



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended December 31, 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 December 31, 2012

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

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ASSETS	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Cash and cash equivalents	\$ 62,897	\$ 59,242	\$ 63,130	\$ 31,354	\$ 55,832
Accounts receivable, net of allowance	252,764	239,233	250,445	257,981	273,038
Deferred tax assets	8,022	7,947	7,976	11,068	11,768
Prepaid expenses and other current assets	27,059	23,819	26,460	13,623	18,791
Total current assets	<u>350,742</u>	<u>330,241</u>	<u>348,011</u>	<u>314,026</u>	<u>359,429</u>
Property and equipment, net	2,568,791	2,582,019	2,592,252	2,601,303	2,608,918
Restricted cash	5,022	5,020	5,018	5,015	5,013
Investment in direct financing lease	7,467	7,928	8,376	8,811	9,233
Goodwill	11,988	11,988	11,988	11,988	11,988
Other assets	30,732	30,479	30,357	29,983	25,050
Total assets	<u>\$ 2,974,742</u>	<u>\$ 2,967,675</u>	<u>\$ 2,996,002</u>	<u>\$ 2,971,126</u>	<u>\$ 3,019,631</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 166,356	\$ 172,011	\$ 169,481	\$ 163,349	\$ 197,757
Income taxes payable	102	98	94	13,530	605
Current portion of long-term debt	-	-	-	40,000	-
Total current liabilities	<u>166,458</u>	<u>172,109</u>	<u>169,575</u>	<u>216,879</u>	<u>198,362</u>
Long-term debt, net of current portion	1,111,545	1,131,152	1,190,764	1,140,386	1,245,014
Deferred tax liabilities	139,526	137,276	136,316	135,750	136,503
Other liabilities	35,593	35,060	34,777	34,540	31,730
Total liabilities	<u>1,453,122</u>	<u>1,475,597</u>	<u>1,531,432</u>	<u>1,527,555</u>	<u>1,611,609</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,001	1,000	1,000	999	995
Additional paid-in capital	1,146,488	1,142,271	1,137,024	1,133,300	1,129,435
Retained earnings	374,131	348,807	326,546	309,272	277,592
Total stockholders' equity	<u>1,521,620</u>	<u>1,492,078</u>	<u>1,464,570</u>	<u>1,443,571</u>	<u>1,408,022</u>
Total liabilities and stockholders' equity	<u>\$ 2,974,742</u>	<u>\$ 2,967,675</u>	<u>\$ 2,996,002</u>	<u>\$ 2,971,126</u>	<u>\$ 3,019,631</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,	
	2012	2011	2012	2011
REVENUE:				
Management:				
Federal	\$ 181,976	\$ 192,553	\$ 752,178	\$ 749,308
State	223,118	214,570	883,105	855,409
Local	15,997	14,937	60,685	57,854
Other	14,786	13,670	58,642	55,353
Total management revenue	<u>435,877</u>	<u>435,730</u>	<u>1,714,610</u>	<u>1,717,924</u>
Transportation	631	731	2,485	3,619
Rental	281	551	2,664	2,204
Other	72	70	126	596
	<u>436,861</u>	<u>437,082</u>	<u>1,759,885</u>	<u>1,724,343</u>
EXPENSES:				
Operating:				
Facility fixed	228,232	226,517	936,369	894,462
Facility variable	73,931	71,151	298,122	280,491
Transportation	3,385	4,090	16,690	15,332
Other	180	249	1,003	588
Total operating expenses	<u>305,728</u>	<u>302,007</u>	<u>1,252,184</u>	<u>1,190,873</u>
General and administrative	21,985	24,991	88,935	91,227
Depreciation and amortization	28,632	27,707	113,933	108,216
	<u>356,345</u>	<u>354,705</u>	<u>1,455,052</u>	<u>1,390,316</u>
OPERATING INCOME	<u>80,516</u>	<u>82,377</u>	<u>304,833</u>	<u>334,027</u>
OTHER (INCOME) EXPENSE:				
Interest expense, net	13,022	18,120	58,363	72,940
Expenses associated with debt refinancing transactions	103	-	2,099	-
Other expense	31	42	(338)	304
	<u>13,156</u>	<u>18,162</u>	<u>60,124</u>	<u>73,244</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	67,360	64,215	244,709	260,783
Income tax expense	<u>(21,952)</u>	<u>(22,852)</u>	<u>(87,586)</u>	<u>(97,017)</u>
INCOME FROM CONTINUING OPERATIONS	45,408	41,363	157,123	163,766
Loss from discontinued operations, net of taxes	<u>-</u>	<u>(841)</u>	<u>(362)</u>	<u>(1,256)</u>
NET INCOME	<u>\$ 45,408</u>	<u>\$ 40,522</u>	<u>\$ 156,761</u>	<u>\$ 162,510</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.46</u>	<u>\$ 0.41</u>	<u>\$ 1.58</u>	<u>\$ 1.55</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.45</u>	<u>\$ 0.41</u>	<u>\$ 1.56</u>	<u>\$ 1.54</u>

