



## **Supplemental Financial Information For the Quarter Ended December 31, 2011**

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, 2011**

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

<b>ASSETS</b>	<b>December 31, 2011</b>	<b>September 30, 2011</b>	<b>June 30, 2011</b>	<b>March 31, 2011</b>	<b>December 31, 2010</b>
Cash and cash equivalents	\$ 55,832	\$ 47,958	\$ 54,623	\$ 37,792	\$ 25,509
Accounts receivable, net of allowance	273,038	262,609	254,965	279,437	307,126
Deferred tax assets	11,768	9,442	8,464	10,920	14,132
Prepaid expenses and other current assets	18,791	28,681	32,352	14,248	31,526
Total current assets	359,429	348,690	350,404	342,397	378,293
 Property and equipment, net	 2,608,918	 2,531,753	 2,531,333	 2,534,839	 2,549,295
 Restricted cash	 5,013	 5,012	 6,760	 6,758	 6,756
Investment in direct financing lease	9,233	9,642	10,039	10,425	10,798
Goodwill	11,988	11,988	11,988	11,988	11,988
Other assets	25,050	25,468	25,824	25,622	26,098
 Total assets	 <u>\$ 3,019,631</u>	 <u>\$ 2,932,553</u>	 <u>\$ 2,936,348</u>	 <u>\$ 2,932,029</u>	 <u>\$ 2,983,228</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 197,757	\$ 192,476	\$ 184,881	\$ 186,188	\$ 205,379
Income taxes payable	605	106	113	9,903	476
Total current liabilities	198,362	192,582	184,994	196,091	205,855
 Long-term debt	 1,245,014	 1,209,652	 1,104,294	 1,112,744	 1,156,568
Deferred tax liabilities	136,503	130,908	123,823	121,477	118,245
Other liabilities	31,730	32,538	33,418	32,428	31,689
Total liabilities	1,611,609	1,565,680	1,446,529	1,462,740	1,512,357
 Commitments and contingencies					
 Common stock - \$0.01 par value	 995	 996	 1,072	 1,081	 1,098
Additional paid-in capital	1,129,435	1,128,807	1,290,917	1,312,796	1,354,691
Retained earnings	277,592	237,070	197,830	155,412	115,082
Total stockholders' equity	1,408,022	1,366,873	1,489,819	1,469,289	1,470,871
 Total liabilities and stockholders' equity	 <u>\$ 3,019,631</u>	 <u>\$ 2,932,553</u>	 <u>\$ 2,936,348</u>	 <u>\$ 2,932,029</u>	 <u>\$ 2,983,228</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,	
	2011	2010	2011	2010
<b>REVENUE:</b>				
Management:				
Federal	\$ 192,553	\$ 181,845	\$ 749,308	\$ 717,800
State	216,847	220,652	865,374	838,526
Local	15,260	15,087	59,099	58,537
Other	13,681	13,235	55,413	53,416
Total management revenue	438,341	430,819	1,729,194	1,668,279
Transportation	731	800	3,619	4,036
Rental	551	550	2,204	2,557
Other	70	31	596	159
	<u>439,693</u>	<u>432,200</u>	<u>1,735,613</u>	<u>1,675,031</u>
<b>EXPENSES:</b>				
Operating:				
Facility fixed	229,071	221,503	904,053	873,335
Facility variable	72,172	69,946	283,427	274,686
Transportation	4,090	4,193	15,332	14,888
Other	249	69	588	862
Total operating expenses	305,582	295,711	1,203,400	1,163,771
General and administrative	24,991	22,061	91,227	84,148
Depreciation and amortization	28,048	27,336	108,931	104,051
	<u>358,621</u>	<u>345,108</u>	<u>1,403,558</u>	<u>1,351,970</u>
<b>OPERATING INCOME</b>	<u>81,072</u>	<u>87,092</u>	<u>332,055</u>	<u>323,061</u>
<b>OTHER (INCOME) EXPENSE:</b>				
Interest expense, net	18,120	18,628	72,940	71,127
Other (income) expense	42	115	304	40
	<u>18,162</u>	<u>18,743</u>	<u>73,244</u>	<u>71,167</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	62,910	68,349	258,811	251,894
Income tax expense	<u>(22,388)</u>	<u>(24,644)</u>	<u>(96,301)</u>	<u>(94,297)</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>	40,522	43,705	162,510	157,597
Loss from discontinued operations, net of taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>(404)</u>
<b>NET INCOME</b>	<u>\$ 40,522</u>	<u>\$ 43,705</u>	<u>\$ 162,510</u>	<u>\$ 157,193</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.41</u>	<u>\$ 0.40</u>	<u>\$ 1.55</u>	<u>\$ 1.40</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.41</u>	<u>\$ 0.39</u>	<u>\$ 1.54</u>	<u>\$ 1.39</u>

