



**Supplemental Financial Information
For the Quarter Ended September 30, 2017**

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.

CoreCivic, Inc.
Supplemental Financial Information
For the Quarter Ended September 30, 2017

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FINANCIAL HIGHLIGHTS

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Adjusted Diluted EPS	\$ 0.36	\$ 0.49	\$ 1.17	\$ 1.38
Normalized FFO Per Share	\$ 0.56	\$ 0.69	\$ 1.77	\$ 1.98
AFFO Per Share	\$ 0.53	\$ 0.68	\$ 1.72	\$ 1.94
Debt Leverage	3.7x	3.3x	3.6x	3.4x
Fixed Charge Coverage Ratio	5.4x	6.9x	5.7x	6.7x

GUIDANCE SUMMARY

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

	Q4 2017		Full Year 2017	
	Low-End	High-End	Low-End	High-End
Net income	\$ 41,200	\$ 43,200	\$ 177,900	\$ 179,900
Expenses associated with mergers and acquisitions	500	500	2,000	2,000
Asset impairments	-	-	600	600
Adjusted net income	\$ 41,700	\$ 43,700	\$ 180,500	\$ 182,500
Net income	\$ 41,200	\$ 43,200	\$ 177,900	\$ 179,900
Depreciation of real estate assets	24,000	24,000	95,500	95,500
Funds From Operations	\$ 65,200	\$ 67,200	\$ 273,400	\$ 275,400
Expenses associated with mergers and acquisitions	500	500	2,000	2,000
Asset impairments	-	-	600	600
Normalized Funds From Operations	\$ 65,700	\$ 67,700	\$ 276,000	\$ 278,000
Maintenance capital expenditures on real estate assets	(7,700)	(8,200)	(25,500)	(26,000)
Stock-based compensation and non-cash interest	5,000	5,000	19,500	19,500
Other non-cash revenue and expenses	(600)	(600)	(4,000)	(4,000)
Adjusted Funds from Operations	\$ 62,400	\$ 63,900	\$ 266,000	\$ 267,500
Diluted EPS	\$ 0.35	\$ 0.36	\$ 1.50	\$ 1.52
Adjusted EPS	\$ 0.35	\$ 0.37	\$ 1.52	\$ 1.54
FFO per diluted share	\$ 0.55	\$ 0.57	\$ 2.31	\$ 2.32
Normalized FFO per diluted share	\$ 0.55	\$ 0.57	\$ 2.33	\$ 2.35
Adjusted Funds from Operations per diluted share	\$ 0.53	\$ 0.54	\$ 2.24	\$ 2.26
Net income	\$ 41,200	\$ 43,200	\$ 177,900	\$ 179,900
Interest expense, net	18,900	18,400	69,000	68,500
Depreciation and amortization	36,900	36,900	146,500	146,500
Income tax expense	3,100	2,600	11,500	11,000
EBITDA	\$ 100,100	\$ 101,100	\$ 404,900	\$ 405,900
Expenses associated with mergers and acquisitions	500	500	2,000	2,000
Depreciation expense associated with STFRC lease	(4,300)	(4,300)	(16,600)	(16,600)
Interest expense associated with STFRC lease	(1,500)	(1,500)	(6,400)	(6,400)
Asset impairments	-	-	600	600
Adjusted EBITDA	\$ 94,800	\$ 95,800	\$ 384,500	\$ 385,500
Capital Expenditures				
Prison construction & land acquisitions			\$ 12,000	\$ 14,000
Maintenance on real estate assets			25,500	26,000
Information technology and other assets			31,000	35,000
Total capital expenditures			\$ 68,500	\$ 75,000