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,	
	2012	2011	2012	2011
Basic:				
Income from continuing operations	\$ 45,408	\$ 41,363	\$ 157,123	\$ 163,766
Loss from discontinued operations, net of taxes	-	(841)	(362)	(1,256)
Net income	<u>\$ 45,408</u>	<u>\$ 40,522</u>	<u>\$ 156,761</u>	<u>\$ 162,510</u>
Diluted:				
Income from continuing operations	\$ 45,408	\$ 41,363	\$ 157,123	\$ 163,766
Loss from discontinued operations, net of taxes	-	(841)	(362)	(1,256)
Diluted net income	<u>\$ 45,408</u>	<u>\$ 40,522</u>	<u>\$ 156,761</u>	<u>\$ 162,510</u>
Basic:				
Weighted average common shares outstanding	100,062	99,517	99,925	105,129
Unvested restricted common stock	(383)	(382)	(380)	(393)
Weighted average common shares outstanding-basic	<u>99,679</u>	<u>99,135</u>	<u>99,545</u>	<u>104,736</u>
Diluted:				
Weighted average common shares outstanding-basic	99,679	99,135	99,545	104,736
Effect of dilutive securities:				
Stock options	1,086	547	864	603
Restricted stock-based compensation	334	276	214	196
Weighted average shares and assumed conversions-diluted	<u>101,099</u>	<u>99,958</u>	<u>100,623</u>	<u>105,535</u>
Basic earnings per share:				
Income from continuing operations	\$ 0.46	\$ 0.42	\$ 1.58	\$ 1.56
Loss from discontinued operations, net of taxes	-	(0.01)	-	(0.01)
Net income	<u>\$ 0.46</u>	<u>\$ 0.41</u>	<u>\$ 1.58</u>	<u>\$ 1.55</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.45	\$ 0.42	\$ 1.56	\$ 1.55
Loss from discontinued operations, net of taxes	-	(0.01)	-	(0.01)
Net income	<u>\$ 0.45</u>	<u>\$ 0.41</u>	<u>\$ 1.56</u>	<u>\$ 1.54</u>

CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

(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,	
	2012	2011	2012	2011
Net Income	\$ 45,408	\$ 40,522	\$ 156,761	\$ 162,510
Special items:				
Expenses associated with debt refinancing transactions	103	-	2,099	-
Expenses associated with pursuit of REIT conversion	2,326	-	4,236	-
Income tax benefit for reversal of deferred taxes due to corporate restructuring	(2,891)	-	(2,891)	-
Income tax benefit for special items	(896)	-	(2,340)	-
Diluted adjusted net income	<u>\$ 44,050</u>	<u>\$ 40,522</u>	<u>\$ 157,865</u>	<u>\$ 162,510</u>
Weighted average common shares outstanding - basic	99,679	99,135	99,545	104,736
Effect of dilutive securities:				
Stock options	1,086	547	864	603
Restricted stock-based compensation	<u>334</u>	<u>276</u>	<u>214</u>	<u>196</u>
Weighted average shares and assumed conversions - diluted	<u>101,099</u>	<u>99,958</u>	<u>100,623</u>	<u>105,535</u>
Adjusted Diluted Earnings Per Share	<u>\$ 0.44</u>	<u>\$ 0.41</u>	<u>\$ 1.57</u>	<u>\$ 1.54</u>