# RECONCILIATION OF BASIC TO 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,	
	2011	2010	2011	2010
Basic:				
Income from continuing operations	\$ 40,522	\$ 43,705	\$ 162,510	\$ 157,597
Loss from discontinued operations, net of taxes	-	-	-	(404)
Net income	<u>\$ 40,522</u>	<u>\$ 43,705</u>	<u>\$ 162,510</u>	<u>\$ 157,193</u>
Diluted:				
Income from continuing operations	\$ 40,522	\$ 43,705	\$ 162,510	\$ 157,597
Loss from discontinued operations, net of taxes	-	-	-	(404)
Diluted net income	<u>\$ 40,522</u>	<u>\$ 43,705</u>	<u>\$ 162,510</u>	<u>\$ 157,193</u>
Basic:				
Weighted average common shares outstanding	99,517	110,052	105,129	112,413
Unvested restricted common stock	(382)	(411)	(393)	(398)
Weighted average common shares outstanding-basic	<u>99,135</u>	<u>109,641</u>	<u>104,736</u>	<u>112,015</u>
Diluted:				
Weighted average common shares outstanding-basic	99,135	109,641	104,736	112,015
Effect of dilutive securities:				
Stock options	547	755	603	769
Restricted stock-based compensation	276	302	196	193
Weighted average shares and assumed conversions-diluted	<u>99,958</u>	<u>110,698</u>	<u>105,535</u>	<u>112,977</u>
Basic earnings per share:				
Income from continuing operations	\$ 0.41	\$ 0.40	\$ 1.55	\$ 1.41
Loss from discontinued operations, net of taxes	-	-	-	(0.01)
Net income	<u>\$ 0.41</u>	<u>\$ 0.40</u>	<u>\$ 1.55</u>	<u>\$ 1.40</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.41	\$ 0.39	\$ 1.54	\$ 1.39
Loss from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.41</u>	<u>\$ 0.39</u>	<u>\$ 1.54</u>	<u>\$ 1.39</u>

# **CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE**

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

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Net Income	\$ 40,522	\$ 43,705	\$ 162,510	\$ 157,193
Special items:				
Goodwill impairment for discontinued operations	-	-	-	1,684
Diluted adjusted net income	<u>\$ 40,522</u>	<u>\$ 43,705</u>	<u>\$ 162,510</u>	<u>\$ 158,877</u>
Weighted average common shares outstanding - basic	99,135	109,641	104,736	112,015
Effect of dilutive securities:				
Stock options	547	755	603	769
Restricted stock-based compensation	<u>276</u>	<u>302</u>	<u>196</u>	<u>193</u>
Weighted average shares and assumed conversions - diluted	<u>99,958</u>	<u>110,698</u>	<u>105,535</u>	<u>112,977</u>
<b>Adjusted Diluted Earnings Per Share</b>	<u>\$ 0.41</u>	<u>\$ 0.39</u>	<u>\$ 1.54</u>	<u>\$ 1.41</u>