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

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ASSETS	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Cash and cash equivalents	\$ 42,735	\$ 46,584	\$ 43,164	\$ 37,711	\$ 42,731
Accounts receivable, net of allowance	241,143	206,848	213,027	229,885	222,420
Prepaid expenses and other current assets	20,178	25,620	25,391	31,228	32,742
Total current assets	<u>304,056</u>	<u>279,052</u>	<u>281,582</u>	<u>298,824</u>	<u>297,893</u>
Property and equipment, net	2,799,476	2,806,078	2,822,805	2,837,657	2,850,219
Goodwill	38,728	40,402	38,127	38,386	38,386
Non-current deferred tax assets	15,460	11,537	11,868	13,735	11,973
Other assets	<u>85,046</u>	<u>87,247</u>	<u>86,236</u>	<u>83,002</u>	<u>87,041</u>
Total assets	<u><u>\$ 3,242,766</u></u>	<u><u>\$ 3,224,316</u></u>	<u><u>\$ 3,240,618</u></u>	<u><u>\$ 3,271,604</u></u>	<u><u>\$ 3,285,512</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 266,405	\$ 243,975	\$ 240,586	\$ 260,107	\$ 329,446
Income taxes payable	1,168	853	2,601	2,086	1,627
Current portion of long-term debt	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>8,750</u>
Total current liabilities	<u>277,573</u>	<u>254,828</u>	<u>253,187</u>	<u>272,193</u>	<u>339,823</u>
Long-term debt, net	1,411,210	1,407,196	1,421,182	1,435,169	1,420,155
Deferred revenue	43,143	46,574	50,006	53,437	36,257
Other liabilities	<u>52,159</u>	<u>52,374</u>	<u>53,082</u>	<u>51,842</u>	<u>45,084</u>
Total liabilities	<u>1,784,085</u>	<u>1,760,972</u>	<u>1,777,457</u>	<u>1,812,641</u>	<u>1,841,319</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,182	1,182	1,181	1,176	1,176
Additional paid-in capital	1,793,568	1,789,337	1,784,532	1,780,350	1,776,504
Accumulated deficit	<u>(336,069)</u>	<u>(327,175)</u>	<u>(322,552)</u>	<u>(322,563)</u>	<u>(333,487)</u>
Total stockholders' equity	<u>1,458,681</u>	<u>1,463,344</u>	<u>1,463,161</u>	<u>1,458,963</u>	<u>1,444,193</u>
Total liabilities and stockholders' equity	<u><u>\$ 3,242,766</u></u>	<u><u>\$ 3,224,316</u></u>	<u><u>\$ 3,240,618</u></u>	<u><u>\$ 3,271,604</u></u>	<u><u>\$ 3,285,512</u></u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
REVENUE:				
Owned & controlled properties	\$ 392,423	\$ 422,089	\$ 1,171,893	\$ 1,230,418
Managed only and other	50,422	52,846	153,029	155,233
Total revenue	<u>442,845</u>	<u>474,935</u>	<u>1,324,922</u>	<u>1,385,651</u>
EXPENSES:				
Operating:				
Owned & controlled properties	269,283	275,539	791,919	809,094
Managed only and other	47,582	50,810	148,146	147,619
Total operating expenses	<u>316,865</u>	<u>326,349</u>	<u>940,065</u>	<u>956,713</u>
General and administrative	28,303	27,699	79,546	81,543
Depreciation and amortization	36,507	42,924	109,564	127,328
Restructuring charges	-	4,010	-	4,010
Asset impairments	355	-	614	-
	<u>382,030</u>	<u>400,982</u>	<u>1,129,789</u>	<u>1,169,594</u>
OPERATING INCOME	<u>60,815</u>	<u>73,953</u>	<u>195,133</u>	<u>216,057</u>
OTHER (INCOME) EXPENSE:				
Interest expense, net	17,029	16,937	50,141	51,277
Other (income) expense	(65)	54	(108)	103
	<u>16,964</u>	<u>16,991</u>	<u>50,033</u>	<u>51,380</u>
INCOME BEFORE INCOME TAXES	43,851	56,962	145,100	164,677
Income tax expense	<u>(2,673)</u>	<u>(1,622)</u>	<u>(8,400)</u>	<u>(5,447)</u>
NET INCOME	<u>\$ 41,178</u>	<u>\$ 55,340</u>	<u>\$ 136,700</u>	<u>\$ 159,230</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.35</u>	<u>\$ 0.47</u>	<u>\$ 1.16</u>	<u>\$ 1.36</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.35</u>	<u>\$ 0.47</u>	<u>\$ 1.15</u>	<u>\$ 1.35</u>

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,	
	2017	2016	2017	2016
Basic:				
Net income	\$ 41,178	\$ 55,340	\$ 136,700	\$ 159,230
Diluted:				
Net income	\$ 41,178	\$ 55,340	\$ 136,700	\$ 159,230
Basic:				
Weighted average common shares outstanding	118,182	117,539	118,044	117,456
Unvested restricted common stock	-	(96)	-	(96)
Weighted average common shares outstanding-basic	118,182	117,443	118,044	117,360
Diluted:				
Weighted average common shares outstanding-basic	118,182	117,443	118,044	117,360
Effect of dilutive securities:				
Stock options	262	207	353	384
Restricted stock-based awards	84	44	62	80
Weighted average shares and assumed conversions-diluted	118,528	117,694	118,459	117,824
Basic earnings per share	\$ 0.35	\$ 0.47	\$ 1.16	\$ 1.36
Diluted earnings per share	\$ 0.35	\$ 0.47	\$ 1.15	\$ 1.35

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 September30,	
	2017	2016	2017	2016
Net Income	\$ 41,178	\$ 55,340	\$ 136,700	\$ 159,230
Special items:				
Expenses associated with mergers and acquisitions	1,093	110	1,524	1,570
Gain on settlement of contingent consideration	-	(2,000)	-	(2,000)
Restructuring charges	-	4,010	-	4,010
Asset impairments	355	-	614	-
Income tax benefit for special items	-	(215)	-	(215)
Diluted adjusted net income	<u>\$ 42,626</u>	<u>\$ 57,245</u>	<u>\$ 138,838</u>	<u>\$ 162,595</u>
Weighted average common shares outstanding - basic	118,182	117,443	118,044	117,360
Effect of dilutive securities:				
Stock options	262	207	353	384
Restricted stock-based awards	84	44	62	80
Weighted average shares and assumed conversions - diluted	<u>118,528</u>	<u>117,694</u>	<u>118,459</u>	<u>117,824</u>
Adjusted Diluted Earnings Per Share	<u>\$ 0.36</u>	<u>\$ 0.49</u>	<u>\$ 1.17</u>	<u>\$ 1.38</u>