FUNDS FROM OPERATIONS
(Unaudited and amounts in thousands, except per share amounts)

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	<u>December 31, 2012</u>	<u>September 30, 2012</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
FUNDS FROM OPERATIONS (CCA's old definition)	\$ 78,091	\$ 79,809	\$ 55,202	\$ 82,868	\$ 82,138
Basic funds from operations per share	<u>\$ 0.78</u>	<u>\$ 0.80</u>	<u>\$ 0.55</u>	<u>\$ 0.83</u>	<u>\$ 0.83</u>
Diluted funds from operations per share	<u>\$ 0.77</u>	<u>\$ 0.79</u>	<u>\$ 0.55</u>	<u>\$ 0.83</u>	<u>\$ 0.82</u>
FFO PAYOUT RATIO	26.0%	25.3%	36.4%	0.0%	0.0%
NORMALIZED FUNDS FROM OPERATIONS (CCA's new definition)	\$ 64,198	\$ 63,289	\$ 57,502	\$ 52,021	\$ 59,407
Basic normalized funds from operations per share	<u>\$ 0.64</u>	<u>\$ 0.64</u>	<u>\$ 0.58</u>	<u>\$ 0.52</u>	<u>\$ 0.60</u>
Diluted normalized funds from operations per share	<u>\$ 0.64</u>	<u>\$ 0.63</u>	<u>\$ 0.57</u>	<u>\$ 0.52</u>	<u>\$ 0.59</u>
FFO PAYOUT RATIO	31.3%	31.7%	35.1%	0.0%	0.0%
ADJUSTED FUNDS FROM OPERATIONS (CCA's old definition)	\$ 64,808	\$ 69,604	\$ 43,151	\$ 70,068	\$ 62,675
Basic adjusted funds from operations per share	<u>\$ 0.65</u>	<u>\$ 0.70</u>	<u>\$ 0.43</u>	<u>\$ 0.71</u>	<u>\$ 0.63</u>
Diluted adjusted funds from operations per share	<u>\$ 0.64</u>	<u>\$ 0.69</u>	<u>\$ 0.43</u>	<u>\$ 0.70</u>	<u>\$ 0.63</u>
AFFO PAYOUT RATIO	31.3%	29.0%	46.5%	0.0%	0.0%
ADJUSTED FUNDS FROM OPERATIONS (CCA's new definition)	\$ 62,008	\$ 62,937	\$ 56,343	\$ 53,691	\$ 53,817
Basic adjusted funds from operations per share	<u>\$ 0.62</u>	<u>\$ 0.63</u>	<u>\$ 0.57</u>	<u>\$ 0.54</u>	<u>\$ 0.54</u>
Diluted adjusted funds from operations per share	<u>\$ 0.61</u>	<u>\$ 0.62</u>	<u>\$ 0.56</u>	<u>\$ 0.54</u>	<u>\$ 0.54</u>
AFFO PAYOUT RATIO	32.8%	32.3%	35.7%	0.0%	0.0%

As a result of the pending REIT conversion on January 1, 2013, CCA has elected to change its previous calculation of FFO and AFFO to be consistent with the guidance issued by the National Association of Real Estate Investment Trusts (NAREIT). CCA has elected to provide both calculations on the next page herein to allow comparisons between the method CCA plans to use as a REIT effective January 1, 2013 and the method CCA used previously. FFO and AFFO are widely accepted non-GAAP supplemental measures of REIT performance following the standards established by 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 normalized 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.

