



2018

ANNUAL REPORT

## Financial Highlights\*

(in thousands, except per share amounts)

	2018	2017	2016
Revenue	\$ 1,835,766	\$1,765,498	\$1,849,785
Net Income	\$159,207	\$178,040	\$219,919
Adjusted Net Income	\$172,008	\$185,732	\$223,300
Diluted EPS	\$1.34	\$1.50	\$1.87
Adjusted Diluted EPS	\$1.45	\$1.57	\$1.90
Normalized FFO	\$273,779	\$281,634	\$317,646
Normalized FFO Per Diluted Share	\$2.31	\$2.38	\$2.70
EBITDA	\$406,190	\$408,587	\$463,790
Adjusted EBITDA	\$395,952	\$388,853	\$418,668
Cash Dividends Per Share	\$1.72	\$1.68	\$2.04

\* Please refer to page A-1 in the Form 10-K insert accompanying the Annual Letter to Stockholders for a calculation of Adjusted Net Income, Adjusted Diluted EPS, Normalized FFO, Normalized FFO Per Share, and Adjusted EBITDA, and a reconciliation to their most comparable measures presented in accordance with generally accepted accounting principles.

CoreCivic is a diversified government solutions company with the scale and expertise needed to solve tough government challenges in cost-effective ways. For more than 35 years, we have served as a flexible and dependable partner to federal and state agencies, providing a broad range of solutions that serve the public good through corrections and detention management, government real estate solutions, and a growing network of residential reentry centers that help address America's recidivism crisis.

A publicly traded real estate investment trust (REIT) traded on the New York Stock Exchange, we are the nation's largest owner of partnership correctional, detention and residential reentry facilities and believe we are also the largest private owner of real estate used by government entities. Our employees are driven by a deep sense of service, high standards of professionalism and a responsibility to help government better the public good. Learn more at [www.corecivic.com](http://www.corecivic.com).



# Dear Shareholders,



**Damon T. Hininger**  
President and CEO

**CoreCivic is a diversified real estate investment trust operating at the intersection of real estate and government. As the nation's largest private owner of government-leased real estate assets, we are dedicated to delivering real estate solutions to state and federal government agencies and, as of December 31, 2018, owned or managed 104 properties totaling over 17 million square-feet.**

For more than 35 years, we have delivered a broad range of solutions that help governments solve tough challenges in flexible, cost-effective ways.

We are pleased with our financial results during calendar 2018. Revenue grew 4.0 percent to \$1.8 billion, and we generated net income of \$159.2 million or \$1.34 per diluted share. Additionally, in December 2018, we increased our quarterly dividend to \$0.44, or \$1.76 per share on an annualized basis, from

\$1.72 per share, providing a healthy yield and demonstrating confidence in our outlook.

With this letter, I'd like to share my thoughts on CoreCivic's mission, how our markets have changed, and what our Board of Directors and I see as our future direction.

CoreCivic today, is a nimble and creative organization, and we achieved our leadership position by pursuing our primary mission to tailor our solutions to enable our government partners to meet their evolving mandates. In our first three decades, CoreCivic focused on helping state and federal agencies develop and operate correctional and detention facilities. At the time of our founding, nearly every state correctional system had experienced a decade or more of rapid population growth, budgetary pressure, and overcrowding. Many states' correctional systems had been declared by the federal court system to be operating in a potentially unconstitutional fashion.

These challenges were so great that CoreCivic's initial 25 years were focused strictly on helping our state and federal government partners meet their urgent needs in this area, creating what is today CoreCivic's Safety business segment. While we continue to be the largest private owner of correctional and detention facilities in the United States, and many government agencies face persisting challenges within their correctional systems, many of our government partners have begun to experience a shift in their needs over the last decade.

Starting in the late 2000's, the rapid growth in inmate populations seen during the preceding 40 years began to slow, and, in some cases, reverse, allowing our government partners to focus more resources on their current operational needs and aging infrastructure rather than adding capacity to their correctional facilities. Additionally, our nation began to understand that, because 95% of incarcerated individuals will one day return to their communities, there are substantial benefits to investing in their rehabilitation and ultimate reentry into society.