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

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	<u>December 31, 2011</u>	<u>September 30, 2011</u>	<u>June 30, 2011</u>	<u>March 31, 2011</u>	<u>December 31, 2010</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 3,511,302	\$ 3,409,916	\$ 3,383,302	\$ 3,359,746	\$ 3,347,857
Accumulated depreciation and amortization	<u>(902,384)</u>	<u>(878,163)</u>	<u>(851,969)</u>	<u>(824,907)</u>	<u>(798,562)</u>
Property and equipment, net	\$ 2,608,918	\$ 2,531,753	\$ 2,531,333	\$ 2,534,839	\$ 2,549,295
Total assets	\$ 3,019,631	\$ 2,932,553	\$ 2,936,348	\$ 2,932,029	\$ 2,983,228
Maintenance & technology capital expenditures for the quarter ended	\$ 19,463	\$ 14,264	\$ 9,355	\$ 4,830	\$ 18,679
Total debt	\$ 1,245,014	\$ 1,209,652	\$ 1,104,294	\$ 1,112,744	\$ 1,156,568
Equity book value	\$ 1,408,022	\$ 1,366,873	\$ 1,489,819	\$ 1,469,289	\$ 1,470,871
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 55,832	\$ 47,958	\$ 54,623	\$ 37,792	\$ 25,509
Availability under revolving credit facility	\$ 156,724	\$ 190,299	\$ 295,299	\$ 286,501	\$ 228,186
<b>CAPITALIZATION:</b>					
Common shares outstanding	99,528	99,608	107,169	108,094	109,754
Common share price at end of period	\$ 20.37	\$ 22.69	\$ 21.65	\$ 24.40	\$ 25.06
Market value of common equity at end of period	<u>\$ 2,027,385</u>	<u>\$ 2,260,106</u>	<u>\$ 2,320,209</u>	<u>\$ 2,637,494</u>	<u>\$ 2,750,435</u>
Total equity market capitalization	<u>\$ 2,027,385</u>	<u>\$ 2,260,106</u>	<u>\$ 2,320,209</u>	<u>\$ 2,637,494</u>	<u>\$ 2,750,435</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 3,272,399</u>	<u>\$ 3,469,758</u>	<u>\$ 3,424,503</u>	<u>\$ 3,750,238</u>	<u>\$ 3,907,003</u>
<b>EBITDA</b>	\$ 109,078	\$ 107,299	\$ 113,854	\$ 110,451	\$ 114,313
<b>ADJUSTED EBITDA</b>	\$ 109,078	\$ 107,299	\$ 113,854	\$ 110,451	\$ 114,313
<b>FUNDS FROM OPERATIONS</b>	\$ 82,138	\$ 75,997	\$ 57,355	\$ 95,496	\$ 81,577
<b>FUNDS FROM OPERATIONS PER SHARE:</b>					
Basic funds from operations per share	\$ 0.83	\$ 0.73	\$ 0.54	\$ 0.88	\$ 0.74
Diluted funds from operations per share	<u>\$ 0.82</u>	<u>\$ 0.72</u>	<u>\$ 0.53</u>	<u>\$ 0.87</u>	<u>\$ 0.74</u>
<b>ADJUSTED FUNDS FROM OPERATIONS</b>	\$ 62,675	\$ 61,733	\$ 48,000	\$ 90,666	\$ 62,898
<b>ADJUSTED FUNDS FROM OPERATIONS PER SHARE:</b>					
Basic adjusted funds from operations per share	\$ 0.63	\$ 0.59	\$ 0.45	\$ 0.83	\$ 0.57
Diluted adjusted funds from operations per share	<u>\$ 0.63</u>	<u>\$ 0.59</u>	<u>\$ 0.45</u>	<u>\$ 0.83</u>	<u>\$ 0.57</u>

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

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	<b>For the Three Months Ended December 31, 2011</b>	<b>2010</b>	<b>For the Twelve Months Ended December 31, 2011</b>	<b>2010</b>
Number of days per period	92	92	365	365
<b>ALL FACILITIES:</b>				
Average available beds	90,293	90,037	90,187	86,803
Average compensated occupancy	90.0%	89.7%	89.8%	90.2%
Total compensated man-days	7,472,290	7,431,466	29,570,671	28,586,444
Revenue per compensated man-day	\$ 58.66	\$ 57.97	\$ 58.48	\$ 58.36
Operating expenses per compensated man-day:				
Fixed expense	30.66	29.81	30.57	30.55
Variable expense	9.66	9.41	9.58	9.61
Total	40.32	39.22	40.15	40.16
Operating margin per compensated man-day	\$ 18.34	\$ 18.75	\$ 18.33	\$ 18.20
Operating margin rate	31.3%	32.3%	31.3%	31.2%
<b>DEPRECIATION AND AMORTIZATION:</b>				
Depreciation expense on real estate	19,002	18,478	74,050	70,578
Other depreciation expense	9,080	9,185	35,017	35,810
Amortization of negative contract values	(34)	(327)	(136)	(2,337)
Depreciation and amortization	\$ 28,048	\$ 27,336	\$ 108,931	\$ 104,051
<b>FUNDS FROM OPERATIONS:</b>				
Net income	\$ 40,522	\$ 43,705	\$ 162,510	\$ 157,193
Income tax expense	22,388	24,644	96,301	94,297
Income taxes paid	(12,249)	(17,183)	(70,341)	(61,396)
Depreciation and amortization	28,048	27,336	108,931	104,051
Depreciation and amortization for discontinued operations	-	-	-	2,222
Goodwill impairment for discontinued operations	-	-	-	1,684
Income tax expense (benefit) for discontinued operations	-	-	-	(253)
Stock-based compensation reflected in G&A expenses	2,332	2,022	9,254	8,525
Amortization of debt costs and other non-cash interest	1,097	1,053	4,331	4,250
Funds from operations	\$ 82,138	\$ 81,577	\$ 310,986	\$ 310,573
Maintenance and technology capital expenditures	(19,463)	(18,679)	(47,912)	(43,092)
Adjusted funds from operations	\$ 62,675	\$ 62,898	\$ 263,074	\$ 267,481
<b>FUNDS FROM OPERATIONS PER SHARE:</b>				
Basic	\$ 0.83	\$ 0.74	\$ 2.97	\$ 2.77
Diluted	\$ 0.82	\$ 0.74	\$ 2.95	\$ 2.75
<b>ADJUSTED FUNDS FROM OPERATIONS PER SHARE:</b>				
Basic	\$ 0.63	\$ 0.57	\$ 2.51	\$ 2.39
Diluted	\$ 0.63	\$ 0.57	\$ 2.49	\$ 2.37



