



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended September 30, 2012**

The Company's supplemental financial information and other data presented herein speaks only as of the date or period indicated (or as of the date posted, as the case may be), and the Company does not undertake any obligation, and disclaims any duty, to update any of this information. The Company's future financial performance is subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the Company's future financial results are discussed more fully in our reports filed with the SEC. Readers are advised to refer to these reports for additional information concerning the Company. Readers are also advised that the Company's historical performance may not be indicative of future results. In addition, the information contained herein does not constitute an offer to sell or a solicitation to buy any of the Company's securities.

CORRECTIONS CORPORATION OF AMERICA

Supplemental Financial Information
For the Quarter Ended September 30, 2012

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

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ASSETS	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Cash and cash equivalents	\$ 59,242	\$ 63,130	\$ 31,354	\$ 55,832	\$ 47,958
Accounts receivable, net of allowance	239,233	250,445	257,981	273,038	262,609
Deferred tax assets	7,947	7,976	11,068	11,768	9,442
Prepaid expenses and other current assets	23,819	26,460	13,623	18,791	28,681
Total current assets	<u>330,241</u>	<u>348,011</u>	<u>314,026</u>	<u>359,429</u>	<u>348,690</u>
Property and equipment, net	2,582,019	2,592,252	2,601,303	2,608,918	2,531,753
Restricted cash	5,020	5,018	5,015	5,013	5,012
Investment in direct financing lease	7,928	8,376	8,811	9,233	9,642
Goodwill	11,988	11,988	11,988	11,988	11,988
Other assets	30,479	30,357	29,983	25,050	25,468
Total assets	<u>\$ 2,967,675</u>	<u>\$ 2,996,002</u>	<u>\$ 2,971,126</u>	<u>\$ 3,019,631</u>	<u>\$ 2,932,553</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 172,011	\$ 169,481	\$ 163,349	\$ 197,757	\$ 192,476
Income taxes payable	98	94	13,530	605	106
Current portion of long-term debt	-	-	40,000	-	-
Total current liabilities	<u>172,109</u>	<u>169,575</u>	<u>216,879</u>	<u>198,362</u>	<u>192,582</u>
Long-term debt, net of current portion	1,131,152	1,190,764	1,140,386	1,245,014	1,209,652
Deferred tax liabilities	137,276	136,316	135,750	136,503	130,908
Other liabilities	35,060	34,777	34,540	31,730	32,538
Total liabilities	<u>1,475,597</u>	<u>1,531,432</u>	<u>1,527,555</u>	<u>1,611,609</u>	<u>1,565,680</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,000	1,000	999	995	996
Additional paid-in capital	1,142,271	1,137,024	1,133,300	1,129,435	1,128,807
Retained earnings	348,807	326,546	309,272	277,592	237,070
Total stockholders' equity	<u>1,492,078</u>	<u>1,464,570</u>	<u>1,443,571</u>	<u>1,408,022</u>	<u>1,366,873</u>
Total liabilities and stockholders' equity	<u>\$ 2,967,675</u>	<u>\$ 2,996,002</u>	<u>\$ 2,971,126</u>	<u>\$ 3,019,631</u>	<u>\$ 2,932,553</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
REVENUE:				
Management:				
Federal	\$ 188,852	\$ 188,444	\$ 570,202	\$ 556,755
State	224,287	213,193	659,987	640,839
Local	15,253	14,919	44,688	42,917
