



CORRECTIONS CORPORATION OF AMERICA

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

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

CORRECTIONS CORPORATION OF AMERICA

Supplemental Financial Information For the Quarter Ended December 31, 2015

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FINANCIAL HIGHLIGHTS

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

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

2016 GUIDANCE SUMMARY

(Unaudited and amounts in millions except per share amounts)

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

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

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

CONSOLIDATED STATEMENTS OF OPERATIONS

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

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

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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

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

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

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

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

FUNDS FROM OPERATIONS

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

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

FFO and AFFO are widely accepted non-GAAP supplemental measures of REIT performance following the standards established by the National Association of Real Estate Investment Trusts (NAREIT). CCA believes that FFO and AFFO are important operating measures that supplement discussion and analysis of the Company's results of operations and are used to review and assess operating performance of the Company and its correctional facilities and their management teams. NAREIT defines FFO as net income computed in accordance with generally accepted accounting principles, excluding gains (or losses) from sales of property and extraordinary items, plus depreciation and amortization of real estate and impairment of depreciable real estate. Because the historical cost accounting convention used for real estate assets requires depreciation (except on land), this accounting presentation assumes that the value of real estate assets diminishes at a level rate over time. Because of the unique structure, design and use of the Company's correctional facilities, management believes that assessing performance of the Company's correctional facilities without the impact of depreciation or amortization is useful. CCA may make adjustments to FFO from time to time for certain other income and expenses that it considers non-recurring, infrequent or unusual, even though such items may require cash settlement, because such items do not reflect a necessary component of the ongoing operations of the Company. Normalized FFO excludes the effects of such items. CCA calculates AFFO by adding to Normalized FFO non-cash expenses such as the amortization of deferred financing costs and stock-based compensation, and by subtracting from Normalized FFO recurring real estate expenditures that are capitalized and then amortized, but which are necessary to maintain a REIT's properties and its revenue stream. Some of these capital expenditures contain a discretionary element with respect to when they are incurred, while others may be more urgent. Therefore, these capital expenditures may fluctuate from quarter to quarter, depending on the nature of the expenditures required, seasonal factors such as weather, and budgetary conditions. Other companies may calculate FFO, Normalized FFO, and AFFO differently than the Company does, or adjust for other items, and therefore comparability may be limited. FFO, Normalized FFO, and AFFO and their corresponding per share measures are not measures of performance under GAAP, and should not be considered as an alternative to cash flows from operating activities, a measure of liquidity or an alternative to net income as indicators of the Company's operating performance or any other measure of performance derived in accordance with GAAP. This data should be read in conjunction with the Company's consolidated financial statements and related notes included in its filings with the Securities and Exchange Commission.

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

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

SELECTED FINANCIAL INFORMATION

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

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

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

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

SEGREGATED DATA

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

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

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

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

ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

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

¹⁾ Includes amortization of debt issuance costs.

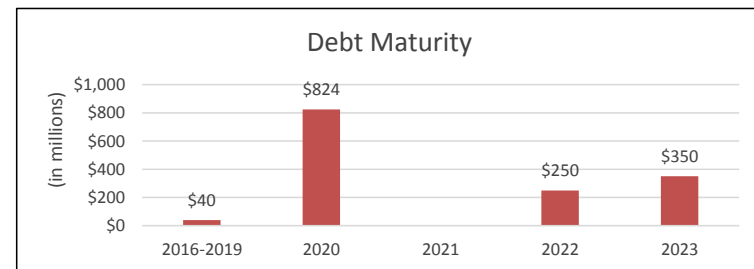
²⁾ On July 22, 2015, the Company amended and restated the \$900.0 million revolving credit facility with principally the same terms, with the exception of a reduction by 0.25% in the applicable margin of base rate and LIBOR rate loans and a new five-year-term, among other changes. The \$900.0 million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

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

⁴⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule at December 31, 2015:

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



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

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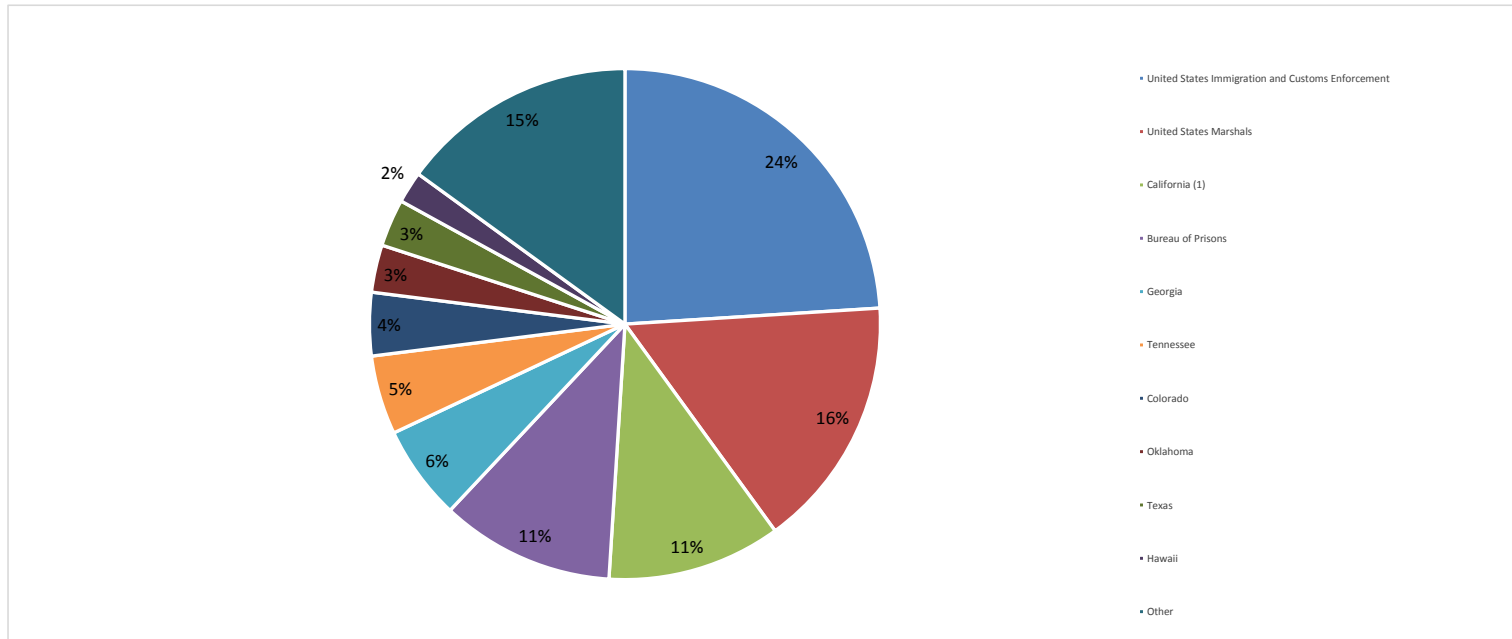
	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2015	2014	2015	2014
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	7.3x	9.0x	8.7x	9.1x
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts))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

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

PARTNER INFORMATION
(Unaudited)

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

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



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

FACILITY PORTFOLIO

Facility Name	Year Constructed/Acquired (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/15
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-18	(2) 5 year	119.81%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	99.46%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-18	(2) 5 year	82.25%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-19	Indefinite	85.43%
Red Rock Correctional Center (E) Eloy, Arizona	2006	State of Arizona	1,596	Medium	Correctional	Jan-24	(2) 5 year	90.53%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-16	-	72.25%
CAI Boston Avenue San Diego, California	2013	BOP	120	-	Community Corrections	May-16	-	102.48%
CAI Ocean View San Diego, California	2013	BOP	483	-	Community Corrections	May-16	-	69.56%
Leo Chesney Correctional Center Live Oak, California	1989	-	240	-	-	-	-	0.00%
Otay Mesa Detention Center (F) San Diego, California	2015	ICE	1,482	Minimum/ Medium	Detention	Jun-17	(2) 3 year	70.20%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-16	-	97.56%
Crowley County Correctional Facility Olney Springs, Colorado	2003, 2004	State of Colorado	1,794	Medium	Correctional	Jun-16	-	76.63%
Huerfano County Correctional Center Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-16	-	61.36%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-16	(18) 1 year	113.65%
Jenkins Correctional Center (G) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-16	(19) 1 year	102.13%
McRae Correctional Facility McRae, Georgia	2000, 2002, 2012	BOP	1,978	Medium	Correctional	Nov-16	(3) 2 year	92.57%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	93.29%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-16	(18) 1 year	114.78%