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

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	<b>For the Three Months Ended December 31, 2011</b>	<b>2010</b>	<b>For the Twelve Months Ended December 31, 2011</b>	<b>2010</b>
<b>MANAGED ONLY FACILITIES:</b>				
Management revenue	\$ 92,552	\$ 92,851	\$ 372,516	\$ 336,572
Operating expenses:				
Fixed expense	62,002	60,295	244,767	222,563
Variable expense	20,713	19,667	78,461	72,210
Total	82,715	79,962	323,228	294,773
Contribution	\$ 9,837	\$ 12,889	\$ 49,288	\$ 41,799
Average available beds	26,496	26,240	26,390	24,285
Average compensated occupancy	95.1%	96.5%	95.8%	95.9%
Total compensated man-days	2,317,545	2,329,281	9,223,268	8,499,574
Revenue per compensated man-day	\$ 39.94	\$ 39.86	\$ 40.39	\$ 39.60
Operating expenses per compensated man-day:				
Fixed expense	26.75	25.89	26.54	26.19
Variable expense	8.94	8.44	8.51	8.50
Total	35.69	34.33	35.05	34.69
Operating margin per compensated man-day	\$ 4.25	\$ 5.53	\$ 5.34	\$ 4.91
Operating margin rate	10.6%	13.9%	13.2%	12.4%
<b>OWNED AND MANAGED FACILITIES:</b>				
Management revenue	\$ 345,789	\$ 337,968	\$ 1,356,678	\$ 1,331,707
Operating expenses:				
Fixed expense	167,069	161,208	659,286	650,772
Variable expense	51,459	50,279	204,966	202,476
Total	218,528	211,487	864,252	853,248
Contribution	\$ 127,261	\$ 126,481	\$ 492,426	\$ 478,459
Average available beds	63,797	63,797	63,797	62,518
Average compensated occupancy	87.8%	86.9%	87.4%	88.0%
Total compensated man-days	5,154,745	5,102,185	20,347,403	20,086,870
Revenue per compensated man-day	\$ 67.08	\$ 66.24	\$ 66.68	\$ 66.30
Operating expenses per compensated man-day:				
Fixed	32.41	31.60	32.40	32.40
Variable	9.98	9.85	10.07	10.08
Total	42.39	41.45	42.47	42.48
Operating margin per compensated man-day	\$ 24.69	\$ 24.79	\$ 24.21	\$ 23.82
Operating margin rate	36.8%	37.4%	36.3%	35.9%

# ANALYSIS OF OUTSTANDING DEBT

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(Unaudited and amounts in thousands)