Shifting the dialogue surrounding corrections from one focused solely on incarceration to one centered on preparing individuals to reenter their communities and reducing recidivism is one of the most encouraging dynamics to me personally. I've said for years that America's high recidivism rates are a tragic and unacceptable national crisis. Research tells us that about two-thirds of formerly incarcerated individuals will be re-arrested within three years of their release. Individuals who recidivate inflict pain on themselves, their families, and the victims of their crimes. In parallel, their reincarceration drives costs up for taxpayers. A significant amount of research shows that if inmates receive educational opportunities, vocational training, substance abuse disorder treatment and other life skills while incarcerated, they are much less likely to return to prison.

Today, our government partners are much more receptive to making additional investments in reentry programming in order to save money over the long-term by reducing their recidivism rate. At CoreCivic, we believe that we all share a responsibility to help individuals successfully reenter society and stay out of prison for good - and we are proud of the steps we've taken in that direction as our customers' needs continue to evolve.

Our commitment to working collaboratively with our government partners, non-governmental organizations, and volunteers to continuously expand the reentry-focused programming available in our CoreCivic Safety correctional facilities led us to establish in 2013 our CoreCivic Community segment. CoreCivic Community is now a nationwide network of residential reentry centers and non-residential services that help the individuals with whom we work stay on course for successful reentry and life outside of prison.

Over the last five years, we have invested hundreds of millions of dollars to develop and expand our CoreCivic Safety and Community segments. We are helping government agencies across the country develop evidence-based solutions that reduce recidivism through a continuum of care in a rehabilitation-oriented environment. These complementary segments are providing the individuals entrusted in our care with the resources they need to begin

new lives as healthy, productive community members. The more innovative and successful we are at delivering on that goal—successfully helping individuals return to society—the better-positioned we will be to grow our company and expand the solutions we provide to our government partners.

This changing dynamic has also encouraged our government partners to recognize the shortcomings in their existing criminal justice infrastructure. For many years I've talked about the significant number of outdated and inefficient facilities, many far past their useful lives, that are still in operation today. Outdated facilities present a substantial financial burden on federal, state, and local governments, as well as their taxpayers, due to inefficient designs and crumbling buildings that result in unnecessarily high staffing and maintenance expenses. However, that financial burden is often hidden from scrutiny, because the maintenance issues have developed over decades and government decision-makers lack modern, efficiently designed facilities to make an apples-to-apples comparison of staffing costs. Further, the infrastructure challenges only hinder some of the evidence-based programs that are paramount to reducing recidivism.

Looking at the challenges caused by outdated criminal justice facilities more than justifies a change from the status-quo. Adding the meaningful societal benefits that would result from modernizing our criminal justice infrastructure makes the case for modern and efficient criminal justice facilities even more compelling.

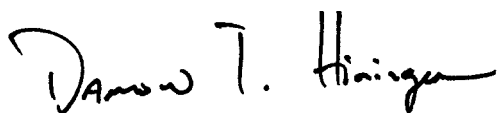
It's with that focus that we have spent 35 years developing expertise in designing and constructing our own facilities to facilitate more-rehabilitative programming, increase the safety of staff and offenders, reduce operational costs, and decrease our facilities' impact on the environment. Historically, we utilized this expertise exclusively for our own operations, but it became clear in recent years that we could help develop real estate-only, non-managed solutions to help our government partners.

That vision became reality in 2012 with the commencement of our company's first lease agreement, which launched our CoreCivic Properties business segment. Our lease with the state of California for our 522,000 square-foot California City Correctional Center was the first by a government agency of a correctional facility from a private entity. Our innovative solution gave California's Department of Corrections and Rehabilitation much needed capacity to help ease system-wide overcrowding, provided more resources for rehabilitative programming and improved the safety for inmates and staff employed by the state.

Since its inception six years ago, we have rapidly expanded the CoreCivic Properties portfolio to include additional correctional and residential reentry facilities leased to state governments, and last year expanded into government-leased real estate assets outside the criminal justice space. At the end of 2018, our CoreCivic Properties portfolio consisted of 27 properties, representing nearly 2.3 million square-feet of real estate, and we are currently constructing a new 422,000 square-foot correctional facility for the state of Kansas that is scheduled to be completed in the first quarter of 2020.