Other	14,756	14,034	43,856	41,683
Total management revenue	<u>443,148</u>	<u>430,590</u>	<u>1,318,733</u>	<u>1,282,194</u>
Transportation	403	974	1,854	2,888
Rental	1,281	551	2,383	1,653
Other	21	22	54	526
	<u>444,853</u>	<u>432,137</u>	<u>1,323,024</u>	<u>1,287,261</u>
EXPENSES:				
Operating:				
Facility fixed	235,786	226,208	708,137	667,945
Facility variable	73,771	71,319	224,191	209,340
Transportation	4,442	4,027	13,305	11,242
Other	339	135	823	339
Total operating expenses	<u>314,338</u>	<u>301,689</u>	<u>946,456</u>	<u>888,866</u>
General and administrative	22,015	23,007	66,950	66,236
Depreciation and amortization	28,612	26,536	85,301	80,509
	<u>364,965</u>	<u>351,232</u>	<u>1,098,707</u>	<u>1,035,611</u>
OPERATING INCOME	<u>79,888</u>	<u>80,905</u>	<u>224,317</u>	<u>251,650</u>
OTHER (INCOME) EXPENSE:				
Interest expense, net	13,722	18,058	45,341	54,820
Expenses associated with debt refinancing transactions	168	-	1,996	-
Other expense	(422)	73	(369)	262
	<u>13,468</u>	<u>18,131</u>	<u>46,968</u>	<u>55,082</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>66,420</u>	<u>62,774</u>	<u>177,349</u>	<u>196,568</u>
Income tax expense	<u>(24,081)</u>	<u>(23,427)</u>	<u>(65,634)</u>	<u>(74,165)</u>
INCOME FROM CONTINUING OPERATIONS	<u>42,339</u>	<u>39,347</u>	<u>111,715</u>	<u>122,403</u>
Loss from discontinued operations, net of taxes	<u>-</u>	<u>(107)</u>	<u>(362)</u>	<u>(415)</u>
NET INCOME	<u>\$ 42,339</u>	<u>\$ 39,240</u>	<u>\$ 111,353</u>	<u>\$ 121,988</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.42</u>	<u>\$ 0.38</u>	<u>\$ 1.12</u>	<u>\$ 1.14</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.42</u>	<u>\$ 0.37</u>	<u>\$ 1.11</u>	<u>\$ 1.14</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,	
	2012	2011	2012	2011
Basic:				
Income from continuing operations	\$ 42,339	\$ 39,347	\$ 111,715	\$ 122,403
Loss from discontinued operations, net of taxes	-	(107)	(362)	(415)
Net income	<u>\$ 42,339</u>	<u>\$ 39,240</u>	<u>\$ 111,353</u>	<u>\$ 121,988</u>
Diluted:				
Income from continuing operations	\$ 42,339	\$ 39,347	\$ 111,715	\$ 122,403
Loss from discontinued operations, net of taxes	-	(107)	(362)	(415)
Diluted net income	<u>\$ 42,339</u>	<u>\$ 39,240</u>	<u>\$ 111,353</u>	<u>\$ 121,988</u>
Basic:				
Weighted average common shares outstanding	100,026	104,644	99,879	107,020
Unvested restricted common stock	(389)	(390)	(379)	(396)
Weighted average common shares outstanding-basic	<u>99,637</u>	<u>104,254</u>	<u>99,500</u>	<u>106,624</u>
Diluted:				
Weighted average common shares outstanding-basic	99,637	104,254	99,500	106,624
Effect of dilutive securities:				
Stock options	973	550	790	621
Restricted stock-based compensation	232	216	174	169
Weighted average shares and assumed conversions-diluted	<u>100,842</u>	<u>105,020</u>	<u>100,464</u>	<u>107,414</u>
Basic earnings per share:				
Income from continuing operations	\$ 0.42	\$ 0.38	\$ 1.12	\$ 1.14
Loss from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.42</u>	<u>\$ 0.38</u>	<u>\$ 1.12</u>	<u>\$ 1.14</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.42	\$ 0.37	\$ 1.11	\$ 1.14
Loss from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.42</u>	<u>\$ 0.37</u>	<u>\$ 1.11</u>	<u>\$ 1.14</u>