	Outstanding Balance 12/31/2010	Outstanding Balance 12/31/2011	Stated Interest Rate	Effective Interest Rate <sup>1)</sup>	Maturity Date	Callable/ Redeemable
<b>Fixed Rate:</b>						
\$375.0 Million Senior Notes	\$ 375,000	\$ 375,000 <sup>2)</sup>	6.25%	6.50%	March 2013	On or prior to March 15, 2008, 35% redeemable at 106.25% with proceeds from equity offerings; on or after March 15, 2009, 100% redeemable at various premium prices until March 15, 2011 at par
\$150.0 Million Senior Notes	150,000	150,000	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
\$465.0 Million Senior Notes	453,602	455,014	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>978,602</u>	<u>980,014</u>				
<b>Floating Rate:</b>						
Revolving Credit Facility	<u>177,966</u>	<u>265,000</u>	1.27%	1.55% <sup>2)</sup>	December 2012	
Grand Total Debt	<u>\$ 1,156,568</u>	<u>\$ 1,245,014</u>	6.01%	6.38%	2.8 <sup>3)</sup>	

<sup>1)</sup> Includes amortization of debt issuance costs, net of debt discounts and premiums.

<sup>2)</sup> The Company also has \$28.3 million of letters of credit outstanding under a sub-facility reducing the available capacity under the revolving credit facility to \$156.7 million as of December 31, 2011. In January 2012, we increased the capacity of our revolving credit facility to \$785.0 million and extended the maturity to December 2016. However, the availability was unchanged by the expansion of the revolving credit facility to \$785.0 million as the increase was used to pay \$335.0 million of our 6.25% senior unsecured notes. The new Revolving Credit facility currently bears interest at LIBOR plus a margin of 1.50%.

<sup>3)</sup> Represents the weighted average debt maturity in years.

## Debt Maturity Schedule at December 31, 2011:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
2012	265,000	21.12%	21.12%
2013	375,000	29.88%	51.00%
2014	150,000	11.95%	62.95%
2015	-	0.00%	62.95%
2016	-	0.00%	62.95%
Thereafter	<u>465,000</u>	<u>37.05%</u>	100.00%
	<u>\$ 1,255,000</u>	<u>100.00%</u>	
Debt Discount - \$465.0 Million Senior Notes	(9,986)		
	<u>\$ 1,245,014</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,	
	2011	2010	2011	2010
<b><u>COVERAGE RATIOS:</u></b>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	6.0	6.2	6.1	5.8
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	6.0	6.2	6.1	5.8
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.9	2.5	2.8	2.7
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.9	2.5	2.8	2.7
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.4	5.6	6.4	5.5
<b><u>DEBT/EQUITY RATIOS:</u></b>				
Total debt/Total market capitalization	38.0%	29.6%	38.0%	29.6%
Total debt/Equity market capitalization	61.4%	42.1%	61.4%	42.1%
Total debt/Book equity capitalization	88.4%	78.6%	88.4%	78.6%
Total debt/Gross book value of real estate assets	35.4%	34.4%	35.4%	34.4%
<b><u>RETURN ON INVESTMENT RATIOS:</u></b>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	12.6%	13.7%	12.8%	13.0%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	11.3%	12.1%	11.4%	11.6%
<b><u>OVERHEAD RATIOS:</u></b>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.6%	2.3%	2.4%	2.3%
General & administrative expenses/Total revenues	5.7%	5.1%	5.3%	5.0%
<b><u>INTEREST EXPENSE, NET:</u></b>				
Interest income from continuing operations	\$ (539)	\$ (567)	\$ (2,437)	\$ (2,269)
Interest incurred	18,252	18,320	72,630	73,068
Amortization of debt costs and other non-cash interest	1,097	1,053	4,331	4,250
Capitalized interest	(690)	(178)	(1,584)	(3,922)
Interest expense, net	<u>\$ 18,120</u>	<u>\$ 18,628</u>	<u>\$ 72,940</u>	<u>\$ 71,127</u>
<b><u>EBITDA CALCULATION:</u></b>				
Net income	\$ 40,522	\$ 43,705	\$ 162,510	\$ 157,193
Interest expense, net	18,120	18,628	72,940	71,127
Depreciation and amortization	28,048	27,336	108,931	104,051
Income tax expense	22,388	24,644	96,301	94,297
(Income) loss from discontinued operations, net of taxes	-	-	-	404
EBITDA	<u>109,078</u>	<u>114,313</u>	<u>440,682</u>	<u>427,072</u>
ADJUSTED EBITDA	<u>\$ 109,078</u>	<u>\$ 114,313</u>	<u>\$ 440,682</u>	<u>\$ 427,072</u>