Our development project in Kansas is a wonderful example of the flexible solutions we can deliver to bring about positive change and address longstanding challenges. We are replacing a Civil War-era complex, a facility constructed in an era vastly different from current day, with a new facility that will provide more space for rehabilitative and reentry programs, a safer workplace for the State's corrections staff, more living and recreational space for inmates, and be more environmentally friendly all while saving taxpayer dollars by no longer operating a centuries-old, inefficient facility. We are encouraged that a growing number of federal, state and local government agencies are looking to follow the lead of Kansas in addressing their longstanding criminal justice infrastructure challenges, and we believe we have the capability to be a provider of choice in the solution.

Throughout our 35-year history, we have demonstrated our ability to address some of the toughest government challenges while being mindful of how those challenges may change in the future. As you can see, the environment has changed in the last decade. We have proactively responded to evolving market conditions by repositioning our company from a single-focus corrections and detention real estate and services provider to a truly diversified government solutions provider of real estate and related services through our three business segments—Safety, Community and Properties. I am confident that we have never been better positioned to deliver innovative solutions with the flexibility to meet the varied needs of our government partners, which should materialize into long-term value creation for all of us.



**Damon T. Hininger**

President and CEO

# 2018 Accomplishments

In 2018, we entered into a number of new contracts, renewed several significant contracts, and completed numerous transactions that position CoreCivic for future value creation.

The numerous contract awards throughout 2018 show that the flexible, cost-effective solutions offered by CoreCivic present compelling value to our government partners. Additionally, we have continued to take a prudent approach by allocating capital that repositions our company, diversifying and growing our CoreCivic Community and Properties segments. While these segments are not today the primary drivers of cash flows, they will benefit the company over the long-term by expanding our scope of solutions. We are proud of the progress made in 2018 through these milestones:

## CoreCivic Safety

- Accepted approximately 100 offenders from the state of Wyoming at our 2,672-bed Tallahatchie County Correctional Facility in Mississippi under an out-of-state contract not used since 2010.
- Executed a new contract with the state of South Carolina to care for up to 48 offenders at our Tallahatchie County Correctional Facility.
- Executed a new contract with the United States Marshals Service (USMS) to care for up to 1,350 offenders at our Tallahatchie County Correctional Facility. The initial term of the contract, which also authorizes the United States Immigration and Customs Enforcement agency (ICE) to utilize available capacity, continues through June 2020, with unlimited two-year extension options thereafter upon mutual agreement.
- Executed a new agreement with ICE to care for approximately 1,000 adult detainees at our 3,060-bed La Palma Correctional Center in Arizona, although ICE may use additional capacity, if available. The new agreement has an indefinite term, subject to termination by either party with 90 days' written notice.
- Executed a new contract with the Vermont Department of Corrections to care for up to 350 of the State's offenders at our Tallahatchie County Correctional Facility. The contract has an initial term of two years, with one additional two-year extension option thereafter upon mutual agreement.
- Commenced a 512-bed expansion of our Otay Mesa Detention Center in California, which currently has a design capacity of 1,482 beds, to meet the regional needs of our federal partners. Completion of this expansion project is on track for the fourth quarter of 2019.



*La Palma Correctional Center, Eloy, AZ*



*Final piece of precast being set at Otoy Mesa Detention Center*



*Precast cell dropping in to place from a crane at Otoy Mesa Detention Center*



*Northwest corner of the 512-bed expansion at Otoy Mesa Detention Center. The precast concrete building structure is now complete and work continues on the roofing, concrete floor slabs and the rough-in of interior mechanical and electrical systems.*