FUNDS FROM OPERATIONS

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

CCA's previous calculation			CCA's calculation consistent with NAREIT guidelines		
	For the Three Months Ended December 31,			For the Three Months Ended December 31,	
	2012	2011		2012	2011
FUNDS FROM OPERATIONS:			FUNDS FROM OPERATIONS:		
Net income	\$ 45,408	\$ 40,522	Net income	\$ 45,408	\$ 40,522
Depreciation and amortization	28,632	27,707	Depreciation of real estate assets	20,148	18,885
Depreciation and amortization for discontinued operations	-	341	Funds From Operations	\$ 65,556	\$ 59,407
Income tax expense	21,952	22,852			
Expenses associated with debt refinancing transactions	103	-	Expenses associated with debt refinancing transactions	103	-
Expenses associated with pursuit of REIT conversion	2,326	-	Expenses associated with pursuit of REIT conversion	2,326	-
Income taxes (paid) refund	(24,219)	(12,249)	Income tax benefit for special items	(896)	-
			Income tax benefit for reversal of deferred taxes due to corporate restructuring	(2,891)	-
Income tax expense (benefit) for discontinued operations	-	(464)			
Stock-based compensation reflected in G&A expenses	2,853	2,332	Normalized Funds From Operations	\$ 64,198	\$ 59,407
Amortization of debt costs and other non-cash interest	1,036	1,097			
Funds From Operations	\$ 78,091	\$ 82,138	Maintenance capital expenditures on real estate assets	(6,428)	(9,269)
			Stock-based compensation	3,202	2,582
Maintenance and technology capital expenditures	(13,283)	(19,463)	Amortization of debt costs and other non-cash interest	1,036	1,097
			Adjusted Funds From Operations	\$ 62,008	\$ 53,817
Adjusted Funds From Operations	\$ 64,808	\$ 62,675			
			NORMALIZED FUNDS FROM OPERATIONS PER SHARE:		
FUNDS FROM OPERATIONS PER SHARE:			Basic	\$ 0.64	\$ 0.60
Basic	\$ 0.78	\$ 0.83	Diluted	\$ 0.64	\$ 0.59
Diluted	\$ 0.77	\$ 0.82			
			ADJUSTED FUNDS FROM OPERATIONS PER SHARE:		
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:			Basic	\$ 0.62	\$ 0.54
Basic	\$ 0.65	\$ 0.63	Diluted	\$ 0.61	\$ 0.54
Diluted	\$ 0.64	\$ 0.63			

FUNDS FROM OPERATIONS

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

	CCA's previous calculation		CCA's calculation consistent with NAREIT guidelines	
	For the Twelve Months Ended December 31,		For the Twelve Months Ended December 31,	
	2012	2011	2012	2011
FUNDS FROM OPERATIONS:				
Net income	\$ 156,761	\$ 162,510	\$ 156,761	\$ 162,510
Depreciation and amortization	113,933	108,216	79,145	73,705
Depreciation and amortization for discontinued operations	-	715	-	345
Income tax expense	87,586	97,017		
Expenses associated with debt refinancing transactions	2,099	-	2,099	-
Expenses associated with pursuit of REIT conversion	4,236	-	4,236	-
Income taxes (paid) refund	(83,864)	(70,341)	(2,340)	-
Income tax expense (benefit) for discontinued operations	(215)	(716)	(2,891)	-
Stock-based compensation reflected in G&A expenses	11,118	9,254		
Amortization of debt costs and other non-cash interest	4,316	4,331		
Funds From Operations	\$ 295,970	\$ 310,986	\$ 235,906	\$ 236,560
Maintenance and technology capital expenditures	(48,339)	(47,912)		
Normalized Funds From Operations	\$ 247,631	\$ 263,074	\$ 237,010	\$ 236,560
Maintenance capital expenditures on real estate assets			(18,643)	(20,056)
Stock-based compensation			12,296	10,331
Amortization of debt costs and other non-cash interest			4,316	4,331
Adjusted Funds From Operations	\$ 247,631	\$ 263,074	\$ 234,979	\$ 231,166
FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 2.97	\$ 2.97	\$ 2.38	\$ 2.26
Diluted	\$ 2.94	\$ 2.95	\$ 2.36	\$ 2.24
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:				
Basic	\$ 2.49	\$ 2.51	\$ 2.36	\$ 2.21
Diluted	\$ 2.46	\$ 2.49	\$ 2.34	\$ 2.19
FUNDS FROM OPERATIONS:				
Net income				
Depreciation of real estate assets				
Depreciation of real estate assets for discontinued operations				
Funds From Operations				
Expenses associated with debt refinancing transactions				
Expenses associated with pursuit of REIT conversion				
Income tax benefit for special items				
Income tax benefit for reversal of deferred taxes due to corporate restructuring				
Normalized Funds From Operations				
Maintenance capital expenditures on real estate assets				
Stock-based compensation				
Amortization of debt costs and other non-cash interest				
Adjusted Funds From Operations				
NORMALIZED FUNDS FROM OPERATIONS PER SHARE:				
Basic				
Diluted				
ADJUSTED FUNDS FROM OPERATIONS PER SHARE:				
Basic				
Diluted				

