,576,938 | \$ 1,409,597 |
| Managed only and other | 51,464 | 55,390 | 216,149 | 237,270 |
| Total revenue | 447,835 | 423,477 | 1,793,087 | 1,646,867 |
| EXPENSES: | | | | |
| Operating: | | | | |
| Owned & controlled properties | 264,250 | 246,943 | 1,050,582 | 933,217 |
| Managed only and other | 46,681 | 51,490 | 205,546 | 222,918 |
| Total operating expenses | 310,931 | 298,433 | 1,256,128 | 1,156,135 |
| General and administrative | 27,166 | 26,843 | 103,936 | 106,429 |
| Depreciation and amortization | 43,199 | 28,512 | 151,514 | 113,925 |
| Asset impairments | - | 27,844 | 955 | 30,082 |
| | 381,296 | 381,632 | 1,512,533 | 1,406,571 |
| OPERATING INCOME | 66,539 | 41,845 | 280,554 | 240,296 |
| OTHER (INCOME) EXPENSE: | | | | |
| Interest expense, net | 15,981 | 10,447 | 49,696 | 39,535 |
| Expenses associated with debt refinancing transactions | - | - | 701 | - |
| Other (income) expense | 295 | (61) | (58) | (1,204) |
| | 16,276 | 10,386 | 50,339 | 38,331 |
| INCOME BEFORE INCOME TAXES | 50,263 | 31,459 | 230,215 | 201,965 |
| Income tax expense | (1,665) | (1,453) | (8,361) | (6,943) |
| NET INCOME | \$ 48,598 | \$ 30,006 | \$ 221,854 | \$ 195,022 |
| BASIC EARNINGS PER SHARE | \$ 0.41 | \$ 0.26 | \$ 1.90 | \$ 1.68 |
| DILUTED EARNINGS PER SHARE | \$ 0.41 | \$ 0.25 | \$ 1.88 | \$ 1.66 |

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|---|--|----------------|---|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Basic: | | | | |
| Net income | \$ 48,598 | \$ 30,006 | \$ 221,854 | \$ 195,022 |
| Diluted: | | | | |
| Net income | \$ 48,598 | \$ 30,006 | \$ 221,854 | \$ 195,022 |
| Basic: | | | | |
| Weighted average common shares outstanding | 117,225 | 116,607 | 117,079 | 116,375 |
| Unvested restricted common stock | (97) | (250) | (130) | (266) |
| Weighted average common shares outstanding-basic | <u>117,128</u> | <u>116,357</u> | <u>116,949</u> | <u>116,109</u> |
| Diluted: | | | | |
| Weighted average common shares outstanding-basic | 117,128 | 116,357 | 116,949 | 116,109 |
| Effect of dilutive securities: | | | | |
| Stock options | 379 | 895 | 631 | 895 |
| Restricted stock-based compensation | 277 | 443 | 205 | 308 |
| Weighted average shares and assumed conversions-diluted | <u>117,784</u> | <u>117,695</u> | <u>117,785</u> | <u>117,312</u> |
| Basic earnings per share | <u>\$ 0.41</u> | <u>\$ 0.26</u> | <u>\$ 1.90</u> | <u>\$ 1.68</u> |
| Diluted earnings per share | <u>\$ 0.41</u> | <u>\$ 0.25</u> | <u>\$ 1.88</u> | <u>\$ 1.66</u> |

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|---|--|------------------|---|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net Income | \$ 48,598 | \$ 30,006 | \$ 221,854 | \$ 195,022 |
| Special items: | | | | |
| Expenses associated with debt refinancing transactions, net | - | - | 698 | - |
| Expenses associated with mergers and acquisitions, net | 1,967 | - | 3,620 | - |
| Asset impairments, net | - | 27,727 | 955 | 29,962 |
| Diluted adjusted net income | <u>\$ 50,565</u> | <u>\$ 57,733</u> | <u>\$ 227,127</u> | <u>\$ 224,984</u> |
| Weighted average common shares outstanding - basic | 117,128 | 116,357 | 116,949 | 116,109 |
| Effect of dilutive securities: | | | | |
| Stock options | 379 | 895 | 631 | 895 |
| Restricted stock-based compensation | 277 | 443 | 205 | 308 |
| Weighted average shares and assumed conversions - diluted | <u>117,784</u> | <u>117,695</u> | <u>117,785</u> | <u>117,312</u> |
| Adjusted Diluted Earnings Per Share | <u>\$ 0.43</u> | <u>\$ 0.49</u> | <u>\$ 1.93</u> | <u>\$ 1.92</u> |

FUNDS FROM OPERATIONS

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|---|--|-----------|---|------------|
| | 2015 | 2014 | 2015 | 2014 |
| FUNDS FROM OPERATIONS: | | | | |
| Net income | \$ 48,598 | \$ 30,006 | \$ 221,854 | \$ 195,022 |
| Depreciation of real estate assets | 24,195 | 21,640 | 90,219 | 85,560 |
| Impairment of real estate assets, net | - | 27,608 | - | 29,843 |
| Funds From Operations | \$ 72,793 | \$ 79,254 | \$ 312,073 | \$ 310,425 |
| Expenses associated with debt refinancing transactions, net | - | - | 698 | - |
| Expenses associated with mergers and acquisitions, net | 1,967 | - | 3,620 | - |
| Goodwill and other impairments, net | - | 119 | 955 | 119 |
| Normalized Funds From Operations | \$ 74,760 | \$ 79,373 | \$ 317,346 | \$ 310,544 |
| Maintenance capital expenditures on real estate assets | (10,762) | (6,901) | (26,609) | (25,481) |
| Stock-based compensation | 3,878 | 3,537 | 15,394 | 13,975 |
| Amortization of debt costs and other non-cash interest | 787 | 777 | 2,973 | 3,102 |
| Other non-cash revenue and expenses | (16) | (16) | (64) | (64) |
| Adjusted Funds From Operations | \$ 68,647 | \$ 76,770 | \$ 309,040 | \$ 302,076 |
| NORMALIZED FUNDS FROM OPERATIONS PER SHARE: | | | | |
| Basic | \$ 0.64 | \$ 0.68 | \$ 2.71 | \$ 2.67 |
| Diluted | \$ 0.63 | \$ 0.67 | \$ 2.69 | \$ 2.65 |
| ADJUSTED FUNDS FROM OPERATIONS PER SHARE: | | | | |
| Basic | \$ 0.59 | \$ 0.66 | \$ 2.64 | \$ 2.60 |
| Diluted | \$ 0.58 | \$ 0.65 | \$ 2.62 | \$ 2.57 |