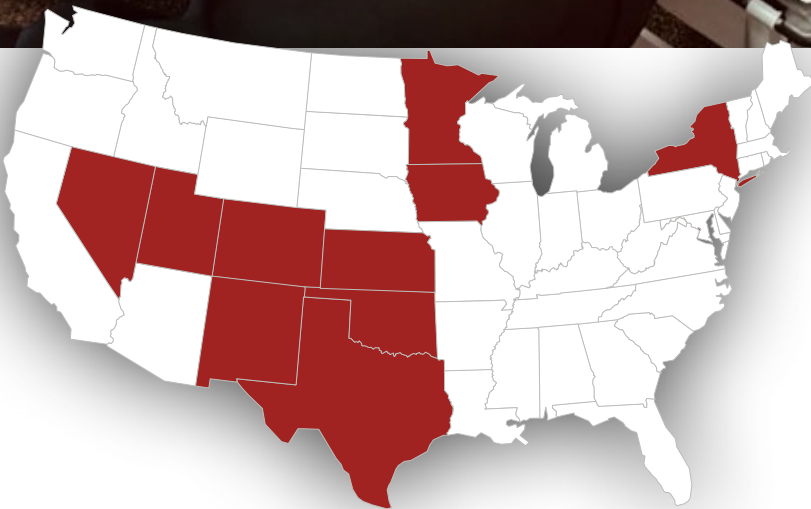
*North half of the roof, pods T and V of new addition at Otoy Mesa Detention Center*



*Installing railing and stairs in dayroom at Otoy Mesa Detention Center*

## CoreCivic Community

- Completed the acquisition of Rocky Mountain Offender Management Systems, LLC, which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in seven states.
- Completed the acquisition of Recovery Monitoring Solutions Corporation, which provides non-residential correctional alternatives, including electronic monitoring and case management services, to municipal, county, and state governments in four states.



Rocky Mountain Offender Management Systems and Recovery Monitoring Solutions, Inc. serves more than 50,000 people across 10 states:





Recovery Monitoring Solutions' mission is to address substance abuse issues within individuals, families, and businesses in our community by providing assessment, education, intervention, treatment, and monitoring programs that incorporate the latest and most innovative technologies.



## CoreCivic Properties

- Completed the acquisition of the 261,000 square-foot Capital Commerce Center, located in Tallahassee, Florida. Capital Commerce Center is 98% leased, including 87% leased to the state of Florida on behalf of the Florida Department of Business and Professional Regulation.
- Entered into a 20-year lease agreement with the Kansas Department of Corrections for a 2,432-bed correctional facility we are constructing in Lansing, Kansas. The new facility will replace the Lansing Correctional Facility, the State's largest correctional complex for adult male inmates, originally constructed in 1863.
- Completed the acquisition of a portfolio of twelve properties leased to the U.S. Federal Government through the General Services Administration (GSA) on behalf of the Social Security Administration (SSA), the Department of Homeland Security, and ICE.
- Completed the acquisition of a 541,000 square-foot SSA office building in Baltimore, Maryland. The office building was purpose-built to SSA specifications in 2014 under a 20-year firm term lease expiring in January 2034.



*In January 2019, the Company successfully achieved Leadership in Energy and Environmental Design (LEED) – Gold Certification by the U.S. Green Building Council for its SSA-Baltimore property, a property acquired in August 2018. LEED is an internationally recognized certification system that measures how well a building performs across various categories including energy savings, water efficiency, carbon dioxide emissions reduction, improved environmental indoor quality, and stewardship of resources and sensitivity to their impacts.*

- Completed the acquisition of a 217,000 square-foot, steel frame property in Dayton, Ohio that was built-to-suit for the National Archives and Records Administration (NARA) in 2002. The building is 100% leased to the GSA on behalf of NARA through January 2023 and includes two additional 10-year renewal options. The building provides 1.2 million cubic feet of storage space, approximately 90% of which is dedicated to archives of the Internal Revenue Service (IRS).





*Capital Commerce Center, Tallahassee, FL*



*SSA office building, Baltimore, MD*

*Four new buildings of the Lansing Correctional Facility construction. On the left is Housing Unit A (concrete slab underway), the center is the Support Building (medical, food services, recreation, spiritual life and staff support), and on the right is Housing Unit B. In the distance is the 512-Bed Dormitory*



# Reentry Programming Accomplishments

Solving the challenges of inmate reentry benefits our communities — it means more people living healthy and productive lives as well as stronger families and local economies.