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Net Income	\$ 42,339	\$ 39,240	\$ 111,353	\$ 121,988
Special items:				
Expenses associated with debt refinancing transactions	168	-	1,996	-
Expenses associated with pursuit of REIT conversion	1,310	-	1,910	-
Income tax benefit for special items	(536)	-	(1,444)	-
Diluted adjusted net income	<u>\$ 43,281</u>	<u>\$ 39,240</u>	<u>\$ 113,815</u>	<u>\$ 121,988</u>
Weighted average common shares outstanding - basic	99,637	104,254	99,500	106,624
Effect of dilutive securities:				
Stock options	973	550	790	621
Restricted stock-based compensation	232	216	174	169
Weighted average shares and assumed conversions - diluted	<u>100,842</u>	<u>105,020</u>	<u>100,464</u>	<u>107,414</u>
Adjusted Diluted Earnings Per Share	<u>\$ 0.43</u>	<u>\$ 0.37</u>	<u>\$ 1.13</u>	<u>\$ 1.14</u>

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

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	<u>September 30, 2012</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>	<u>September 30, 2011</u>
BALANCE SHEET:					
Property and equipment	\$ 3,564,952	\$ 3,546,780	\$ 3,528,285	\$ 3,511,302	\$ 3,409,916
Accumulated depreciation and amortization	(982,933)	(954,528)	(926,982)	(902,384)	(878,163)
Property and equipment, net	<u>\$ 2,582,019</u>	<u>\$ 2,592,252</u>	<u>\$ 2,601,303</u>	<u>\$ 2,608,918</u>	<u>\$ 2,531,753</u>
Total assets	\$ 2,967,675	\$ 2,996,002	\$ 2,971,126	\$ 3,019,631	\$ 2,932,553
Maintenance & technology capital expenditures for the quarter ended	\$ 10,205	\$ 12,051	\$ 12,800	\$ 19,463	\$ 14,264
Total debt	\$ 1,131,152	\$ 1,190,764	\$ 1,180,386	\$ 1,245,014	\$ 1,209,652
Equity book value	\$ 1,492,078	\$ 1,464,570	\$ 1,443,571	\$ 1,408,022	\$ 1,366,873
LIQUIDITY:					
Cash and cash equivalents	\$ 59,242	\$ 63,130	\$ 31,354	\$ 55,832	\$ 47,958
Availability under revolving credit facility	\$ 123,998	\$ 111,724	\$ 221,724	\$ 156,724	\$ 190,299
CAPITALIZATION:					
Common shares outstanding	100,048	99,977	99,944	99,528	99,608
Common share price at end of period	\$ 33.45	\$ 29.45	\$ 27.31	\$ 20.37	\$ 22.69
Market value of common equity at end of period	<u>\$ 3,346,606</u>	<u>\$ 2,944,323</u>	<u>\$ 2,729,471</u>	<u>\$ 2,027,385</u>	<u>\$ 2,260,106</u>
Total equity market capitalization	<u>\$ 3,346,606</u>	<u>\$ 2,944,323</u>	<u>\$ 2,729,471</u>	<u>\$ 2,027,385</u>	<u>\$ 2,260,106</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 4,477,758</u>	<u>\$ 4,135,087</u>	<u>\$ 3,909,857</u>	<u>\$ 3,272,399</u>	<u>\$ 3,469,758</u>
Dividends	\$ 20,078	\$ 20,060	\$ -	\$ -	\$ -
Dividends per common share	\$ 0.20	\$ 0.20	\$ -	\$ -	\$ -
EBITDA	\$ 108,754	\$ 102,859	\$ 96,378	\$ 110,042	\$ 107,368
ADJUSTED EBITDA	\$ 110,232	\$ 103,696	\$ 97,969	\$ 110,042	\$ 107,368
FUNDS FROM OPERATIONS	\$ 79,273	\$ 54,887	\$ 82,275	\$ 82,138	\$ 75,997
FUNDS FROM OPERATIONS PER SHARE:					
Basic funds from operations per share	<u>\$ 0.80</u>	<u>\$ 0.55</u>	<u>\$ 0.83</u>	<u>\$ 0.83</u>	<u>\$ 0.73</u>
Diluted funds from operations per share	<u>\$ 0.79</u>	<u>\$ 0.55</u>	<u>\$ 0.82</u>	<u>\$ 0.82</u>	<u>\$ 0.72</u>
FFO PAYOUT RATIO	25.4%	36.6%	0.0%	0.0%	0.0%
ADJUSTED FUNDS FROM OPERATIONS	\$ 69,068	\$ 42,836	\$ 69,475	\$ 62,675	\$ 61,733
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:					
Basic adjusted funds from operations per share	<u>\$ 0.69</u>	<u>\$ 0.43</u>	<u>\$ 0.70</u>	<u>\$ 0.63</u>	<u>\$ 0.59</u>
Diluted adjusted funds from operations per share	<u>\$ 0.68</u>	<u>\$ 0.43</u>	<u>\$ 0.69</u>	<u>\$ 0.63</u>	<u>\$ 0.59</u>
AFFO PAYOUT RATIO	29.2%	46.9%	0.0%	0.0%	0.0%