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>December 31, 2015</u> | <u>September 30, 2015</u> | <u>June 30, 2015</u> | <u>March 31, 2015</u> | <u>December 31, 2014</u> |
|---|--------------------------|---------------------------|----------------------|-----------------------|--------------------------|
| BALANCE SHEET: | | | | | |
| Property and equipment | \$ 4,076,783 | \$ 4,026,337 | \$ 3,972,708 | \$ 3,899,174 | \$ 3,810,052 |
| Accumulated depreciation and amortization | (1,193,723) | (1,253,594) | (1,217,416) | (1,179,092) | (1,151,424) |
| Property and equipment, net | <u>\$ 2,883,060</u> | <u>\$ 2,772,743</u> | <u>\$ 2,755,292</u> | <u>\$ 2,720,082</u> | <u>\$ 2,658,628</u> |
| Total assets | \$ 3,356,018 | \$ 3,238,712 | \$ 3,166,082 | \$ 3,150,589 | \$ 3,117,646 |
| Maintenance & technology capital expenditures for the quarter ended | \$ 20,464 | \$ 13,243 | \$ 11,303 | \$ 14,542 | \$ 17,792 |
| Total debt | \$ 1,464,000 | \$ 1,320,000 | \$ 1,238,000 | \$ 1,240,000 | \$ 1,200,000 |
| Equity book value | \$ 1,462,748 | \$ 1,473,881 | \$ 1,481,161 | \$ 1,473,616 | \$ 1,481,500 |
| LIQUIDITY: | | | | | |
| Cash and cash equivalents | \$ 65,291 | \$ 78,402 | \$ 41,069 | \$ 74,022 | \$ 74,393 |
| Availability under revolving credit facility | \$ 446,487 | \$ 490,867 | \$ 322,867 | \$ 318,729 | \$ 358,729 |
| CAPITALIZATION: | | | | | |
| Common shares outstanding | 117,232 | 117,223 | 117,119 | 117,000 | 116,764 |
| Common share price at end of period | \$ 26.49 | \$ 29.54 | \$ 33.08 | \$ 40.26 | \$ 36.34 |
| Market value of common equity at end of period | <u>\$ 3,105,476</u> | <u>\$ 3,462,767</u> | <u>\$ 3,874,297</u> | <u>\$ 4,710,420</u> | <u>\$ 4,243,204</u> |
| Total equity market capitalization | <u>\$ 3,105,476</u> | <u>\$ 3,462,767</u> | <u>\$ 3,874,297</u> | <u>\$ 4,710,420</u> | <u>\$ 4,243,204</u> |
| Total market capitalization (market value of equity plus debt) | <u>\$ 4,569,476</u> | <u>\$ 4,782,767</u> | <u>\$ 5,112,297</u> | <u>\$ 5,950,420</u> | <u>\$ 5,443,204</u> |
| Regular Dividends | \$ 63,751 | \$ 63,713 | \$ 63,689 | \$ 63,621 | \$ 59,896 |
| Dividends per common share | \$ 0.54 | \$ 0.54 | \$ 0.54 | \$ 0.54 | \$ 0.51 |
| Annualized dividend yield | 8.2% | 7.3% | 6.5% | 5.4% | 5.6% |
| EBITDA | \$ 109,443 | \$ 106,328 | \$ 118,117 | \$ 97,537 | \$ 70,418 |
| ADJUSTED EBITDA | \$ 97,659 | \$ 94,794 | \$ 107,425 | \$ 98,492 | \$ 98,262 |
| NORMALIZED FUNDS FROM OPERATIONS | \$ 74,760 | \$ 75,604 | \$ 87,478 | \$ 79,504 | \$ 79,373 |
| Basic normalized funds from operations per share | \$ 0.64 | \$ 0.65 | \$ 0.75 | \$ 0.68 | \$ 0.68 |
| Diluted normalized funds from operations per share | <u>\$ 0.63</u> | <u>\$ 0.64</u> | <u>\$ 0.74</u> | <u>\$ 0.68</u> | <u>\$ 0.67</u> |
| FFO PAYOUT RATIO | 85.7% | 84.4% | 73.0% | 79.4% | 76.1% |
| ADJUSTED FUNDS FROM OPERATIONS | \$ 68,647 | \$ 74,597 | \$ 85,972 | \$ 79,824 | \$ 76,770 |
| Basic adjusted funds from operations per share | \$ 0.59 | \$ 0.64 | \$ 0.74 | \$ 0.68 | \$ 0.66 |
| Diluted adjusted funds from operations per share | <u>\$ 0.58</u> | <u>\$ 0.63</u> | <u>\$ 0.73</u> | <u>\$ 0.68</u> | <u>\$ 0.65</u> |
| AFFO PAYOUT RATIO | 93.1% | 85.7% | 74.0% | 79.4% | 78.5% |