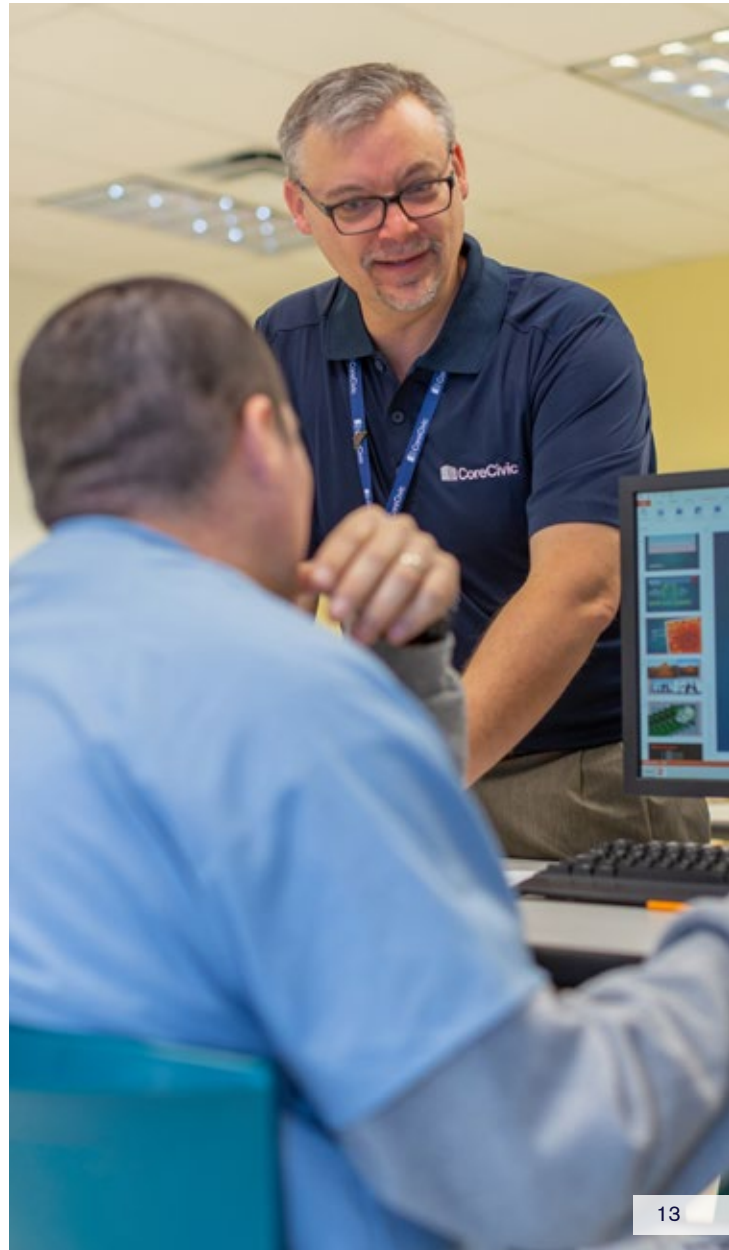
We are continuously evolving our business model to further emphasize reentry services, and are working hard to equip the men and women in our care with the services, support, and resources they need to be successful. Thanks to the dedication of our teachers, counselors, case managers, chaplains, and other offender support service professionals, our program highlights during 2018 include:

- The total number of offenders in CoreCivic facilities who passed high school equivalency exams totaled 1,653.
- The Crowley County Correctional Facility led the state of Colorado in GED completions for the second consecutive year.
- 4,712 offenders earned National Center for Construction Education and Research career and technical education certificates, a 5% increase from 2017.
- 2,023 offenders completed evidence-based substance abuse recovery and treatment programs, a 10% increase from 2017. CoreCivic offers programs with proven clinical outcomes, such as the Residential Drug Abuse Program, using both Residential Therapeutic Community models and intensive outpatient programs.
- The “Go Further” reentry process, introduced in 2017, expanded from five to thirteen CoreCivic facilities, and enrollees achieved 2,521 cognitive/behavioral evidence-based journal completions. The program supplements our facility reentry programs by adding a proprietary cognitive/behavioral curriculum, and encourages staff and offenders to take a collaborative approach to assist in reentry preparations.