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,	
	2012	2011	2012	2011
Number of days per period	92	92	274	273
ALL FACILITIES:				
Average available beds	92,043	89,121	91,732	88,979
Average compensated occupancy	88.4%	89.6%	88.7%	89.8%
Total compensated man-days	7,487,354	7,345,315	22,292,466	21,821,134
Revenue per compensated man-day	\$ 59.19	\$ 58.62	\$ 59.16	\$ 58.76
Operating expenses per compensated man-day:				
Fixed expense	31.49	30.80	31.77	30.61
Variable expense	9.85	9.71	10.06	9.59
Total	41.34	40.51	41.83	40.20
Operating margin per compensated man-day	\$ 17.85	\$ 18.11	\$ 17.33	\$ 18.56
Operating margin rate	30.2%	30.9%	29.3%	31.6%
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	20,008	18,294	58,997	54,819
Other depreciation expense	8,638	8,276	26,406	25,792
Amortization of negative contract values	(34)	(34)	(102)	(102)
Depreciation and amortization	\$ 28,612	\$ 26,536	\$ 85,301	\$ 80,509
FUNDS FROM OPERATIONS:				
Net income	\$ 42,339	\$ 39,240	\$ 111,353	\$ 121,988
Income tax expense	24,081	23,427	65,634	74,165
Expenses associated with debt refinancing transactions	168	-	1,996	-
Expenses associated with pursuit of REIT conversion	1,310	-	1,910	-
Income tax benefit for special items	(536)	-	(1,444)	-
Income taxes (paid) refund	(20,647)	(16,631)	(59,645)	(58,092)
Depreciation and amortization	28,612	26,536	85,301	80,509
Depreciation and amortization for discontinued operations	-	101	-	374
Income tax expense (benefit) for discontinued operations	-	(63)	(215)	(252)
Stock-based compensation reflected in G&A expenses	2,890	2,294	8,265	6,922
Amortization of debt costs and other non-cash interest	1,056	1,093	3,280	3,234
Funds from operations	\$ 79,273	\$ 75,997	\$ 216,435	\$ 228,848
Maintenance and technology capital expenditures	(10,205)	(14,264)	(35,056)	(28,449)
Adjusted funds from operations	\$ 69,068	\$ 61,733	\$ 181,379	\$ 200,399
FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.80	\$ 0.73	\$ 2.18	\$ 2.15
Diluted	\$ 0.79	\$ 0.72	\$ 2.15	\$ 2.13
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 0.69	\$ 0.59	\$ 1.82	\$ 1.88
Diluted	\$ 0.68	\$ 0.59	\$ 1.81	\$ 1.87