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

# FACILITY PORTFOLIO

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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 12/31/11
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	156.27%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	98.44%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Detention	Sep-13	(3) 5 year	136.56%
La Palma Correctional Center Eloy, Arizona	2008	State of California	3,060	Medium	Correctional	Jun-13	Indefinite	97.43%
Red Rock Correctional Center Eloy, Arizona	2006	State of California	1,596	Medium	Correctional	Jun-13	Indefinite	95.24%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-14	(2) 1 year	91.15%
California City Correctional Center California City, California	1999	Office of the Federal Detention Trustee	2,304	Medium	Detention	Sep-25	-	73.22%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-14	(3) 3 year	89.93%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-12	(4) 1 year	94.74%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-12	(4) 1 year	90.05%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	-	752	Medium	Correctional	-	-	0.00%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-12	(4) 1 year	53.79%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-12	(22) 1 year	113.78%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-16	(3) 2 year	113.75%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Detention	Indefinite	-	100.99%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999, 2010	State of Georgia	2,312	Medium	Correctional	Jun-12	(22) 1 year	122.98%

# FACILITY PORTFOLIO

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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 12/31/11
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-16	(2) 5 year	60.19%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-13	(1) 2 year	53.75%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum/ Medium	Correctional	Jun-12	(1) 1 year	98.13%
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jun-12	(1) 1 year (1) 2 year	97.31%
Prairie Correctional Facility (I) 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	113.73%
Tallahatchie County Correctional Facility (J) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,672	Medium	Correctional	Jun-13	Indefinite	97.65%
Crossroads Correctional Center (K) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-11	(4) 2 year	98.18%
Nevada Southern Detention Center Pahrump, Nevada	2010	Office of the Federal Detention Trustee	1,072	Medium	Detention	Sep-15	(3) 5 year	80.07%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-14	(3) 2 year	104.49%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-13	-	98.91%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	88.72%
Lake Erie Correctional Institution (L) Conneaut, Ohio	1999	State of Ohio	1,798	Medium	Correctional	Jun-32	Indefinite	N/A
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-13	(1) 2 year	102.22%
Queensgate Correctional Facility (M) Cincinnati, Ohio	1906	-	850	Medium	-	-	-	0.00%
Cimarron Correctional Facility (N) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,692	Medium	Correctional	Jun-12	(2) 1 year	38.55%
Davis Correctional Facility (N) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-12	(2) 1 year	95.67%

# FACILITY PORTFOLIO

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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 12/31/11
Diamondback Correctional Facility (F) 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	98.10%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Sep-13	(8) 2 year	66.27%
Shelby Training Center Memphis, Tennessee	1986, 1995	-	200	Secure	-	-	-	0.00%
Whiteville Correctional Facility (O) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Jun-16	-	97.52%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Aug-13	(2) 2 year	99.60%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-13	(2) 2 year	109.16%
Houston Processing Center Houston, Texas	1984, 2005	ICE	1,000	Medium	Detention	Mar-12	(2) 1 year	85.02%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-13	-	115.09%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	60.90%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Aug-13	(2) 2 year	97.88%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Jan-15	Indefinite	96.62%
D.C. Correctional Treatment Facility (P) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Jan-17	-	48.06%
Total design capacity for Owned and Managed Facilities (46 Owned and Managed Facilities)			65,595					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	1995, 2007	State of Florida	985	Medium	Correctional	Jul-13	(2) 2 year	99.13%
Citrus County Detention Facility Lecanto, Florida	1992, 2007	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	72.21%
Graceville Correctional Facility Graceville, Florida	2007	State of Florida	1,884	Minimum/ Medium	Correctional	Sep-13	(2) 2 year	99.35%