SELECTED FINANCIAL INFORMATION

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|---|--|-------------------|---|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Number of days per period | 92 | 92 | 365 | 365 |
| ALL FACILITIES: | | | | |
| Average available beds | <u>81,477</u> | <u>81,488</u> | <u>80,121</u> | <u>82,942</u> |
| Average compensated occupancy | <u>78.6%</u> | <u>82.2%</u> | <u>82.5%</u> | <u>83.8%</u> |
| Total compensated man-days | <u>5,894,020</u> | <u>6,159,733</u> | <u>24,130,580</u> | <u>25,380,787</u> |
| Revenue per compensated man-day | \$ 74.44 | \$ 67.27 | \$ 72.76 | \$ 63.54 |
| Operating expenses per compensated man-day: (1) | | | | |
| Fixed expense (2) | 38.65 | 34.77 | 37.53 | 33.06 |
| Variable expense | 15.11 | 12.87 | 14.96 | 11.60 |
| Total | <u>53.76</u> | <u>47.64</u> | <u>52.49</u> | <u>44.66</u> |
| Operating income per compensated man-day | \$ 20.68 | \$ 19.63 | \$ 20.27 | \$ 18.88 |
| Operating margin | <u>27.8%</u> | <u>29.2%</u> | <u>27.9%</u> | <u>29.7%</u> |
| DEPRECIATION AND AMORTIZATION: | | | | |
| Depreciation expense on real estate | 24,195 | 21,640 | 90,219 | 85,560 |
| Depreciation expense associated with STFRC rent payment | 10,706 | - | 29,887 | - |
| Other depreciation expense | 8,173 | 6,883 | 31,309 | 28,409 |
| Amortization of intangibles | 125 | (11) | 99 | (44) |
| Depreciation and amortization | <u>\$ 43,199</u> | <u>\$ 28,512</u> | <u>\$ 151,514</u> | <u>\$ 113,925</u> |
| NET OPERATING INCOME: | | | | |
| Revenue | | | | |
| Owned & controlled properties | \$ 396,371 | \$ 368,087 | \$ 1,576,938 | \$ 1,409,597 |
| Managed only and other | <u>51,464</u> | <u>55,390</u> | <u>216,149</u> | <u>237,270</u> |
| Total revenues | <u>447,835</u> | <u>423,477</u> | <u>1,793,087</u> | <u>1,646,867</u> |
| Operating Expenses | | | | |
| Owned & controlled properties | 264,250 | 246,943 | 1,050,582 | 933,217 |
| Managed only and other | <u>46,681</u> | <u>51,490</u> | <u>205,546</u> | <u>222,918</u> |
| Total operating expenses | <u>310,931</u> | <u>298,433</u> | <u>1,256,128</u> | <u>1,156,135</u> |
| Facility Net Operating Income | | | | |
| Owned & controlled properties | 132,121 | 121,144 | 526,356 | 476,380 |
| Managed only and other | <u>4,783</u> | <u>3,900</u> | <u>10,603</u> | <u>14,352</u> |
| Total net operating income | <u>\$ 136,904</u> | <u>\$ 125,044</u> | <u>\$ 536,959</u> | <u>\$ 490,732</u> |

(1) The calculations of expenses per man-day for the twelve months ended December 31, 2014 exclude expenses incurred during the first six months of 2014 for the Diamondback facility because of the distorted impact they have on the statistics. The expenses were incurred in connection with the activation of the facility in anticipation of a new contract. In April 2014, the decision was made to once again idle the facility in the absence of a definitive customer contract. The de-activation was completed near the end of the second quarter of 2014.

(2) Fixed expense and the corresponding fixed expense per compensated man-day for the three and twelve months ended December 31, 2015 includes depreciation expense of \$10.7 million and \$29.9 million, respectively, and interest expense of \$3.0 million and \$8.5 million, respectively, associated with the South Texas Family Residential Center (STFRC) lease payments. These amounts are also deducted from our calculation of Adjusted EBITDA, because we believe this presentation is more reflective of the cash flows associated with the facility's operations, and therefore cash available to service our debt and pay dividends to our shareholders.

SEGREGATED DATA

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

| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|---|--|-------------|---|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| OWNED AND MANAGED FACILITIES: | | | | |
| Corrections revenue | \$ 388,146 | \$ 359,945 | \$ 1,543,750 | \$ 1,379,986 |
| Operating expenses: | | | | |
| Fixed expense (1) | 196,793 | 179,253 | 769,727 | 692,317 |
| Variable expense | 77,090 | 66,461 | 306,697 | 236,540 |
| Total | 273,883 | 245,714 | 1,076,424 | 928,857 |
| Facility net operating income | \$ 114,263 | \$ 114,231 | \$ 467,326 | \$ 451,129 |
| Average available beds | 67,579 | 66,052 | 65,073 | 66,179 |
| Average compensated occupancy | 75.5% | 79.1% | 79.9% | 81.0% |
| Total compensated man-days | 4,690,997 | 4,809,522 | 18,982,630 | 19,561,238 |
| Revenue per compensated man-day | \$ 82.74 | \$ 74.84 | \$ 81.32 | \$ 70.55 |
| Operating expenses per compensated man-day: (2) | | | | |
| Fixed (1) | 41.95 | 37.27 | 40.55 | 35.25 |
| Variable | 16.43 | 13.82 | 16.16 | 12.09 |
| Total | 58.38 | 51.09 | 56.71 | 47.34 |
| Operating income per compensated man-day | \$ 24.36 | \$ 23.75 | \$ 24.61 | \$ 23.21 |
| Operating margin | 29.4% | 31.7% | 30.3% | 32.9% |
| MANAGED ONLY FACILITIES: | | | | |
| Corrections revenue | \$ 50,587 | \$ 54,439 | \$ 211,995 | \$ 232,685 |
| Operating expenses: | | | | |
| Fixed expense | 30,988 | 34,935 | 135,802 | 149,422 |
| Variable expense | 11,949 | 12,839 | 54,208 | 57,933 |
| Total | 42,937 | 47,774 | 190,010 | 207,355 |
| Facility net operating income | \$ 7,650 | \$ 6,665 | \$ 21,985 | \$ 25,330 |
| Average available beds | 13,898 | 15,436 | 15,048 | 16,763 |
| Average compensated occupancy | 94.1% | 95.1% | 93.7% | 95.1% |
| Total compensated man-days | 1,203,023 | 1,350,211 | 5,147,950 | 5,819,549 |
| Revenue per compensated man-day | \$ 42.05 | \$ 40.32 | \$ 41.18 | \$ 39.98 |
| Operating expenses per compensated man-day: | | | | |
| Fixed expense | 25.76 | 25.87 | 26.38 | 25.68 |
| Variable expense | 9.93 | 9.51 | 10.53 | 9.95 |
| Total | 35.69 | 35.38 | 36.91 | 35.63 |
| Operating income per compensated man-day | \$ 6.36 | \$ 4.94 | \$ 4.27 | \$ 4.35 |
| Operating margin | 15.1% | 12.3% | 10.4% | 10.9% |

(1) Fixed expense and the corresponding fixed expense per compensated man-day for the three and twelve months ended December 31, 2015 includes depreciation expense of \$10.7 million and \$29.9 million, respectively, and interest expense of \$3.0 million and \$8.5 million, respectively, associated with the South Texas Family Residential Center (STFRC) lease payments. These amounts are also deducted from our calculation of Adjusted EBITDA, because we believe this presentation is more reflective of the cash flows associated with the facility's operations, and therefore cash available to service our debt and pay dividends to our shareholders.

(2) The calculations of expenses per man-day for the twelve months ended December 31, 2014 exclude expenses incurred during the first six months of 2014 for the Diamondback facility because of the distorted impact they have on the statistics. The expenses were incurred in connection with the activation of the facility in anticipation of a new contract. In April 2014, the decision was made to once again idle the facility in the absence of a definitive customer contract. The de-activation was completed near the end of the second quarter of 2014.

ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

| | <u>Outstanding Balance 12/31/2014</u> | <u>Outstanding Balance 12/31/2015</u> | <u>Stated Interest Rate</u> | <u>Effective Interest Rate</u> ¹⁾ | <u>Maturity Date</u> | <u>Callable/ Redeemable</u> |
|----------------------------|---|---|-------------------------------------|--|--------------------------|---|
| Fixed Rate: | | | | | | |
| \$350 Million Senior Notes | \$ 350,000 | \$ 350,000 | 4.625% | 4.80% | May 2023 | Prior to February 1, 2023, redeemable at a "make-whole" redemption price, plus accrued and unpaid interest; thereafter the notes are redeemable at 100% of the aggregate principal amount plus accrued and unpaid interest. |
| \$325 Million Senior Notes | 325,000 | 325,000 | 4.125% | 4.38% | April 2020 | Prior to January 1, 2020, redeemable at a "make-whole" redemption price, plus accrued and unpaid interest; thereafter the notes are redeemable at 100% of the aggregate principal amount plus accrued and unpaid interest. |
| \$250 Million Senior Notes | - | 250,000 | 5.0% | 5.19% | October 2022 | Prior to July 15, 2022, redeemable at a "make-whole" redemption price, plus accrued and unpaid interest; thereafter the notes are redeemable at 100% of the aggregate principal amount plus accrued and unpaid interest. |
| Total Fixed Rate Debt | <u>675,000</u> | <u>925,000</u> | | | | |
| Floating Rate: | | | | | | |
| Revolving Credit Facility | 525,000 | 439,000 | 2.25% | 2.48% | July 2020 | |
| Term Loan | - | 100,000 | 2.06% | 2.19% | July 2020 | |
| Total Floating Rate Debt | <u>525,000</u> | <u>539,000</u> | | | | |
| Grand Total Debt | <u>\$ 1,200,000</u> | <u>\$ 1,464,000</u> | 3.67% | 3.88% | 5.55 | ⁴⁾ |

¹⁾ Includes amortization of debt issuance costs.

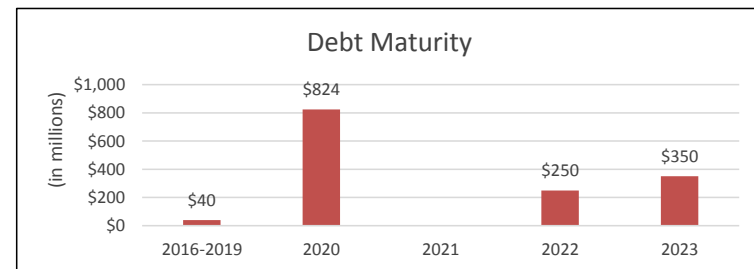
²⁾ On July 22, 2015, the Company amended and restated the \$900.0 million revolving credit facility with principally the same terms, with the exception of a reduction by 0.25% in the applicable margin of base rate and LIBOR rate loans and a new five-year-term, among other changes. The \$900.0 million revolving credit facility now matures in July 2020. The Company also has \$14.5 million of letters of credit outstanding under a sub-facility reducing the available capacity under the revolving credit facility to \$446.5 million as of December 31, 2015. Based on the Company's current leverage ratio, the revolving credit facility bears interest at LIBOR plus a margin of 1.5%.

³⁾ On October 6, 2015, the Company obtained \$100.0 million under an Incremental Term Loan ("Term Loan") under the "accordion" feature of the revolving credit facility. Interest rates under the Term Loan are the same as the interest rates under the revolving credit facility, except that the interest rate on the Term Loan is at a base rate plus a margin of 0.50% or at LIBOR plus a margin of 1.75% during the first two fiscal quarters following closing of the Term Loan. The Term Loan has a maturity of July 2020, with scheduled principal payments in years 2016 through 2020.

⁴⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule at December 31, 2015:

| <u>Year</u> | <u>Total Debt Maturing</u> | <u>% of Debt Maturing</u> | <u>% of Debt Maturing</u> |
|-------------------|--------------------------------|-------------------------------|-------------------------------|
| 2016 | \$ 5,000 | 0.34% | 0.34% |
| 2017 | 10,000 | 0.68% | 1.02% |
| 2018 | 10,000 | 0.68% | 1.71% |
| 2019 | 15,000 | 1.02% | 2.73% |
| 2020 | 824,000 | 56.28% | 59.02% |
| Thereafter | 600,000 | 40.98% | 100.00% |
| | <u>\$ 1,464,000</u> | <u>100.00%</u> | |