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,	
	2012	2011	2012	2011
MANAGED ONLY FACILITIES:				
Management revenue	\$ 90,240	\$ 91,410	\$ 267,930	\$ 271,305
Operating expenses:				
Fixed expense	58,505	59,686	178,076	175,728
Variable expense	19,847	19,413	59,501	55,833
Total	<u>78,352</u>	<u>79,099</u>	<u>237,577</u>	<u>231,561</u>
Contribution	<u>\$ 11,888</u>	<u>\$ 12,311</u>	<u>\$ 30,353</u>	<u>\$ 39,744</u>
Average available beds	<u>25,324</u>	<u>25,324</u>	<u>25,324</u>	<u>25,182</u>
Average compensated occupancy	<u>96.1%</u>	<u>96.4%</u>	<u>96.0%</u>	<u>96.4%</u>
Total compensated man-days	<u>2,239,481</u>	<u>2,245,728</u>	<u>6,661,243</u>	<u>6,628,476</u>
Revenue per compensated man-day	\$ 40.30	\$ 40.70	\$ 40.22	\$ 40.93
Operating expenses per compensated man-day:				
Fixed expense	26.12	26.58	26.73	26.51
Variable expense	8.86	8.64	8.93	8.42
Total	<u>34.98</u>	<u>35.22</u>	<u>35.66</u>	<u>34.93</u>
Operating margin per compensated man-day	<u>\$ 5.32</u>	<u>\$ 5.48</u>	<u>\$ 4.56</u>	<u>\$ 6.00</u>
Operating margin rate	<u>13.2%</u>	<u>13.5%</u>	<u>11.3%</u>	<u>14.7%</u>
OWNED AND MANAGED FACILITIES:				
Management revenue	\$ 352,908	\$ 339,180	\$ 1,050,803	\$ 1,010,889
Operating expenses:				
Fixed expense	177,281	166,522	530,061	492,217
Variable expense	53,924	51,906	164,690	153,507
Total	<u>231,205</u>	<u>218,428</u>	<u>694,751</u>	<u>645,724</u>
Contribution	<u>\$ 121,703</u>	<u>\$ 120,752</u>	<u>\$ 356,052</u>	<u>\$ 365,165</u>
Average available beds	<u>66,719</u>	<u>63,797</u>	<u>66,408</u>	<u>63,797</u>
Average compensated occupancy	<u>85.5%</u>	<u>86.9%</u>	<u>85.9%</u>	<u>87.2%</u>
Total compensated man-days	<u>5,247,873</u>	<u>5,099,587</u>	<u>15,631,223</u>	<u>15,192,658</u>
Revenue per compensated man-day	\$ 67.25	\$ 66.51	\$ 67.22	\$ 66.54
Operating expenses per compensated man-day:				
Fixed	33.78	32.65	33.91	32.40
Variable	10.28	10.18	10.54	10.10
Total	<u>44.06</u>	<u>42.83</u>	<u>44.45</u>	<u>42.50</u>
Operating margin per compensated man-day	<u>\$ 23.19</u>	<u>\$ 23.68</u>	<u>\$ 22.77</u>	<u>\$ 24.04</u>
Operating margin rate	<u>34.5%</u>	<u>35.6%</u>	<u>33.9%</u>	<u>36.1%</u>

ANALYSIS OF OUTSTANDING DEBT

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(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2011</u>	<u>Outstanding Balance 9/30/2012</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u> ¹⁾	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
Fixed Rate:						
\$375.0 Million Senior Notes	\$ 375,000	\$ -	6.25%	6.50%	March 2013	The balance of \$375.0 Million Senior Notes was redeemed in April 2012.
\$150.0 Million Senior Notes	150,000	40,000	6.75%	6.99%	January 2014	On or prior to January 31, 2009, 35% redeemable at 106.75% with proceeds from equity offerings; on or after January 31, 2010, 100% redeemable at various premium prices until January 31, 2012 at par. In June and August 2012, \$60.0 million and \$50.0 million, respectively, were redeemed at par.
\$465.0 Million Senior Notes	455,014	456,152	7.75%	8.65%	June 2017	On or prior to June 1, 2012, 35% redeemable at 107.75% with proceeds from equity offerings; on or after June 1, 2013, 100% redeemable at various premium prices until June 1, 2015 at par.
Total Fixed Rate Debt	<u>980,014</u>	<u>496,152</u>				
Floating Rate:						
Revolving Credit Facility	<u>265,000</u>	<u>635,000</u>	1.89%	2.11%	December 2016	
Grand Total Debt	<u>\$ 1,245,014</u>	<u>\$ 1,131,152</u>	4.27%	4.62%	4.3	³⁾