FUNDS FROM OPERATIONS

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
FUNDS FROM OPERATIONS:				
Net income	\$ 41,178	\$ 55,340	\$ 136,700	\$ 159,230
Depreciation of real estate assets	23,762	23,684	71,417	70,409
Impairment of real estate assets	355	-	355	-
Funds From Operations	\$ 65,295	\$ 79,024	\$ 208,472	\$ 229,639
Expenses associated with mergers and acquisitions	1,093	110	1,524	1,570
Gain on settlement of contingent consideration	-	(2,000)	-	(2,000)
Restructuring charges	-	4,010	-	4,010
Goodwill and other impairments	-	-	259	-
Income tax benefit for special items	-	(215)	-	(215)
Normalized Funds From Operations	\$ 66,388	\$ 80,929	\$ 210,255	\$ 233,004
Maintenance capital expenditures on real estate assets	(7,425)	(4,767)	(17,778)	(16,617)
Stock-based compensation	4,058	4,510	12,203	12,383
Amortization of debt costs	783	785	2,349	2,362
Other non-cash revenue and expenses	(414)	(1,838)	(3,434)	(3,082)
Adjusted Funds From Operations	\$ 63,390	\$ 79,619	\$ 203,595	\$ 228,050
FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.55	\$ 0.67	\$ 1.77	\$ 1.96
Diluted	\$ 0.55	\$ 0.67	\$ 1.76	\$ 1.95
NORMALIZED FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.56	\$ 0.69	\$ 1.78	\$ 1.99
Diluted	\$ 0.56	\$ 0.69	\$ 1.77	\$ 1.98
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.54	\$ 0.68	\$ 1.72	\$ 1.94
Diluted	\$ 0.53	\$ 0.68	\$ 1.72	\$ 1.94

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). The Company 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 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 properties, management believes that assessing performance of the Company's properties without the impact of depreciation or amortization is useful. The Company 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. Even though expenses associated with mergers and acquisitions (M&A) may be recurring, the magnitude and timing fluctuate based on the timing and scope of M&A activity, and therefore, such expenses, which are not a necessary component of the ongoing operations of the Company, may not be comparable from period to period. Normalized FFO excludes the effects of such items. The Company 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>September 30, 2017</u>	<u>June 30, 2017</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
BALANCE SHEET:					
Property and equipment	\$ 4,241,427	\$ 4,219,214	\$ 4,201,029	\$ 4,189,980	\$ 4,169,671
Accumulated depreciation and amortization	(1,441,951)	(1,413,136)	(1,378,224)	(1,352,323)	(1,319,452)
Property and equipment, net	\$ 2,799,476	\$ 2,806,078	\$ 2,822,805	\$ 2,837,657	\$ 2,850,219
Total assets	\$ 3,242,766	\$ 3,224,316	\$ 3,240,618	\$ 3,271,604	\$ 3,285,512
Maintenance & technology capital expenditures for the quarter ended	\$ 14,517	\$ 12,522	\$ 8,175	\$ 18,868	\$ 12,055
Prison construction & land acquisition capital expenditures for the quarter ended	\$ 2,155	\$ 2,863	\$ 6,359	\$ 8,383	\$ 10,812
Total debt	\$ 1,429,500	\$ 1,426,000	\$ 1,440,500	\$ 1,455,000	\$ 1,439,250
Equity book value	\$ 1,458,681	\$ 1,463,344	\$ 1,463,161	\$ 1,458,963	\$ 1,444,193
LIQUIDITY:					
Cash and cash equivalents	\$ 42,735	\$ 46,584	\$ 43,164	\$ 37,711	\$ 42,731
Availability under revolving credit facility	\$ 476,062	\$ 481,537	\$ 467,900	\$ 455,900	\$ 471,734
CAPITALIZATION:					
Common shares outstanding	118,191	118,179	118,140	117,554	117,551
Common share price at end of period	\$ 26.77	\$ 27.58	\$ 31.42	\$ 24.46	\$ 13.87
Market value of common equity at end of period	\$ 3,163,973	\$ 3,259,377	\$ 3,711,959	\$ 2,875,371	\$ 1,630,432
Total equity market capitalization	\$ 3,163,973	\$ 3,259,377	\$ 3,711,959	\$ 2,875,371	\$ 1,630,432
Total market capitalization (market value of equity plus debt)	\$ 4,593,473	\$ 4,685,377	\$ 5,152,459	\$ 4,330,371	\$ 3,069,682
Regular Dividends	\$ 50,072	\$ 50,098	\$ 50,036	\$ 49,765	\$ 63,958
Dividends per common share	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.54
Annualized dividend yield	6.3%	6.1%	5.3%	6.9%	15.6%
EBITDA	\$ 97,387	\$ 102,139	\$ 105,279	\$ 119,391	\$ 116,823
ADJUSTED EBITDA	\$ 93,103	\$ 96,707	\$ 99,937	\$ 110,651	\$ 105,737
NORMALIZED FUNDS FROM OPERATIONS	\$ 66,388	\$ 69,732	\$ 74,135	\$ 84,642	\$ 80,929
Basic normalized funds from operations per share	\$ 0.56	\$ 0.59	\$ 0.63	\$ 0.72	\$ 0.69
Diluted normalized funds from operations per share	\$ 0.56	\$ 0.59	\$ 0.63	\$ 0.72	\$ 0.69
FFO PAYOUT RATIO	75.0%	71.2%	66.7%	58.3%	78.3%
ADJUSTED FUNDS FROM OPERATIONS	\$ 63,390	\$ 66,455	\$ 73,750	\$ 76,322	\$ 79,619
Basic adjusted funds from operations per share	\$ 0.54	\$ 0.56	\$ 0.63	\$ 0.65	\$ 0.68
Diluted adjusted funds from operations per share	\$ 0.53	\$ 0.56	\$ 0.62	\$ 0.65	\$ 0.68
AFFO PAYOUT RATIO	79.2%	75.0%	67.7%	64.6%	79.4%