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

11 of 19

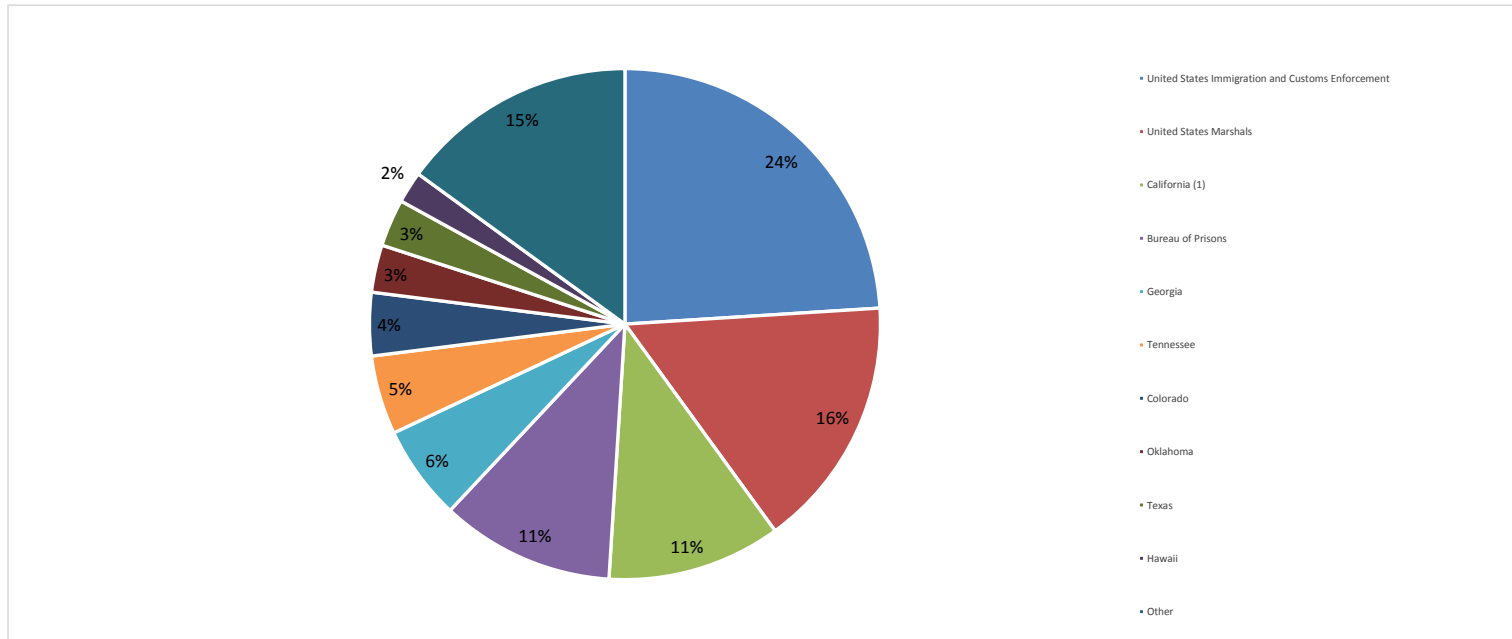
| | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|--|--|------------------|---|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| <u>COVERAGE RATIOS:</u> | | | | |
| Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x) | 7.3x | 9.0x | 8.7x | 9.1x |
| Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x) | 7.3x | 9.0x | 8.7x | 9.1x |
| Senior debt coverage ratio ((Senior debt - cash)/Annualized Adjusted EBITDA) (x) | 3.6x | 2.9x | 3.5x | 2.9x |
| Total debt coverage ratio ((Total debt - cash)/Annualized Adjusted EBITDA) (x) | 3.6x | 2.9x | 3.5x | 2.9x |
| Accounts receivable turnover (Annualized revenues/Accounts receivable) (x) | 7.6x | 6.8x | 7.6x | 6.6x |
| <u>DEBT/EQUITY RATIOS:</u> | | | | |
| Total debt/Total market capitalization | 32.0% | 22.0% | 32.0% | 22.0% |
| Total debt/Equity market capitalization | 47.1% | 28.3% | 47.1% | 28.3% |
| Total debt/Book equity capitalization | 100.1% | 81.0% | 100.1% | 81.0% |
| Total debt/Gross book value of real estate assets | 35.9% | 31.5% | 35.9% | 31.5% |
| <u>RETURN ON INVESTMENT RATIOS:</u> | | | | |
| Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*) | 9.6% | 10.4% | 10.1% | 10.4% |
| Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*) | 8.6% | 9.2% | 9.0% | 9.2% |
| <u>OVERHEAD RATIOS:</u> | | | | |
| Annualized general & administrative expenses (excl. non-recurring costs)/Average total assets (undepreciated book value)* | 2.2% | 2.5% | 2.3% | 2.6% |
| General & administrative expenses (excluding non-recurring costs)/Total revenues | 5.6% | 6.3% | 5.6% | 6.5% |
| <u>INTEREST EXPENSE, NET:</u> | | | | |
| Interest income | \$ (388) | \$ (427) | \$ (2,133) | \$ (3,614) |
| Interest incurred | 13,467 | 10,958 | 45,867 | 42,572 |
| Interest expense associated with STFRC lease | 3,047 | - | 8,467 | - |
| Amortization of debt costs and other non-cash interest | 787 | 777 | 2,973 | 3,102 |
| Capitalized interest | (932) | (861) | (5,478) | (2,525) |
| Interest expense, net | <u>\$ 15,981</u> | <u>\$ 10,447</u> | <u>\$ 49,696</u> | <u>\$ 39,535</u> |
| <u>EBITDA CALCULATION:</u> | | | | |
| Net income | \$ 48,598 | \$ 30,006 | \$ 221,854 | \$ 195,022 |
| Interest expense, net | 15,981 | 10,447 | 49,696 | 39,535 |
| Depreciation and amortization | 43,199 | 28,512 | 151,514 | 113,925 |
| Income tax expense | 1,665 | 1,453 | 8,361 | 6,943 |
| EBITDA | <u>109,443</u> | <u>70,418</u> | <u>431,425</u> | <u>355,425</u> |
| Expenses associated with debt refinancing transactions | - | - | 701 | - |
| Expenses associated with mergers and acquisitions | 1,969 | - | 3,643 | - |
| Depreciation expense associated with STFRC lease | (10,706) | - | (29,887) | - |
| Interest expense associated with STFRC lease | (3,047) | - | (8,467) | - |
| Asset impairments | - | 27,844 | 955 | 30,082 |
| ADJUSTED EBITDA | <u>\$ 97,659</u> | <u>\$ 98,262</u> | <u>\$ 398,370</u> | <u>\$ 385,507</u> |

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

PARTNER INFORMATION
(Unaudited)

| CONTRACT RETENTION | | | | | | | |
|-------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | TOTAL |
| OWNED AND MANAGED: | | | | | | | |
| # of Contracts up for Renewal | 26 | 27 | 22 | 28 | 22 | 29 | 154 |
| # of Contracts Retained | 23 | 27 | 21 | 25 | 22 | 26 | 144 |
| Retention Rate | 88.5% | 100.0% | 95.5% | 89.3% | 100.0% | 89.7% | 93.5% |
| MANAGED ONLY: | | | | | | | |
| # of Contracts up for Renewal | 13 | 10 | 7 | 13 | 7 | 10 | 60 |
| # of Contracts Retained | 11 | 10 | 6 | 11 | 4 | 10 | 52 |
| Retention Rate | 84.6% | 100.0% | 85.7% | 84.6% | 57.1% | 100.0% | 86.7% |
| TOTAL RETENTION RATE | 87.2% | 100.0% | 93.1% | 87.8% | 89.7% | 92.3% | 91.6% |

TOP TEN PARTNERS
Percentage of Revenue for the Twelve Months Ended December 31, 2015



(1) California revenues include rental revenue generated at the California City facility under a lease agreement with the California Department of Corrections and Rehabilitation.