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

²⁾ The Company also has \$26.0 million of letters of credit outstanding under a sub-facility reducing the available capacity under the revolving credit facility to \$124.0 million as of September 30, 2012. The Revolving Credit facility currently 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, 2012:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
2012	-	0.00%	0.00%
2013	-	0.00%	0.00%
2014	40,000	3.51%	3.51%
2015	-	0.00%	3.51%
2016	635,000	55.70%	59.21%
Thereafter	465,000	40.79%	100.00%
	<u>\$ 1,140,000</u>	<u>100.00%</u>	
Debt Discount - \$465.0 Million Senior Notes	(8,848)		
	<u>\$ 1,131,152</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,	
	2012	2011	2012	2011
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	8.2	5.9	7.0	6.1
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	8.2	5.9	7.0	6.1
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.6	2.8	2.7	2.7
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.6	2.8	2.7	2.7
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.4	6.6	7.4	6.5
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	25.3%	34.9%	25.3%	34.9%
Total debt/Equity market capitalization	33.8%	53.5%	33.8%	53.5%
Total debt/Book equity capitalization	75.8%	88.5%	75.8%	88.5%
Total debt/Gross book value of real estate assets	31.7%	35.4%	31.7%	35.4%
<u>RETURN ON INVESTMENT RATIOS:</u>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	12.4%	12.6%	11.7%	13.1%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	11.2%	11.3%	10.6%	11.7%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.2%	2.4%	2.3%	2.3%
General & administrative expenses/Total revenues	4.9%	5.3%	5.1%	5.1%
<u>INTEREST EXPENSE, NET:</u>				
Interest income from continuing operations	\$ (507)	\$ (623)	\$ (1,610)	\$ (1,898)
Interest incurred	13,375	18,098	44,508	54,378
Amortization of debt costs and other non-cash interest	1,056	1,093	3,280	3,234
Capitalized interest	(202)	(510)	(837)	(894)
Interest expense, net	<u>\$ 13,722</u>	<u>\$ 18,058</u>	<u>\$ 45,341</u>	<u>\$ 54,820</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 42,339	\$ 39,240	\$ 111,353	\$ 121,988
Interest expense, net	13,722	18,058	45,341	54,820
Depreciation and amortization	28,612	26,536	85,301	80,509
Income tax expense	24,081	23,427	65,634	74,165
(Income) loss from discontinued operations, net of taxes	-	107	362	415
EBITDA	108,754	107,368	307,991	331,897
Expenses associated with debt refinancing transactions	168	-	1,996	-
Expenses associated with pursuit of REIT conversion	1,310	-	1,910	-
ADJUSTED EBITDA	<u>\$ 110,232</u>	<u>\$ 107,368</u>	<u>\$ 311,897</u>	<u>\$ 331,897</u>

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

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 9/30/12</u>
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	140.14%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	98.67%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-13	(3) 5 year	97.82%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-13	Indefinite	97.16%
Red Rock Correctional Center (E) Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-13	Indefinite	94.86%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-14	(2) 1 year	85.50%
California City Correctional Center California City, California	1999	Office of the Federal Detention Trustee	2,304	Medium	Detention	Sep-25	-	61.93%
San Diego Correctional Facility (F) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-14	(3) 3 year	88.57%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-13	(3) 1 year	97.75%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-13	(3) 1 year	66.62%
Huerfano County Correctional Center (G) Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-13	(3) 1 year	54.05%
Coffee Correctional Facility (H) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-13	(21) 1 year	113.27%
Jenkins Correctional Center (H) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-13	(22) 1 year	102.27%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-16	(3) 2 year	114.24%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	94.43%