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

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	<u>December 31, 2012</u>	<u>September 30, 2012</u>	<u>June 30, 2012</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
BALANCE SHEET:					
Property and equipment	\$ 3,567,967	\$ 3,564,952	\$ 3,546,780	\$ 3,528,285	\$ 3,511,302
Accumulated depreciation and amortization	(999,176)	(982,933)	(954,528)	(926,982)	(902,384)
Property and equipment, net	<u>\$ 2,568,791</u>	<u>\$ 2,582,019</u>	<u>\$ 2,592,252</u>	<u>\$ 2,601,303</u>	<u>\$ 2,608,918</u>
Total assets	\$ 2,974,742	\$ 2,967,675	\$ 2,996,002	\$ 2,971,126	\$ 3,019,631
Maintenance & technology capital expenditures for the quarter ended	\$ 13,283	\$ 10,205	\$ 12,051	\$ 12,800	\$ 19,463
Total debt	\$ 1,111,545	\$ 1,131,152	\$ 1,190,764	\$ 1,180,386	\$ 1,245,014
Equity book value	\$ 1,521,620	\$ 1,492,078	\$ 1,464,570	\$ 1,443,571	\$ 1,408,022
LIQUIDITY:					
Cash and cash equivalents	\$ 62,897	\$ 59,242	\$ 63,130	\$ 31,354	\$ 55,832
Availability under revolving credit facility	\$ 103,998	\$ 123,998	\$ 111,724	\$ 221,724	\$ 156,724
CAPITALIZATION:					
Common shares outstanding	100,105	100,048	99,977	99,944	99,528
Common share price at end of period	\$ 35.47	\$ 33.45	\$ 29.45	\$ 27.31	\$ 20.37
Market value of common equity at end of period	<u>\$ 3,550,724</u>	<u>\$ 3,346,606</u>	<u>\$ 2,944,323</u>	<u>\$ 2,729,471</u>	<u>\$ 2,027,385</u>
Total equity market capitalization	<u>\$ 3,550,724</u>	<u>\$ 3,346,606</u>	<u>\$ 2,944,323</u>	<u>\$ 2,729,471</u>	<u>\$ 2,027,385</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 4,662,269</u>	<u>\$ 4,477,758</u>	<u>\$ 4,135,087</u>	<u>\$ 3,909,857</u>	<u>\$ 3,272,399</u>
Dividends	\$ 20,084	\$ 20,078	\$ 20,060	\$ -	\$ -
Dividends per common share	\$ 0.20	\$ 0.20	\$ 0.20	\$ -	\$ -
EBITDA	\$ 109,014	\$ 108,754	\$ 102,859	\$ 96,378	\$ 110,042
ADJUSTED EBITDA	\$ 111,443	\$ 110,232	\$ 103,696	\$ 97,969	\$ 110,042

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,	
	2012	2011	2012	2011
Number of days per period	92	92	366	365
ALL FACILITIES:				
Average available beds	92,252	89,121	91,862	89,015
Average compensated occupancy	86.9%	90.1%	88.2%	89.9%
Total compensated man-days	7,376,308	7,388,606	29,668,774	29,209,740
Revenue per compensated man-day	\$ 59.09	\$ 58.97	\$ 59.14	\$ 58.81
Operating expenses per compensated man-day:				
Fixed expense	30.94	30.66	31.56	30.62
Variable expense	10.02	9.63	10.05	9.60
Total	40.96	40.29	41.61	40.22
Operating margin per compensated man-day	\$ 18.13	\$ 18.68	\$ 17.53	\$ 18.59
Operating margin rate	30.7%	31.7%	29.6%	31.6%
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	20,148	18,885	79,145	73,705
Other depreciation expense	8,518	8,856	34,924	34,647
Amortization of negative contract values	(34)	(34)	(136)	(136)
Depreciation and amortization	\$ 28,632	\$ 27,707	\$ 113,933	\$ 108,216