FACILITY PORTFOLIO

| Facility Name | Year Constructed/Acquired (A) | Primary Customer | Design Capacity (B) | Security Level | Facility Type (C) | Term | Remaining Renewal Options (D) | Compensated Occupancy % for the Quarter ended 12/31/15 |
|---|-------------------------------|---------------------|---------------------|--------------------|-----------------------|------------|-------------------------------|--|
| Owned and Managed Facilities: | | | | | | | | |
| Central Arizona Detention Center Florence, Arizona | 1994, 1998 | USMS | 2,304 | Multi | Detention | Sep-18 | (2) 5 year | 119.81% |
| Eloy Detention Center Eloy, Arizona | 1995, 1996 | ICE | 1,500 | Medium | Detention | Indefinite | - | 99.46% |
| Florence Correctional Center Florence, Arizona | 1999, 2004 | USMS | 1,824 | Multi | Detention | Sep-18 | (2) 5 year | 82.25% |
| La Palma Correctional Center Eloy, Arizona | 2008 | State of California | 3,060 | Medium | Correctional | Jun-19 | Indefinite | 85.43% |
| Red Rock Correctional Center (E) Eloy, Arizona | 2006 | State of Arizona | 1,596 | Medium | Correctional | Jan-24 | (2) 5 year | 90.53% |
| Saguaro Correctional Facility Eloy, Arizona | 2007 | State of Hawaii | 1,896 | Medium | Correctional | Jun-16 | - | 72.25% |
| CAI Boston Avenue San Diego, California | 2013 | BOP | 120 | - | Community Corrections | May-16 | - | 102.48% |
| CAI Ocean View San Diego, California | 2013 | BOP | 483 | - | Community Corrections | May-16 | - | 69.56% |
| Leo Chesney Correctional Center Live Oak, California | 1989 | - | 240 | - | - | - | - | 0.00% |
| Otay Mesa Detention Center (F) San Diego, California | 2015 | ICE | 1,482 | Minimum/ Medium | Detention | Jun-17 | (2) 3 year | 70.20% |
| Bent County Correctional Facility Las Animas, Colorado | 1992, 1997, 2008 | State of Colorado | 1,420 | Medium | Correctional | Jun-16 | - | 97.56% |
| Crowley County Correctional Facility Olney Springs, Colorado | 2003, 2004 | State of Colorado | 1,794 | Medium | Correctional | Jun-16 | - | 76.63% |
| 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-16 | - | 61.36% |
| Coffee Correctional Facility (G) Nicholls, Georgia | 1998, 1999, 2010 | State of Georgia | 2,312 | Medium | Correctional | Jun-16 | (18) 1 year | 113.65% |
| Jenkins Correctional Center (G) Millen, Georgia | 2012 | State of Georgia | 1,124 | Medium | Correctional | Jun-16 | (19) 1 year | 102.13% |
| McRae Correctional Facility McRae, Georgia | 2000, 2002, 2012 | BOP | 1,978 | Medium | Correctional | Nov-16 | (3) 2 year | 92.57% |
| Stewart Detention Center Lumpkin, Georgia | 2004 | ICE | 1,752 | Medium | Detention | Indefinite | - | 93.29% |
| Wheeler Correctional Facility (G) Alamo, Georgia | 1998, 1999, 2010 | State of Georgia | 2,312 | Medium | Correctional | Jun-16 | (18) 1 year | 114.78% |

FACILITY PORTFOLIO

| Facility Name | Year Constructed/Acquired (A) | Primary Customer | Design Capacity (B) | Security Level | Facility Type (C) | Term | Remaining Renewal Options (D) | Compensated Occupancy % for the Quarter ended 12/31/15 |
|--|-------------------------------|---|---------------------|--------------------|--------------------------|------------|-------------------------------|--|
| Leavenworth Detention Center Leavenworth, Kansas | 1992, 2000, 2004, 2008 | USMS | 1,033 | Maximum | Detention | Dec-16 | (2) 5 year | 73.07% |
| Lee Adjustment Center Beattyville, Kentucky | 1998 | - | 816 | Minimum/ Medium | Correctional | - | - | 0.00% |
| Marion Adjustment Center St. Mary, Kentucky | 1998 | - | 826 | Minimum/ Medium | Correctional | - | - | 0.00% |
| Otter Creek Correctional Center (H) Wheelwright, Kentucky | 1998 | - | 656 | Minimum/ Medium | Correctional | - | - | 0.00% |
| Prairie Correctional Facility Appleton, Minnesota | 1991 | - | 1,600 | Medium | Correctional | - | - | 0.00% |
| Adams County Correctional Center Adams County, Mississippi | 2008 | BOP | 2,232 | Medium | Correctional | Jul-17 | (1) 2 year | 92.29% |
| Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi | 2000, 2007, 2008 | State of California | 2,672 | Medium | Correctional | Jun-19 | Indefinite | 88.31% |
| Crossroads Correctional Center (J) Shelby, Montana | 1999 | State of Montana | 664 | Multi | Correctional | Jun-17 | (1) 2 year | 104.13% |
| Nevada Southern Detention Center Pahrump, Nevada | 2010 | Office of the Federal Detention Trustee | 1,072 | Medium | Detention | Sep-20 | (2) 5 year | 72.06% |
| Elizabeth Detention Center Elizabeth, New Jersey | 1963 | ICE | 300 | Minimum | Detention | Aug-16 | (5) 1 year | 96.05% |
| Cibola County Corrections Center Milan, New Mexico | 1994, 1999 | BOP | 1,129 | Medium | Correctional | Sep-16 | (2) 2 year | 96.84% |
| New Mexico Women's Correctional Facility Grants, New Mexico | 1989, 2000 | State of New Mexico | 596 | Multi | Correctional | Jun-16 | - | 126.15% |
| Torrance County Detention Facility Estancia, New Mexico | 1990, 1997 | USMS | 910 | Multi | Detention | Indefinite | - | 61.20% |
| Lake Erie Correctional Institution (K) Conneaut, Ohio | 2011 | State of Ohio | 1,798 | Medium | Correctional | Jun-32 | Indefinite | 97.60% |
| Northeast Ohio Correctional Center Youngstown, Ohio | 1997 | USMS | 2,016 | Medium | Correctional | Dec-16 | (1) 2 year | 26.97% |
| Carver Transitional Center Oklahoma City, Oklahoma | 2015 | State of Oklahoma | 494 | - | Community Corrections | Jun-16 | (2) 1 year | 65.57% |
| Cimarron Correctional Facility (L) Cushing, Oklahoma | 1997, 2008 | State of Oklahoma | 1,692 | Medium | Correctional | Jun-16 | (3) 1 year | 97.23% |
| Davis Correctional Facility (L) Holdenville, Oklahoma | 1996, 2008 | State of Oklahoma | 1,670 | Medium | Correctional | Jun-16 | (3) 1 year | 99.63% |
| Diamondback Correctional Facility Watonga, Oklahoma | 1998, 2000 | - | 2,160 | Medium | Correctional | - | - | 0.00% |