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 9/30/12</u>
Wheeler Correctional Facility (H) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-13	(2) 1 year	116.08%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-16	(2) 5 year	78.31%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-13	(1) 2 year	55.90%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum/ Medium	Correctional	Jun-13	-	98.31%
Otter Creek Correctional Center (I) Wheelwright, Kentucky	1993	-	656	Minimum/ Medium	Correctional	-	-	26.97%
Prairie Correctional Facility (J) Appleton, Minnesota	1991	-	1,600	Medium	Correctional	-	-	0.00%
Adams County Correctional Center Adams County, Mississippi	2008	BOP	2,232	Medium	Correctional	Jul-13	(3) 2 year	112.19%
Tallahatchie County Correctional Facility (K) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-13	Indefinite	97.43%
Crossroads Correctional Center (L) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Jun-13	(3) 2 year	96.80%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-15	(3) 5 year	72.03%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	104.34%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-13	-	99.01%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	101.89%
Lake Erie Correctional Institution (M) Conneaut, Ohio	1999	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	98.09%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-13	(1) 2 year	107.26%
Queensgate Correctional Facility (N) Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.00%
Cimarron Correctional Facility (O) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-13	(1) 1 year	75.15%
Davis Correctional Facility (O) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-13	(1) 1 year	96.89%

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 9/30/12</u>
Diamondback Correctional Facility (G) Watonga, Oklahoma	1998, 2000	-	2,160	Medium	Correctional	-	-	0.00%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-13	Indefinite	82.42%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-13	(8) 2 year	65.34%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.00%
Whiteville Correctional Facility (P) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-16	-	97.53%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Aug-13	(2) 2 year	99.93%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-13	(2) 2 year	109.05%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-13	(1) 1 year	93.33%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-13	-	133.92%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	97.98%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Aug-13	(2) 2 year	96.58%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	Indefinite	97.82%
D.C. Correctional Treatment Facility (Q) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Jan-17	-	37.98%
Total design capacity for Owned and Managed Facilities (47 Owned and Managed Facilities)			<u>66,719</u>					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	1995, 2007	State of Florida	985	Medium	Correctional	Jul-13	(2) 2 year	98.78%
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	74.32%
Graceville Correctional Facility Graceville, Florida	2007	State of Florida	1,884	Minimum/ Medium	Correctional	Sep-13	(2) 2 year	99.07%

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 9/30/12</u>
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Secure	Correctional	Jun-14	Indefinite	98.90%
Moore Haven Correctional Facility Moore Haven, Florida	1995	State of Florida	985	Minimum/ Medium	Correctional	Jul-13	(2) 2 year	99.24%
North Georgia Detention Center Hall County, Georgia	1980, 1989, 1999 2009	ICE	502	Medium	Detention	Mar-14	Indefinite	64.33%
Idaho Correctional Center Boise, Idaho	1999, 2006, 2009	State of Idaho	2,016	Multi	Correctional	Jun-14	(2) 2 year	101.17%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	101.38%
Winn Correctional Center Winnfield, Louisiana	1990, 1992, 1996	State of Louisiana	1,538	Medium/ Maximum	Correctional	Jun-20	-	96.02%
Wilkinson County Correctional Facility Woodville, Mississippi	1997	State of Mississippi	1,000	Medium	Correctional	Jun-13	(2) 1 year	90.30%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Sep-13	(8) 1 year	95.00%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Dec-12	-	87.48%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-12	-	97.32%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jul-14	-	87.76%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-12	(2) 3 year	97.82%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.03%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.32%
Dawson State Jail Dallas, Texas	1997	State of Texas	2,216	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.52%
Lindsey State Jail Jacksboro, Texas	1995	State of Texas	1,031	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.47%
Willacy State Jail Raymondville, Texas	1995	State of Texas	1,069	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.95%
Total design capacity for Managed Only Facilities (20 Managed Only Facilities)			<u>25,324</u>					
Total design capacity for All Facilities as of September 30, 2012			<u>92,043</u>					

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 9/30/12</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>				
McRae Correctional Facility McRae, Georgia	Fourth quarter 2012	BOP	454	Expansion Beds				
Projected Design Capacity For All Facilities			<u><u>92,497</u></u>					
Leased Facilities:								
Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-15	-	N/A
Houston Educational Facility (R) Houston, Texas	N/A	-	-	Non-secure	Owned/Leased	-	-	N/A