- Victim impact and faith-based reentry programs are also demonstrated to foster successful offender reentry. CoreCivic's victim impact programs help offenders more deeply understand how their crimes have affected their victims, family, friends and community, providing a more powerful understanding of the impact of their action. In 2018, 996 offenders completed Victim Impact Programs. CoreCivic's faith-based reentry program, called Threshold, is a 26-week program that teaches participants how to cultivate positive relationships with themselves and others, while improving their decision-making. In 2018, 868 offenders completed the Threshold program.
- In 2018, through a partnership with Fuel Education, a company that specializes in digital learning opportunities, we began offering an online Information Support and Services computer program at our Lee Adjustment Center, which allows students to enhance their computer knowledge. The program was developed in coordination with the Kentucky Department of Corrections. Students who successfully complete the 10-month program will be awarded a base National Occupational Competency Testing Institute (NOCTI) credential with the opportunity to earn an advanced NOCTI credential in the future.
- In 2018, CoreCivic actively supported and advocated for the passage of the First Step Act, which was signed into law in December 2018. The legislation provides expanded resources aimed at helping inmates at the federal level more successfully re-enter their communities and stay out of prison, which is aligned with our mission of helping address America's recidivism crisis.

We are proud of the CoreCivic employees who provide these impactful programs to the men and women entrusted to our care and believe that these programs are making a difference in reducing the rate of recidivism in America.



# Board of Directors

With decades of combined business and leadership experience, CoreCivic's Board of Directors guide and support the vision of our organization. They ensure accountability and instill governance. Together, the CoreCivic Board works with management to drive our leadership in making prudent, ethical decisions that benefit and protect all those we serve.



**Mark A. Emkes**  
*Chairman of the Board,  
Compensation Committee,  
Nominating and Governance  
Committee, Executive  
Committee (Chair)*



**Anne L. Mariucci**  
*Audit Committee, Risk Committee*



**Damon T. Hininger**  
*President and Chief Executive  
Officer, Executive Committee*



**Thurgood Marshall, Jr.**  
*Risk Committee (Chair),  
Nominating and Governance  
Committee*



**Donna M. Alvarado**  
*Compensation Committee (Chair),  
Audit Committee, Risk Committee*



**Devin I. Murphy**  
*Audit Committee*



**Robert J. Dennis**  
*Compensation Committee,  
Executive Committee*



**Charles L. Overby**  
*Nominating and Governance  
Committee (Chair), Executive  
Committee, Risk Committee*



**Stacia Hylton**  
*Nominating and Governance  
Committee*



**John R. Prann, Jr.**  
*Audit Committee (Chair),  
Compensation Committee*



**Harley G. Lappin**

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## Executive Officers

At CoreCivic, leadership is a way of being, rooted in the values that define our company. Guided by professionalism, respect, integrity, duty and excellence, within our organization there is an immense level of pride in being given the responsibility to lead. Our leaders enact CoreCivic's companywide strategy, guiding their respective areas with the spirit of innovation, continuous improvement and distinction.



**Damon T. Hininger**  
*President and Chief Executive Officer*



**Patrick Swindle**  
*Executive Vice President and Chief Corrections Officer*



**David M. Garfinkle**  
*Executive Vice President and Chief Financial Officer*



**Kim White**  
*Executive Vice President, Human Resources*



**Anthony L. Grande**  
*Executive Vice President and Chief Development Officer*



**Cole Carter**  
*Senior Vice President and General Counsel*



**Lucibeth N. Mayberry**  
*Executive Vice President, Real Estate*

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## Shareholder Information

### Corporate Office

CoreCivic, Inc.  
10 Burton Hills Boulevard  
Nashville, TN 37215  
(615) 263-3000  
Website: [ir.CoreCivic.com](http://ir.CoreCivic.com)

### Stock Transfer Agent and Registrar

American Stock Transfer &  
Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219  
800-937-5449

### Form 10-K and NYSE Certifications

Upon written request, we will provide without charge a copy of our Form 10-K for the fiscal year ended December 31, 2018 to our shareholders. Requests should be directed to:

### Stock Information

Our common stock is listed on the New York Stock Exchange, under the symbol CXW.

Inquiries regarding stock transfers, lost certificates or address changes should be directed to the registrar and transfer agent at the contact information above.

### Investor Relations

CoreCivic, Inc.  
10 Burton Hills Boulevard  
Nashville, TN 37215

Our Form 10-K is also available on our website at [ir.CoreCivic.com](http://ir.CoreCivic.com).



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