FACILITY PORTFOLIO

| <u>Facility Name</u> | <u>Year Constructed/Acquired (A)</u> | <u>Primary Customer</u> | <u>Design Capacity (B)</u> | <u>Security Level</u> | <u>Facility Type (C)</u> | <u>Term</u> | <u>Remaining Renewal Options (D)</u> | <u>Compensated Occupancy % for the Quarter ended 12/31/15</u> |
|---|--------------------------------------|-------------------------|----------------------------|-----------------------|--------------------------|-------------|--------------------------------------|---|
| North Fork Correctional Facility (M) Sayre, Oklahoma | 1998, 2007 | - | 2,400 | Medium | Correctional | - | - | 10.78% |
| Tulsa Transitional Center Tulsa, Oklahoma | 2015 | State of Oklahoma | 390 | - | Community Corrections | Jun-16 | (2) 1 year | 55.47% |
| Turley Residential Center Tulsa, Oklahoma | 2015 | State of Oklahoma | 289 | - | Community Corrections | Jun-16 | (3) 1 year | 61.31% |
| Shelby Training Center Memphis, Tennessee | 1986, 1995 | - | 200 | - | - | - | - | 0.00% |
| Trousdale Turner Correctional Center Hartsville, Tennessee | 2015 | State of Tennessee | 2,552 | Multi | Correctional | Dec-20 | - | - |
| West Tennessee Detention Facility Mason, Tennessee | 1990, 1996 | USMS | 600 | Multi | Detention | Sep-16 | (6) 2 year | 46.37% |
| Whiteville Correctional Facility (N) Whiteville, Tennessee | 1998 | State of Tennessee | 1,536 | Medium | Correctional | Jun-16 | - | 99.26% |
| Austin Residential Re-entry Center Del Valle, Texas | 2015 | BOP | 116 | - | Community Corrections | Aug-16 | (1) 1 year | 67.50% |
| Austin Transitional Center Del Valle, Texas | 2015 | State of Texas | 460 | - | Community Corrections | Aug-16 | (4) 1 year | 83.34% |
| Corpus Christi Transitional Center Corpus Christi, Texas | 2015 | State of Texas | 160 | - | Community Corrections | Aug-17 | (1) 2 year | 51.26% |
| Dallas Transitional Center Hutchins, Texas | 2015 | State of Texas | 300 | - | Community Corrections | Aug-16 | (4) 1 year | 77.55% |
| Eden Detention Center Eden, Texas | 1995 | BOP | 1,422 | Medium | Correctional | Apr-17 | - | 93.75% |
| El Paso Multi-Use Facility El Paso, Texas | 2015 | State of Texas | 360 | - | Community Corrections | Aug-16 | (4) 1 year | 73.39% |
| El Paso Transitional Center El Paso, Texas | 2015 | State of Texas | 224 | - | Community Corrections | Aug-16 | (4) 1 year | 79.58% |
| Fort Worth Transitional Center Fort Worth, Texas | 2015 | State of Texas | 248 | - | Community Corrections | Aug-16 | (4) 1 year | 75.89% |
| Houston Processing Center Houston, Texas | 1984, 2005 | ICE | 1,000 | Medium | Detention | Mar-16 | - | 87.03% |
| Laredo Processing Center Laredo, Texas | 1985, 1990 | ICE | 258 | Minimum/ Medium | Detention | Jun-18 | - | 127.57% |

FACILITY PORTFOLIO

| <u>Facility Name</u> | <u>Year Constructed/Acquired (A)</u> | <u>Primary Customer</u> | <u>Design Capacity (B)</u> | <u>Security Level</u> | <u>Facility Type (C)</u> | <u>Term</u> | <u>Remaining Renewal Options (D)</u> | <u>Compensated Occupancy % for the Quarter ended 12/31/15</u> |
|---|--------------------------------------|-------------------------|----------------------------|-----------------------|--------------------------|-------------|--------------------------------------|---|
| South Texas Family Residential Center Dilley, Texas | 2014 | ICE | 2,400 | - | Residential | Sep-18 | - | 100.00% |
| T. Don Hutto Residential Center Taylor, Texas | 1997 | ICE | 512 | Medium | Detention | Jan-20 | Indefinite | 97.25% |
| Webb County Detention Center Laredo, Texas | 1998 | USMS | 480 | Medium | Detention | Nov-17 | - | 83.12% |
| Cheyenne Transitional Center Cheyenne, Wyoming | 2015 | State of Wyoming | 116 | - | Community Corrections | Jun-16 | Indefinite | 80.23% |
| D.C. Correctional Treatment Facility (O) Washington D.C. | 1997 | District of Columbia | 1,500 | Medium | Detention | Mar-17 | - | 34.51% |
| Total design capacity for Owned and Managed Facilities (60 Owned and Managed Facilities) | | | <u>71,296</u> | | | | | <u>75.5%</u> |
| Managed Only Facilities: | | | | | | | | |
| Citrus County Detention Facility Lecanto, Florida | 1992, 2007 | Citrus County, FL | 760 | Multi | Detention | Sep-20 | Indefinite | 80.42% |
| Lake City Correctional Facility Lake City, Florida | 1997, 2005 | State of Florida | 893 | Medium | Correctional | Jun-16 | Indefinite | 99.31% |
| Marion County Jail Indianapolis, Indiana | 1997, 2005 | Marion County, IN | 1,030 | Multi | Detention | Dec-17 | (1) 10 year | 106.98% |
| Hardeman County Correctional Facility Whiteville, Tennessee | 1997 | State of Tennessee | 2,016 | Medium | Correctional | May-17 | - | 98.89% |
| Metro-Davidson County Detention Facility Nashville, Tennessee | 1992, 1995, 2011 | Davidson County, TN | 1,348 | Multi | Detention | Jan-20 | - | 62.78% |
| Silverdale Facilities Chattanooga, Tennessee | 1985, 1997, 1998, 2005, 2008 | Hamilton County, TN | 1,046 | Multi | Detention | Apr-16 | - | 90.49% |
| South Central Correctional Center Clifton, Tennessee | 1992, 1994, 1995, 2005 | State of Tennessee | 1,676 | Medium | Correctional | Jun-16 | (1) 2 year | 99.01% |
| Bartlett State Jail Bartlett, Texas | 1995 | State of Texas | 1,049 | Minimum/ Medium | Correctional | Aug-17 | - | 95.85% |
| Bradshaw State Jail Henderson, Texas | 1995 | State of Texas | 1,980 | Minimum/ Medium | Correctional | Aug-17 | - | 99.19% |
| Lindsey State Jail Jacksboro, Texas | 1995 | State of Texas | 1,031 | Minimum/ Medium | Correctional | Aug-17 | - | 96.24% |
| Willacy State Jail Raymondville, Texas | 1995 | State of Texas | 1,069 | Minimum/ Medium | Correctional | Aug-17 | - | 99.97% |
| Total design capacity for Managed Only Facilities (11 Managed Only Facilities) | | | <u>13,898</u> | | | | | <u>94.1%</u> |
| Total design capacity for All Owned and Managed and Managed Only Facilities as of December 31, 2015 | | | <u>85,194</u> | | | | | <u>78.6%</u> |