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,	
	2017	2016	2017	2016
Number of days per period	92	92	273	274
ALL FACILITIES:				
Average available beds	80,344	83,399	81,913	83,996
Average compensated occupancy	79.2%	80.2%	79.7%	78.2%
Total compensated man-days	5,856,365	6,153,047	17,833,169	17,996,998
Revenue per compensated man-day	\$ 73.41	\$ 75.42	\$ 72.39	\$ 75.33
Operating expenses per compensated man-day:				
Fixed expense (1)	38.85	38.81	37.98	39.01
Variable expense	15.14	15.37	14.58	15.39
Total	53.99	54.18	52.56	54.40
Operating income per compensated man-day	\$ 19.42	\$ 21.24	\$ 19.83	\$ 20.93
Operating margin	26.5%	28.2%	27.4%	27.8%
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	23,762	23,684	71,417	70,409
Depreciation expense associated with STFRC rent payment	4,147	10,706	12,306	31,886
Other depreciation expense	8,262	8,290	24,934	24,345
Amortization of intangibles	336	244	907	688
Depreciation and amortization	\$ 36,507	\$ 42,924	\$ 109,564	\$ 127,328
NET OPERATING INCOME:				
Revenue				
Owned & controlled properties	\$ 392,423	\$ 422,089	\$ 1,171,893	\$ 1,230,418
Managed only and other	50,422	52,846	153,029	155,233
Total revenues	442,845	474,935	1,324,922	1,385,651
Operating Expenses				
Owned & controlled properties	269,283	275,539	791,919	809,094
Managed only and other	47,582	50,810	148,146	147,619
Total operating expenses	316,865	326,349	940,065	956,713
Facility Net Operating Income				
Owned & controlled properties	123,140	146,550	379,974	421,324
Managed only and other	2,840	2,036	4,883	7,614
Total net operating income	\$ 125,980	\$ 148,586	\$ 384,857	\$ 428,938

(1) Fixed expense and the corresponding fixed expense per compensated man-day for the three and nine months ended September 30, 2017 include depreciation expense of \$4.1 million and \$12.3 million, respectively, and interest expense of \$1.6 million and \$4.9 million, respectively, associated with the South Texas Family Residential Center (STFRC) lease payments. Fixed expense and the corresponding fixed expense per compensated man-day for the three and nine months ended September 30, 2016 include depreciation expense of \$10.7 million and \$31.9 million, respectively, and interest expense of \$2.5 million and \$8.1 million associated with the 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 September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
OWNED AND MANAGED FACILITIES:				
Corrections revenue	\$ 382,217	\$ 411,614	\$ 1,141,769	\$ 1,202,166
Operating expenses:				
Fixed expense (1)	196,717	205,828	581,105	606,088
Variable expense	75,486	80,348	219,445	236,516
Total	272,203	286,176	800,550	842,604
Facility net operating income	\$ 110,014	\$ 125,438	\$ 341,219	\$ 359,562
Average available beds	68,825	69,501	68,844	70,098
Average compensated occupancy	76.5%	77.0%	77.0%	74.9%
Total compensated man-days	4,841,192	4,925,170	14,476,274	14,383,896
Revenue per compensated man-day	\$ 78.95	\$ 83.57	\$ 78.87	\$ 83.58
Operating expenses per compensated man-day:				
Fixed (1)	40.63	41.79	40.14	42.14
Variable	15.59	16.31	15.16	16.44
Total	56.22	58.10	55.30	58.58
Operating income per compensated man-day	\$ 22.73	\$ 25.47	\$ 23.57	\$ 25.00
Operating margin	28.8%	30.5%	29.9%	29.9%
MANAGED ONLY FACILITIES:				
Corrections revenue	\$ 47,675	\$ 52,440	\$ 149,107	\$ 153,616
Operating expenses:				
Fixed expense	30,817	32,991	96,190	95,995
Variable expense	13,188	14,241	40,557	40,546
Total	44,005	47,232	136,747	136,541
Facility net operating income	\$ 3,670	\$ 5,208	\$ 12,360	\$ 17,075
Average available beds	11,519	13,898	13,069	13,898
Average compensated occupancy	95.8%	96.0%	94.1%	94.9%
Total compensated man-days	1,015,173	1,227,877	3,356,895	3,613,102
Revenue per compensated man-day	\$ 46.96	\$ 42.71	\$ 44.42	\$ 42.52
Operating expenses per compensated man-day:				
Fixed expense	30.36	26.87	28.65	26.57
Variable expense	12.99	11.60	12.08	11.22
Total	43.35	38.47	40.73	37.79
Operating income per compensated man-day	\$ 3.61	\$ 4.24	\$ 3.69	\$ 4.73
Operating margin	7.7%	9.9%	8.3%	11.1%

(1) Fixed expense and the corresponding fixed expense per compensated man-day for the three and nine months ended September 30, 2017 include depreciation expense of \$4.1 million and \$12.3 million, respectively, and interest expense of \$1.6 million and \$4.9 million, respectively, associated with the STFC lease payments. Fixed expense and the corresponding fixed expense per compensated man-day for the three and nine months ended September 30, 2016 include depreciation expense of \$10.7 million and \$31.9 million, respectively, and interest expense of \$2.5 million and \$8.1 million associated with the STFC 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.

ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2016</u>	<u>Outstanding Balance 9/30/2017</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	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>925,000</u>	<u>925,000</u>				
Floating Rate:						
Revolving Credit Facility	435,000	417,000	3.18%	3.44%	July 2020	
Term Loan	95,000	87,500	2.78%	2.91%	July 2020	
Total Floating Rate Debt	<u>530,000</u>	<u>504,500</u>				
Grand Total Debt	<u>\$ 1,455,000</u>	<u>\$ 1,429,500</u>	4.02%	4.23%	3.81	³⁾

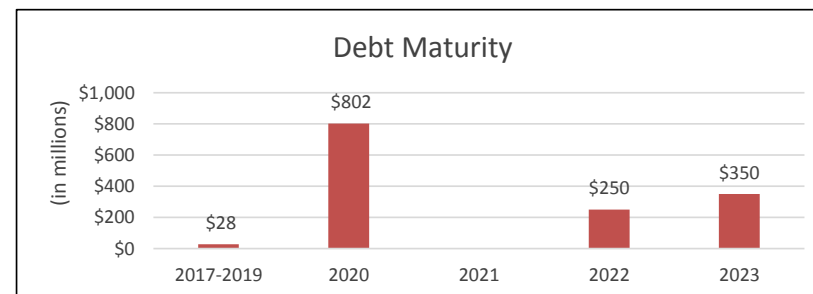
¹⁾ Includes amortization of debt issuance costs.

²⁾ The Company has \$6.9 million of letters of credit outstanding under a sub-facility reducing the available capacity under the \$900.0 million revolving credit facility to \$476.1 million as of September 30, 2017. Based on the Company's current leverage ratio, the revolving credit facility bears interest at LIBOR plus a margin of 1.50%.

³⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule at September 30, 2017:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
2017	\$ 2,500	0.17%	0.17%
2018	10,000	0.70%	0.87%
2019	15,000	1.05%	1.92%
2020	802,000	56.10%	58.03%
2021	-	0.00%	58.03%
Thereafter	600,000	41.97%	100.00%
	<u>\$ 1,429,500</u>	<u>100.00%</u>	