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,	
	2012	2011	2012	2011
MANAGED ONLY FACILITIES:				
Management revenue	\$ 91,487	\$ 89,941	\$ 359,417	\$ 361,246
Operating expenses:				
Fixed expense	59,241	59,448	237,317	235,176
Variable expense	20,943	19,692	80,444	75,525
Total	<u>80,184</u>	<u>79,140</u>	<u>317,761</u>	<u>310,701</u>
Contribution	<u>\$ 11,303</u>	<u>\$ 10,801</u>	<u>\$ 41,656</u>	<u>\$ 50,545</u>
Average available beds	<u>25,324</u>	<u>25,324</u>	<u>25,324</u>	<u>25,218</u>
Average compensated occupancy	<u>96.5%</u>	<u>95.9%</u>	<u>96.1%</u>	<u>96.3%</u>
Total compensated man-days	<u>2,247,233</u>	<u>2,233,861</u>	<u>8,908,476</u>	<u>8,862,337</u>
Revenue per compensated man-day	\$ 40.71	\$ 40.26	\$ 40.35	\$ 40.76
Operating expenses per compensated man-day:				
Fixed expense	26.36	26.61	26.64	26.54
Variable expense	9.32	8.82	9.03	8.52
Total	<u>35.68</u>	<u>35.43</u>	<u>35.67</u>	<u>35.06</u>
Operating margin per compensated man-day	<u>\$ 5.03</u>	<u>\$ 4.83</u>	<u>\$ 4.68</u>	<u>\$ 5.70</u>
Operating margin rate	<u>12.4%</u>	<u>12.0%</u>	<u>11.6%</u>	<u>14.0%</u>
OWNED AND MANAGED FACILITIES:				
Management revenue	\$ 344,390	\$ 345,789	\$ 1,395,193	\$ 1,356,678
Operating expenses:				
Fixed expense	168,991	167,069	699,052	659,286
Variable expense	52,988	51,459	217,678	204,966
Total	<u>221,979</u>	<u>218,528</u>	<u>916,730</u>	<u>864,252</u>
Contribution	<u>\$ 122,411</u>	<u>\$ 127,261</u>	<u>\$ 478,463</u>	<u>\$ 492,426</u>
Average available beds	<u>66,928</u>	<u>63,797</u>	<u>66,538</u>	<u>63,797</u>
Average compensated occupancy	<u>83.3%</u>	<u>87.8%</u>	<u>85.2%</u>	<u>87.4%</u>
Total compensated man-days	<u>5,129,075</u>	<u>5,154,745</u>	<u>20,760,298</u>	<u>20,347,403</u>
Revenue per compensated man-day	\$ 67.14	\$ 67.08	\$ 67.20	\$ 66.68
Operating expenses per compensated man-day:				
Fixed	32.95	32.41	33.67	32.40
Variable	10.33	9.98	10.49	10.07
Total	<u>43.28</u>	<u>42.39</u>	<u>44.16</u>	<u>42.47</u>
Operating margin per compensated man-day	<u>\$ 23.86</u>	<u>\$ 24.69</u>	<u>\$ 23.04</u>	<u>\$ 24.21</u>
Operating margin rate	<u>35.5%</u>	<u>36.8%</u>	<u>34.3%</u>	<u>36.3%</u>

ANALYSIS OF OUTSTANDING DEBT

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(Unaudited and amounts in thousands)

	Outstanding Balance 12/31/2011	Outstanding Balance 12/31/2012	Stated Interest Rate	Effective Interest Rate	Maturity Date	Callable/ Redeemable
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	-	6.75%	6.99%	January 2014	The balance of \$150.0 Million Senior Notes was redeemed in December 2012.
\$465.0 Million Senior Notes	455,014	456,545	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>456,545</u>				
Floating Rate:						
Revolving Credit Facility	<u>265,000</u>	<u>655,000</u>	1.86%	2.06%	December 2016	
Grand Total Debt	<u>\$ 1,245,014</u>	<u>\$ 1,111,545</u>	4.42%	4.78%	4.17	