FACILITY PORTFOLIO

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

FACILITY PORTFOLIO

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

FACILITY PORTFOLIO

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

FACILITY PORTFOLIO

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

Expansion and Development Projects:

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

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

(B) Design capacity measures the number of beds, and accordingly, the number of offenders each facility is designed to accommodate. Facilities housing detainees on a short term basis may exceed the original intended design capacity due to the lower level of services required by detainees in custody for a brief period. From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays. We believe design capacity is an appropriate measure for evaluating prison operations, because the revenue generated by each facility is based on a per diem or monthly rate per inmate housed at the facility paid by the corresponding contracting governmental entity.

(C) We manage numerous facilities that have more than a single function (i.e., housing both long-term sentenced adult prisoners and pre-trial detainees). The primary functional categories into which facility types are identified was determined by the relative size of prisoner populations in a particular facility on December 31, 2015. If, for example, a 1,000-bed facility housed 900 adult prisoners with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correction facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.

(D) Remaining renewal options represents the number of renewal options, if applicable, and the remaining term of each option renewal.

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed/Acquired (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 12/31/15</u>
<p>(E) Pursuant to the terms of a contract awarded by the state of Arizona in September 2012, the state of Arizona has an option to purchase the Red Rock facility at any time during the term of the contract, including extension options, based on an amortization schedule starting with the fair market value and decreasing evenly to zero over the twenty year term.</p> <p>(F) We transitioned operations from the 1,154-bed San Diego Correctional Facility to the newly constructed 1,482-bed Otay Mesa Detention Center in the fourth quarter of 2015. The San Diego Correctional Facility was subject to a ground lease with the County of San Diego. Upon expiration of the lease on December 31, 2015, ownership of the facility automatically reverted to the County of San Diego.</p> <p>(G) The facility is subject to a purchase option held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value, as defined, or fair market value at any time during the term of the contract between us and the GDOC.</p> <p>(H) The facility is subject to a deed of conveyance with the city of Wheelwright, KY which includes provisions that would allow assumption of ownership by the city of Wheelwright under the following occurrences: (1) we cease to operate the facility for more than two years, (2) our failure to maintain at least one employee for a period of sixty consecutive days, or (3) a conversion to a maximum security facility based upon classification by the Kentucky Corrections Cabinet. In December 2013, we entered into an agreement with the city of Wheelwright that extends the reversion by up to 30 months in exchange for \$20,000 per month or until we resume operations, as defined in the agreement.</p> <p>(I) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization originally over a 20 year period. The amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.</p> <p>(J) The State of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the sum of a pre-determined portion of per-diem payments made to us by the state of Montana.</p> <p>(K) The state of Ohio has the irrevocable right to repurchase the facility before we may resell the facility to a third party, or if we become insolvent or are unable to meet our obligations under the management contract with the state of Ohio, at a price generally equal to the fair market value, as defined in the Real Estate Purchase Agreement.</p> <p>(L) The facility is subject to a purchase option held by the Oklahoma Department of Corrections, or ODC, which grants the ODC the right to purchase the facility at its fair market value at any time.</p> <p>(M) As a result of a decline in California inmate populations held in our program during 2015, this facility was idled during the fourth quarter of 2015. We will continue to market the facility to other customers.</p> <p>(N) The state of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational or financial breach, as defined, at a price equal to the book value, as defined.</p> <p>(O) The District of Columbia has the right to purchase the facility at any time during the term of the contract at a price generally equal to the present value of the remaining lease payments for the premises. Upon expiration of the lease in 2017, ownership of the facility automatically reverts to the District of Columbia.</p>								

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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+	Baa3
Senior Bank Credit Facility	BBB -	BBB	Not Rated

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