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

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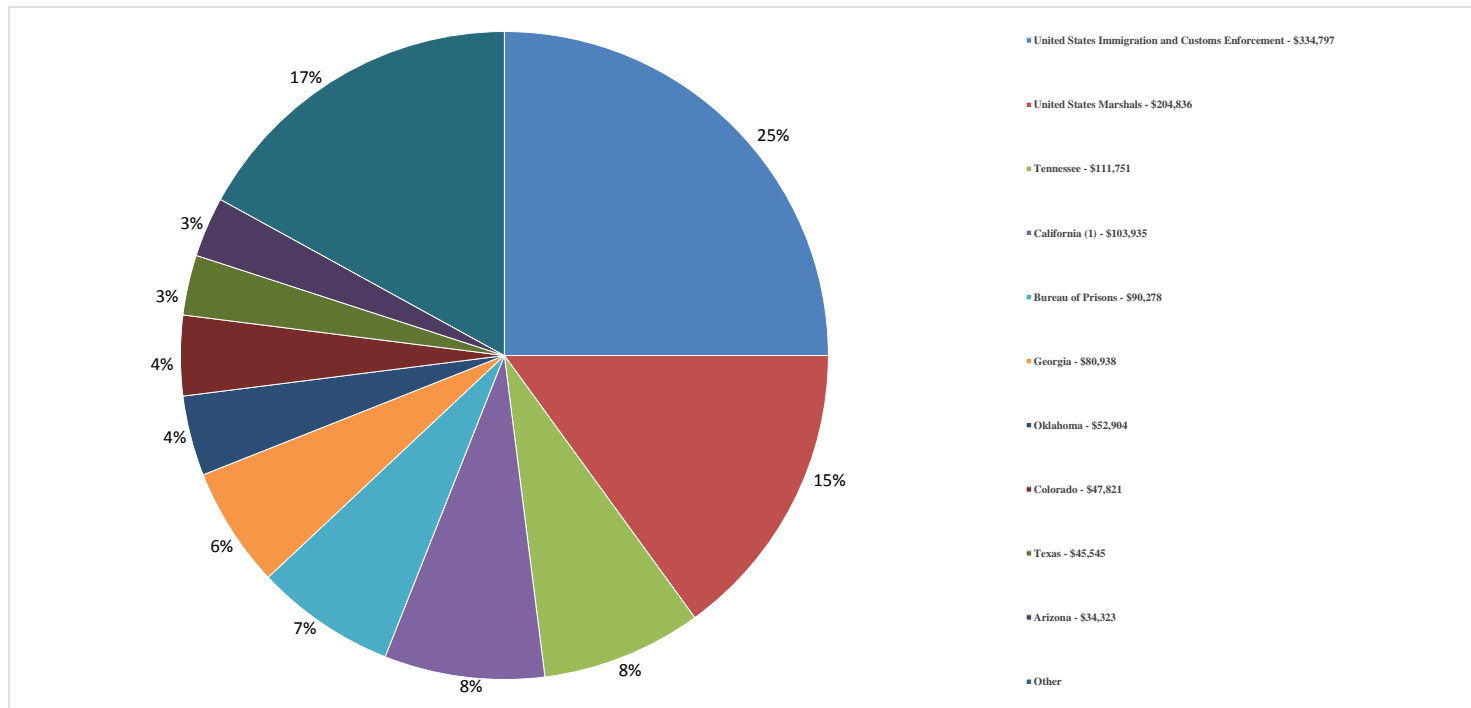
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	6.3x	7.5x	6.6x	7.3x
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	5.4x	6.9x	5.7x	6.7x
Senior debt coverage ratio ((Senior debt - cash)/Annualized Adjusted EBITDA) (x)	3.7x	3.3x	3.6x	3.4x
Total debt coverage ratio ((Total debt - cash)/Annualized Adjusted EBITDA) (x)	3.7x	3.3x	3.6x	3.4x
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.3x	8.5x	7.3x	8.3x
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	31.1%	46.9%	31.1%	46.9%
Total debt/Equity market capitalization	45.2%	88.3%	45.2%	88.3%
Total debt/Book equity capitalization	98.0%	99.7%	98.0%	99.7%
Total debt/Gross book value of real estate assets	33.7%	34.5%	33.7%	34.5%
<u>RETURN ON INVESTMENT RATIOS:</u>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	8.8%	10.2%	9.2%	9.9%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	8.0%	9.2%	8.3%	8.9%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses (excl. non-recurring costs)/Average total assets (undepreciated book value)*	2.3%	2.4%	2.2%	2.3%
General & administrative expenses (excluding non-recurring costs)/Total revenues	6.1%	5.8%	5.9%	5.8%
<u>INTEREST EXPENSE, NET:</u>				
Interest income	\$ (210)	\$ (225)	\$ (749)	\$ (884)
Interest incurred	14,871	14,091	43,651	42,101
Interest expense associated with STFRC lease	1,585	2,500	4,890	8,076
Amortization of debt costs	783	785	2,349	2,362
Capitalized interest	-	(214)	-	(378)
Interest expense, net	<u>\$ 17,029</u>	<u>\$ 16,937</u>	<u>\$ 50,141</u>	<u>\$ 51,277</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 41,178	\$ 55,340	\$ 136,700	\$ 159,230
Interest expense, net	17,029	16,937	50,141	51,277
Depreciation and amortization	36,507	42,924	109,564	127,328
Income tax expense	2,673	1,622	8,400	5,447
EBITDA	<u>97,387</u>	<u>116,823</u>	<u>304,805</u>	<u>343,282</u>
Expenses associated with mergers and acquisitions	1,093	110	1,524	1,570
Gain on settlement of contingent consideration	-	(2,000)	-	(2,000)
Restructuring charges	-	4,010	-	4,010
Depreciation expense associated with STFRC lease	(4,147)	(10,706)	(12,306)	(31,886)
Interest expense associated with STFRC lease	(1,585)	(2,500)	(4,890)	(8,076)
Asset impairments	355	-	614	-
ADJUSTED EBITDA	<u>\$ 93,103</u>	<u>\$ 105,737</u>	<u>\$ 289,747</u>	<u>\$ 306,900</u>

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

PARTNER INFORMATION
(Unaudited)

CONTRACT RETENTION							
	2012	2013	2014	2015	2016	YTD 2017	TOTAL
OWNED AND CONTROLLED:							
# of Contracts up for Renewal	22	28	22	29	42	37	180
# of Contracts Retained	21	25	22	26	39	36	169
Retention Rate	95.5%	89.3%	100.0%	89.7%	92.9%	97.3%	93.9%
MANAGED ONLY:							
# of Contracts up for Renewal	7	13	7	10	4	8	49
# of Contracts Retained	6	11	4	10	4	4	39
Retention Rate	85.7%	84.6%	57.1%	100.0%	100.0%	50.0%	79.6%
TOTAL RETENTION RATE	93.1%	87.8%	89.7%	92.3%	93.5%	88.9%	90.8%

TOP TEN PARTNERS
Percentage of Revenue for the Nine Months Ended September 30, 2017
(Revenue Percentages and Amounts are Inclusive of all Contracts with Respective Partners)



(1) Revenues of \$77.9 million, or 6% of total revenue, were earned under a contract in facilities housing out-of-state inmates.