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 \$104.0 million as of December 31, 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 December 31, 2012:

Year	Total Debt Maturing	% of Debt Maturing	% of Debt Maturing
2013	-	0.00%	0.00%
2014	-	0.00%	0.00%
2015	-	0.00%	0.00%
2016	655,000	58.48%	58.48%
2017	465,000	41.52%	100.00%
Thereafter	-	0.00%	100.00%
	<u>\$ 1,120,000</u>	<u>100.00%</u>	
Debt Discount - \$465.0 Million Senior Notes	(8,455)		
	<u>\$ 1,111,545</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,	
	2012	2011	2012	2011
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	8.8	6.0	7.4	6.1
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	8.8	6.0	7.4	6.1
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.5	2.8	2.6	2.8
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.5	2.8	2.6	2.8
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.9	6.4	7.0	6.3
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	23.8%	38.0%	23.8%	38.0%
Total debt/Equity market capitalization	31.3%	61.4%	31.3%	61.4%
Total debt/Book equity capitalization	73.1%	88.4%	73.1%	88.4%
Total debt/Gross book value of real estate assets	31.1%	35.4%	31.1%	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)*)	12.5%	12.7%	11.9%	12.8%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	11.3%	11.4%	10.7%	11.5%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.2%	2.6%	2.3%	2.4%
General & administrative expenses/Total revenues	5.0%	5.7%	5.1%	5.3%
<u>INTEREST EXPENSE, NET:</u>				
Interest income from continuing operations	\$ (524)	\$ (539)	\$ (2,134)	\$ (2,437)
Interest incurred	12,730	18,252	57,238	72,630
Amortization of debt costs and other non-cash interest	1,036	1,097	4,316	4,331
Capitalized interest	(220)	(690)	(1,057)	(1,584)
Interest expense, net	<u>\$ 13,022</u>	<u>\$ 18,120</u>	<u>\$ 58,363</u>	<u>\$ 72,940</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 45,408	\$ 40,522	\$ 156,761	\$ 162,510
Interest expense, net	13,022	18,120	58,363	72,940
Depreciation and amortization	28,632	27,707	113,933	108,216
Income tax expense	21,952	22,852	87,586	97,017
(Income) loss from discontinued operations, net of taxes	-	841	362	1,256
EBITDA	<u>109,014</u>	<u>110,042</u>	<u>417,005</u>	<u>441,939</u>
Expenses associated with debt refinancing transactions	103	-	2,099	-
Expenses associated with pursuit of REIT conversion	2,326	-	4,236	-
ADJUSTED EBITDA	<u>\$ 111,443</u>	<u>\$ 110,042</u>	<u>\$ 423,340</u>	<u>\$ 441,939</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 12/31/12</u>
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	118.86%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	100.44%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-13	(3) 5 year	89.45%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-13	Indefinite	99.52%
Red Rock Correctional Center (E) Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-13	Indefinite	93.19%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-14	(2) 1 year	82.13%
California City Correctional Center California City, California	1999	Office of the Federal Detention Trustee	2,304	Medium	Detention	Sep-25	-	57.08%
San Diego Correctional Facility (F) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-14	(3) 3 year	87.82%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-13	(3) 1 year	97.68%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-13	(3) 1 year	66.63%
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	65.34%
Coffee Correctional Facility (H) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-13	(21) 1 year	113.14%
Jenkins Correctional Center (H) Millen, Georgia	2012	State of Georgia	1,124	Medium	Correctional	Jun-13	(22) 1 year	101.43%
McRae Correctional Facility McRae, Georgia	2000, 2002, 2012	BOP	1,978	Medium	Correctional	Nov-16	(3) 2 year	103.37%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	94.60%