- (A) The year constructed represents the initial completion of the facility's construction, as well as significant additions to the facility that occurred at a later date.
- (B) Design capacity measures the number of beds, and accordingly, the number of inmates each facility is designed to accommodate. Facilities housing detainees on a short term basis may exceed the original intended design capacity for sentenced inmates due to the lower level of services required by detainees in custody for a brief period. From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays. We believe design capacity is an appropriate measure for evaluating prison operations, because the revenue generated by each facility is based on a per diem or monthly rate per inmate housed at the facility paid by the corresponding contracting governmental entity.
- (C) We manage numerous facilities that have more than a single function (i.e., housing both long-term sentenced adult prisoners and pre-trial detainees). The primary functional categories into which facility types are identified was determined by the relative size of prisoner populations in a particular facility on September 30, 2012. If, for example, a 1,000-bed facility housed 900 adult prisoners with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correction facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.
- (D) Remaining renewal options represents the number of renewal options, if applicable, and the remaining term of each option renewal.
- (E) Pursuant to the terms of a new contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the twenty year term.
- (F) The facility is subject to a ground lease with the County of San Diego. Upon expiration of the lease in December 2015, ownership of the facility automatically reverts to the County of San Diego.
- (G) During the first quarter of 2010, we were notified by the state of Arizona of their decision not to renew the management contracts at the Huerfano County Correctional Center upon its expiration on March 8, 2010 and the Diamondback Correctional Facility upon its expiration on May 1, 2010.
- (H) The facility is subject to a purchase option held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value, as defined, or fair market value at any time during the term of the contract between us and the GDOC.
- (I) In late January 2012, the governor of Kentucky submitted his proposed budget which included the transfer of the inmates currently held at our Otter Creek Correctional Center to a facility owned by the Commonwealth of Kentucky by the end of July 2012. The facility is subject to a deed of conveyance with the city of Wheelwright, KY which includes provisions that would allow assumption of ownership by the city of Wheelwright under the following occurrences: (1) we cease to operate the facility for more than two years, (2) our failure to maintain at least one employee for a period of sixty consecutive days, or (3) a conversion to a maximum security facility based upon classification by the Kentucky Corrections Cabinet.
- (J) During December 2009, we announced our decision to cease operations at our Prairie Correctional Facility on or about February 1, 2010 due to low inmate populations at the facility. During 2009, the Prairie facility housed offenders from the states of Minnesota and Washington. However, due to excess capacity in the states' systems, both states removed the populations held at Prairie.
- (K) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization originally over a 20 year period. The amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.
- (L) The State of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the sum of a pre-determined portion of per-diem payments made to us by the state of Montana.
- (M) The state of Ohio has the irrevocable right to repurchase the facility before we may resell the facility to a third party, or if we become insolvent or are unable to meet our obligations under the management contract with the state of Ohio, at a price generally equal to the fair market value, as defined in the Real Estate Purchase Agreement.
- (N) During December 2008, we were notified by Hamilton County, Ohio of its intent to terminate the lease for the 850-bed Queensgate Correctional Facility. The lease was terminated effective January 1, 2009.
- (O) 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) 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.
- (Q) The District of Columbia has the right to purchase the facility at any time during the term of the contract at a price generally equal to the present value of the remaining lease payments for the premises. Upon expiration of the lease in 2017, ownership of the facility automatically reverts to the District of Columbia.
- (R) The tenant of this alternative educational facility vacated the premises in 2011 and defaulted on the lease in June 2012.

DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

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<u>Customer</u>	<u>Management Revenue For the Nine Months Ended September 30, 2012</u>	<u>Percent of Management Revenue For the Nine Months Ended September 30, 2012</u>
United States Marshals	\$ 257,713	19.54%
California	163,391	12.39%
Bureau of Prisons	158,141	11.99%
United States Immigration and Customs Enforcement	154,317	11.70%
Georgia	72,506	5.50%
Texas	69,596	5.28%
Tennessee	63,681	4.83%
Florida	57,860	4.39%
Colorado	46,950	3.56%
Hawaii	29,898	2.27%
	<u>\$ 1,074,053</u>	<u>81.45%</u>
Total Management Revenue	<u>\$ 1,318,733</u>	<u>100.00%</u>

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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 -	Not Rated	Not Rated

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