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 9/30/17
Owned and Managed Facilities:								
Central Arizona Florence Correctional Complex Florence, Arizona	1994, 1998, 1999, 2004	USMS	4,128	Multi	Detention	Sep-18	(2) 5 year	92.32%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	90.74%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-19	Indefinite	102.43%
Oracle Transitional Center Tucson, Arizona	2017	BOP	92	-	Community Corrections	18-Feb	(1) 1 year	76.59%
Red Rock Correctional Center (E) Eloy, Arizona	2006, 2016	State of Arizona	2,024	Medium	Correctional	Jul-26	(2) 5 year	95.10%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Multi	Correctional	Jun-19	(2) 1 year	88.84%
CAI Boston Avenue San Diego, California	2013	State of California	120	-	Community Corrections	Jun-18	(3) 1 year	95.47%
CAI Ocean View San Diego, California	2013	BOP	483	-	Community Corrections	May-18	(3) 1 year	102.25%
Leo Chesney Correctional Center Live Oak, California	1989	-	240	-	-	-	-	0.00%
Otay Mesa Detention Center San Diego, California	2015	ICE	1,482	Minimum/ Medium	Detention	Jun-20	(1) 3 year	95.25%
Arapahoe Community Treatment Center Englewood, Colorado	2017	Arapahoe County	135	-	Community Corrections	Jun-18	-	88.57%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-18	-	97.79%
Boulder Community Treatment Center Boulder, Colorado	2016	Boulder County	69	-	Community Corrections	Dec-17	(1) 1 year	89.40%
Centennial Community Transition Center Englewood, Colorado	2016	Arapahoe County	107	-	Community Corrections	Jun-18	-	93.39%
Columbine Facility Denver, Colorado	2016	Denver County	60	-	Community Corrections	Jun-18	-	96.67%
Crowley County Correctional Facility Olney Springs, Colorado	2003, 2004	State of Colorado	1,794	Medium	Correctional	Jun-18	-	95.32%
Dahlia Facility Denver, Colorado	2016	Denver County	120	-	Community Corrections	Jun-18	-	96.80%
Fox Facility and Training Center Denver, Colorado	2016	Denver County	90	-	Community Corrections	Jun-18	-	88.74%
Huerfano County Correctional Center Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%

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 9/30/17
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	-	1,488	Medium	Correctional	-	-	0.00%
Longmont Community Treatment Center Longmont, Colorado	2016	Boulder County	69	-	Community Corrections	Dec-17	(1) 1 year	85.13%
Ulster Facility Denver, Colorado	2016	Denver County	90	-	Community Corrections	Jun-18	-	86.99%
Coffee Correctional Facility (F) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-18	(16) 1 year	113.43%
Jenkins Correctional Center (F) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-18	(17) 1 year	101.66%
McRae Correctional Facility McRae, Georgia	2000, 2002, 2012	BOP	1,978	Medium	Correctional	Nov-18	(2) 2 year	83.35%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	98.76%
Wheeler Correctional Facility (F) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-18	(16) 1 year	113.71%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-21	(1) 5 year	68.19%
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%
Southeast Kentucky Correctional Facility (G) 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-19	-	101.13%
Tallahatchie County Correctional Facility (H) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-19	Indefinite	48.23%
Crossroads Correctional Center (I) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Jun-17	(1) 2 year	104.67%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-20	(2) 5 year	71.76%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Aug-18	(3) 1 year	97.98%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	ICE	1,129	Medium	Detention	Oct-21	Indefinite	53.31%
Northwest New Mexico Correctional Center Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-20	-	117.43%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	54.62%

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 9/30/17
Lake Erie Correctional Institution (J) Conneaut, Ohio	2011	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	98.27%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	USMS	2,016	Medium	Correctional	Dec-18	-	46.81%
Carver Transitional Center Oklahoma City, Oklahoma	2015	State of Oklahoma	494	-	Community Corrections	Jun-18	(4) 1 year	58.68%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-18	(1) 1 year	94.88%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-18	(1) 1 year	97.30%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	-	2,160	Medium	Correctional	-	-	0.00%
Oklahoma City Transitional Center Oklahoma City, Oklahoma	2017	State of Oklahoma	200	-	Community Corrections	Jun-18	(4) 1 year	91.88%
Tulsa Transitional Center Tulsa, Oklahoma	2015	State of Oklahoma	390	-	Community Corrections	Jun-18	(4) 1 year	69.65%
Turley Residential Center Tulsa, Oklahoma	2015	State of Oklahoma	289	-	Community Corrections	Jun-18	(4) 1 year	57.67%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	-	-	-	-	0.00%
Trousdale Turner Correctional Center Hartsville, Tennessee	2015	State of Tennessee	2,552	Multi	Correctional	Jan-21	-	98.30%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-18	(5) 2 year	73.33%
Whiteville Correctional Facility (L) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-21	-	97.72%
Austin Residential Reentry Center Del Valle, Texas	2015	BOP	116	-	Community Corrections	Feb-18	-	78.67%
Austin Transitional Center Del Valle, Texas	2015	State of Texas	460	-	Community Corrections	Aug-18	(2) 1 year	85.57%
Corpus Christi Transitional Center Corpus Christi, Texas	2015	State of Texas	160	-	Community Corrections	Aug-19	-	87.10%
Dallas Transitional Center Hutchins, Texas	2015	State of Texas	300	-	Community Corrections	Aug-18	(2) 1 year	100.94%
Eden Detention Center Eden, Texas	1995	-	1,422	Medium	Correctional	-	-	0.00%
El Paso Multi-Use Facility El Paso, Texas	2015	State of Texas	360	-	Community Corrections	Aug-18	(2) 1 year	74.57%
El Paso Transitional Center El Paso, Texas	2015	State of Texas	224	-	Community Corrections	Aug-18	(2) 1 year	75.48%