FACILITY PORTFOLIO

| <u>Facility Name</u> | <u>Year Constructed/Acquired (A)</u> | <u>Primary Customer</u> | <u>Design Capacity (B)</u> | <u>Security Level</u> | <u>Facility Type (C)</u> | <u>Term</u> | <u>Remaining Renewal Options (D)</u> | <u>Compensated Occupancy % for the Quarter ended 12/31/15</u> |
|--|--------------------------------------|-----------------------------|----------------------------|-----------------------|--------------------------|-------------|--------------------------------------|---|
| Leased Facilities: | | | | | | | | |
| California City Correctional Center California City, California | 1999 | CDCR | 2,560 | Medium | Owned/Leased | Dec-16 | Indefinite | 100.00% |
| Broad Street Residential Re-entry Center Philadelphia, Pennsylvania | 2015 | Community Education Centers | 150 | - | Owned/Leased | Jul-19 | (4) 5 year | 100.00% |
| Chester Residential Re-entry Center Chester, Pennsylvania | 2015 | Community Education Centers | 135 | - | Owned/Leased | Jul-19 | (4) 5 year | 100.00% |
| Roth Hall Residential Re-entry Center Philadelphia, Pennsylvania | 2015 | Community Education Centers | 160 | - | Owned/Leased | Jul-19 | (4) 5 year | 100.00% |
| Walker Hall Residential Re-entry Center Philadelphia, Pennsylvania | 2015 | Community Education Centers | 160 | - | Owned/Leased | Jul-19 | (4) 5 year | 100.00% |
| Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas | 1995 | MTC | 200 | Medium | Owned/Leased | Sep-17 | - | 100.00% |
| Total design capacity for Leased Facilities (6 Facilities) | | | <u>3,365</u> | | | | | <u>100.00%</u> |
| Total Portfolio | | | <u>88,559</u> | | | | | <u>79.5%</u> |
| Less Idle Facilities: | | | (7,250) | | | | | 0.0% |
| Total Portfolio, Excluding Idle Facilities | | | <u>81,309</u> | | | | | <u>86.9%</u> |

Expansion and Development Projects:

| <u>Facility Name</u> | <u>Estimated Completion</u> | <u>Potential Customer(s)</u> | <u>Design Capacity (B)</u> | <u>Project Description</u> | <u>Estimated Total Investment (in millions)</u> | <u>Spent through 12/31/15 (in millions)</u> |
|---|-----------------------------|------------------------------|----------------------------|----------------------------|---|---|
| Red Rock Correctional Center Eloy, Arizona | Third Quarter 2016 | State of Arizona | 428 | Expansion | \$35.0 - \$38.0 | \$5.5 |
| Projected Design Capacity for Expansion and Development Projects | | | <u>428</u> | | | |

(A) The year constructed/acquired represents the initial date of acquisition or completion of construction of the facility, as well as significant additions to the facility that occurred at a later date.

(B) Design capacity measures the number of beds, and accordingly, the number of offenders each facility is designed to accommodate. Facilities housing detainees on a short term basis may exceed the original intended design capacity due to the lower level of services required by detainees in custody for a brief period. From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays. We believe design capacity is an appropriate measure for evaluating 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 December 31, 2015. 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.

FACILITY PORTFOLIO

| <u>Facility Name</u> | <u>Year Constructed/Acquired (A)</u> | <u>Primary Customer</u> | <u>Design Capacity (B)</u> | <u>Security Level</u> | <u>Facility Type (C)</u> | <u>Term</u> | <u>Remaining Renewal Options (D)</u> | <u>Compensated Occupancy % for the Quarter ended 12/31/15</u> |
|--|--------------------------------------|-------------------------|----------------------------|-----------------------|--------------------------|-------------|--------------------------------------|---|
| <p>(E) Pursuant to the terms of a contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the twenty year term.</p> <p>(F) We transitioned operations from the 1,154-bed San Diego Correctional Facility to the newly constructed 1,482-bed Otay Mesa Detention Center in the fourth quarter of 2015. The San Diego Correctional Facility was subject to a ground lease with the County of San Diego. Upon expiration of the lease on December 31, 2015, ownership of the facility automatically reverted to the County of San Diego.</p> <p>(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.</p> <p>(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. In December 2013, we entered into an agreement with the city of Wheelwright that extends the reversion by up to 30 months in exchange for \$20,000 per month or until we resume operations, as defined in the agreement.</p> <p>(I) 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>(J) 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>(K) 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.</p> <p>(L) 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>(M) As a result of a decline in California inmate populations held in our program during 2015, this facility was idled during the fourth quarter of 2015. We will continue to market the facility to other customers.</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> | | | | | | | | |

RESEARCH / ANALYST COVERAGE

Equity Research Coverage:

| | | |
|----------------------------|------------------|----------------|
| Canaccord Genuity | Ryan Meliker | (212) 389-8094 |
| Macquarie Research | Kevin McVeigh | (212) 231-6191 |
| SunTrust Robinson Humphrey | Tobey Sommer | (404) 926-5009 |
| Wells Fargo Securities | Robert LaQuaglia | (617) 603-4263 |

Debt Research Coverage:

| | | |
|---------------------------------|----------------|----------------|
| SG Cowen Securities Corporation | Brad E. Eilert | (212) 278-5290 |
| Wells Fargo Securities | Kevin McClure | (704) 410-3252 |

Rating Agency Coverage:

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

Credit Ratings:

| | <u>Fitch</u> | <u>Standard & Poor's</u> | <u>Moody's</u> |
|-----------------------------|--------------|------------------------------|----------------|
| Corporate Credit Rating | BB + | BB+ | Not rated |
| Senior Unsecured Debt | BB + | BB+ | Baa3 |
| Senior Bank Credit Facility | BBB - | BBB | Not Rated |

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