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 12/31/12</u>
Wheeler Correctional Facility (H) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-13	(21) 1 year	116.32%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-16	(2) 5 year	85.29%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-13	(1) 2 year	56.99%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum/ Medium	Correctional	Jun-13	-	98.22%
Otter Creek Correctional Center (I) Wheelwright, Kentucky	1993	-	656	Minimum/ Medium	Correctional	-	-	0.00%
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	113.40%
Tallahatchie County Correctional Facility (K) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-13	Indefinite	96.29%
Crossroads Correctional Center (L) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Jun-13	(3) 2 year	96.72%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-15	(3) 5 year	72.34%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	104.03%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-13	-	99.17%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	86.14%
Lake Erie Correctional Institution (M) Conneaut, Ohio	1999	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	98.69%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-13	(1) 2 year	107.05%
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	81.96%
Davis Correctional Facility (O) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-13	(1) 1 year	99.90%

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 12/31/12</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	68.32%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-13	(8) 2 year	58.64%
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	-	97.70%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Aug-13	(2) 2 year	99.87%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-13	(2) 2 year	108.71%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-13	(1) 1 year	85.48%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-13	-	121.13%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-17	-	74.62%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Aug-13	(2) 2 year	93.18%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	Indefinite	98.10%
D.C. Correctional Treatment Facility (Q) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Jan-17	-	37.73%
Total design capacity for Owned and Managed Facilities (47 Owned and Managed Facilities)			<u>67,173</u>					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	1995, 2007	State of Florida	985	Medium	Correctional	Jul-13	(2) 2 year	99.26%
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	75.34%
Graceville Correctional Facility Graceville, Florida	2007	State of Florida	1,884	Minimum/ Medium	Correctional	Sep-13	(2) 2 year	99.49%

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 12/31/12</u>
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Secure	Correctional	Jun-14	Indefinite	99.03%
Moore Haven Correctional Facility Moore Haven, Florida	1995	State of Florida	985	Minimum/ Medium	Correctional	Jul-13	(2) 2 year	99.35%
North Georgia Detention Center Hall County, Georgia	1980, 1989, 1999 2009	ICE	502	Medium	Detention	Mar-14	Indefinite	66.38%
Idaho Correctional Center Boise, Idaho	1999, 2006, 2009	State of Idaho	2,016	Multi	Correctional	Jun-14	(2) 2 year	102.40%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	99.94%
Winn Correctional Center Winnfield, Louisiana	1990, 1992, 1996	State of Louisiana	1,538	Medium/ Maximum	Correctional	Jun-20	-	95.99%
Wilkinson County Correctional Facility Woodville, Mississippi	1997	State of Mississippi	1,000	Medium	Correctional	Jun-13	(2) 1 year	90.40%
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	Mar-13	-	87.48%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-13	-	97.46%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jul-14	-	91.56%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-17	-	97.79%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.16%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.20%
Dawson State Jail Dallas, Texas	1997	State of Texas	2,216	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.51%
Lindsey State Jail Jacksboro, Texas	1995	State of Texas	1,031	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	98.38%
Willacy State Jail Raymondville, Texas	1995	State of Texas	1,069	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.97%
Total design capacity for Managed Only Facilities (20 Managed Only Facilities)			<u>25,324</u>					
Total design capacity for All Facilities as of December 31, 2012			<u>92,497</u>					

FACILITY PORTFOLIO

Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 12/31/12
Leased Facilities:								
Leo Chesney Correctional Center Live Oak, California	1989	GEO Group	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 December 31, 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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Customer	Management Revenue For the Twelve Months Ended December 31, 2012	Percent of Management Revenue For the Twelve Months Ended December 31, 2012
United States Marshals	\$ 336,184	19.16%
California	214,755	12.24%
Bureau of Prisons	209,984	11.97%
United States Immigration and Customs Enforcement	205,969	11.74%
Georgia	99,375	5.66%
Texas	92,956	5.30%
Tennessee	85,802	4.89%
Florida	77,351	4.41%
Colorado	62,829	3.58%
Oklahoma	39,993	2.28%
	<u>\$ 1,425,198</u>	<u>81.23%</u>
Total Management Revenue	<u>\$ 1,754,610</u>	<u>100.00%</u>

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Davenport & Company LLC	Clinton Fendley	(804) 780-2151
SunTrust Robinson Humphrey	Tobey Sommer	(615) 748-5681

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SG Cowen Securities Corporation	Brad E. Eilert	(212) 278-5290

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Moody's Investors Service	Christopher Wimmer	(212) 553-2947
Standard & Poor's	Brian Milligan	(312) 233-7050

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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