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 9/30/17
Fort Worth Transitional Center Fort Worth, Texas	2015	State of Texas	248	-	Community Corrections	Aug-18	(2) 1 year	80.65%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Apr-18	(5) 2 month	84.30%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-18	-	119.69%
South Texas Family Residential Center Dilley, Texas	2014	ICE	2,400	-	Residential	Sep-21	-	100.00%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Medium	Detention	Jan-20	Indefinite	96.82%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Feb-18	-	57.74%
Cheyenne Transitional Center Cheyenne, Wyoming	2015	State of Wyoming	116	-	Community Corrections	Jun-18	Indefinite	82.87%
Total design capacity for Owned and Managed Facilities (67 Owned and Managed Facilities)			<u>68,856</u>					<u>76.5%</u>
Managed Only Facilities:								
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-20	Indefinite	82.39%
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Medium	Correctional	Jun-18	Indefinite	98.36%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-27	-	119.71%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-18	-	97.65%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jan-20	-	77.76%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Sep-21	(4) 4 year	94.56%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-18	-	97.52%
Total design capacity for Managed Only (7 Managed Only Facilities)			<u>8,769</u>					<u>95.8%</u>
Total Design Capacity for all Owned and Managed and Managed Only Facilities as of September 30, 2017			<u>77,625</u>					<u>79.2%</u>
Less Idle Facilities (10 Facilities)			(10,160)					0.0%
Total Facilities, Excluding Idle Facilities			<u>67,465</u>					<u>90.7%</u>

FACILITY PORTFOLIO

<u>Property Name</u>	<u>Year Constructed/Acquired (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Square Footage</u>	<u>Property Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Occupancy % for the Quarter ended 9/30/17</u>
Leased Properties:								
California City Correctional Center California City, California	1999	CDCR	2,560	522,000	Correctional	Nov-20	Indefinite	100.00%
Long Beach Community Corrections Center Long Beach, California	2016	Community Education Centers	112	16,000	Community Corrections	Jun-20	(1) 5 year	100.00%
Stockton Female Community Corrections Facility Stockton, California	2017	WestCare California, Inc.	100	15,000	Community Corrections	Apr-21	(1) 5 year	100.00%
Augusta Transitional Center Augusta, Georgia	2017	Georgia Department of Corrections	230	29,000	Community Corrections	Jun-18	(5) 1 year	100.00%
Milledgeville Milledgeville, Georgia	2017	GSA - Social Security Administration	-	9,000	Government-Leased	Jan-20	-	100.00%
Greenville Greenville, North Carolina	2017	GSA - Internal Revenue Service	-	13,000	Government-Leased	Mar-24	-	90.83%
Rockingham Rockingham, North Carolina	2017	GSA - Social Security Administration	-	8,000	Government-Leased	Mar-25	-	100.00%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of Oklahoma	2,400	466,000	Correctional	Jul-21	Indefinite	100.00%
Broad Street Residential Reentry Center Philadelphia, Pennsylvania	2015	Community Education Centers	150	18,000	Community Corrections	Jul-19	(4) 5 year	100.00%
Chester Residential Reentry Center Chester, Pennsylvania	2015	Community Education Centers	135	18,000	Community Corrections	Jul-19	(4) 5 year	100.00%
Roth Hall Residential Reentry Center Philadelphia, Pennsylvania	2015	Community Education Centers	160	18,000	Community Corrections	Jul-19	(4) 5 year	100.00%
Walker Hall Residential Reentry Center Philadelphia, Pennsylvania	2015	Community Education Centers	160	18,000	Community Corrections	Jul-19	(4) 5 year	100.00%
Total Design Capacity and Square Footage of Leased Properties (12 Properties)			<u>6,007</u>	<u>1,150,000</u>				<u>99.9%</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 our operations, because the revenue generated by each facility is based on a per diem or monthly rate per offender cared for 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 offender populations in a particular facility on September 30, 2017. If, for example, a 1,000-bed facility housed 900 adult offenders with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correction facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.
- (D) Remaining renewal options represents the number of renewal options, if applicable, and the remaining term of each option renewal.
- (E) Pursuant to the terms of a contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the twenty year term.
- (F) The facility is subject to a 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.
- (G) 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. We have entered into an agreement with the city of Wheelwright that extends the reversion through July 31, 2018, in exchange for \$20,000 per month or until we resume operations, as defined in the agreement.
- (H) 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.
- (I) 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.
- (J) 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.
- (K) 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.
- (L) 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.

RESEARCH / ANALYST COVERAGE

Equity Research Coverage:

Deutsche Bank Securities	Kevin McVeigh	(212) 250-9679
SunTrust Robinson Humphrey	Tobey Sommer	(404) 926-5009
Wells Fargo Securities	Robert LaQuaglia	(617) 603-4263

Debt Research Coverage:

Wells Fargo Securities	Kevin McClure	(704) 410-3252
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Rating Agency Coverage:

Moody's Investors Service	Thuy Nguyen	(212) 553-7168
Standard & Poor's	Tatiana Kleiman	(212) 438-4872
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	Ba1
Senior Bank Credit Facility	BBB -	BBB-	Not Rated

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