# FACILITY PORTFOLIO

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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 12/31/11
Lake City Correctional Facility Lake City, Florida	1997, 2005	State of Florida	893	Secure	Correctional	Jun-12	Indefinite	99.15%
Moore Haven Correctional Facility Moore Haven, Florida	1995	State of Florida	985	Minimum/ Medium	Correctional	Jul-13	(2) 2 year	99.16%
North Georgia Detention Center Hall County, Georgia	1980, 1989, 1999 2009	ICE	502	Medium	Detention	Mar-14	Indefinite	71.93%
Idaho Correctional Center Boise, Idaho	1999, 2006, 2009	State of Idaho	2,016	Multi	Correctional	Jun-14	(2) 2 year	99.16%
Marion County Jail Indianapolis, Indiana	1997, 2005	Marion County, IN	1,030	Multi	Detention	Dec-17	(1) 10 year	101.49%
Winn Correctional Center Winnfield, Louisiana	1990, 1992, 1996	State of Louisiana	1,538	Medium/ Maximum	Correctional	Jun-20	-	95.97%
Delta Correctional Facility (Q) Greenwood, Mississippi	2004	State of Mississippi	1,172	Minimum/ Medium	Correctional	Jan-12	-	77.61%
Wilkinson County Correctional Facility Woodville, Mississippi	1997	State of Mississippi	1,000	Medium	Correctional	Jun-12	(3) 1 year	89.11%
Elizabeth Detention Center Elizabeth, New Jersey	1963	ICE	300	Minimum	Detention	Sep-12	(9) 1 year	76.78%
Silverdale Facilities Chattanooga, Tennessee	1985, 1997, 1998, 2005, 2008	Hamilton County, TN	1,046	Multi	Detention	Dec-12	-	87.47%
South Central Correctional Center Clifton, Tennessee	1992, 1994, 1995, 2005	State of Tennessee	1,676	Medium	Correctional	Jun-12	-	97.18%
Metro-Davidson County Detention Facility Nashville, Tennessee	1992, 1995, 2011	Davidson County, TN	1,348	Multi	Detention	Jul-14	-	89.17%
Hardeman County Correctional Facility Whiteville, Tennessee	1997	State of Tennessee	2,016	Medium	Correctional	May-12	(2) 3 year	97.74%
Bartlett State Jail Bartlett, Texas	1995	State of Texas	1,049	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.48%
Bradshaw State Jail Henderson, Texas	1995	State of Texas	1,980	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.10%
Dawson State Jail Dallas, Texas	1997	State of Texas	2,216	Minimum/ Medium	Correctional	Aug-13	(2) 2 year	99.43%

## FACILITY PORTFOLIO

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<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 12/31/11</u>
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	99.93%
Total design capacity for Managed Only Facilities (21 Managed Only Facilities)			<u>26,496</u>					
Total design capacity for All Facilities as of December 31, 2011			<u>92,091</u>					

### Expansion and Development Projects and Facility Activations:

<u>Facility Name</u>	<u>Estimated Completion</u>	<u>Potential Customer(s)</u>	<u>Design Capacity (B)</u>	<u>Project Description</u>
Jenkins Correctional Center (G) Millen, Georgia	First quarter 2012	State of Georgia	1,124	New owned facility
McRae Correctional Facility McRae, Georgia	Fourth quarter 2012	BOP	454	Expansion Beds
Projected Design Capacity For All Facilities			<u>93,669</u>	

### Leased Facilities:

Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-15	-	N/A
Community Education Partners (R) Houston, Texas	N/A	Community Education Partners	-	Non-secure	Owned/Leased	Jun-14	-	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, 2011. 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) 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.

(F) 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.

(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.

(H) 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 June 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.



## FACILITY PORTFOLIO

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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 12/31/11
(I) 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.								
(J) 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.								
(K) 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.								
(L) 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.								
(M) During December 2008, we were notified by Hamilton County, Ohio of its intent to terminate the lease for the 850-bed Queensgate Correctional Facility. We believe the County elected to terminate the lease effective January 1, 2009, due to funding issues experienced by the County.								
(N) 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.								
(O) 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) 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.								
(Q) During January 2012, we ceased management of the Delta Correctional Facility located in Greenwood, Mississippi, pursuant to a mutual agreement between us and the state of Mississippi.								
(R) The alternative educational facility is currently configured to accommodate 900 at-risk juveniles and may be expanded to accommodate a total of 1,400 at-risk juveniles.								

**DIVERSIFICATION OF REVENUE**

(Unaudited and amounts in thousands)

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<b>Customer</b>	<b>Management Revenue For the Twelve Months Ended December 31, 2011</b>	<b>Percent of Management Revenue For the Twelve Months Ended December 31, 2011</b>
United States Marshals	\$ 340,521	19.69%
California	228,386	13.21%
Bureau of Prisons	205,028	11.86%
United States Immigration and Customs Enforcement	203,748	11.78%
Texas	92,697	5.36%
Georgia	86,236	4.99%
Tennessee	83,427	4.82%
Florida	78,564	4.54%
Colorado	71,040	4.11%
Hawaii	40,191	2.32%
	<u>\$ 1,429,838</u>	<u>82.69%</u>
Total Management Revenue	<u>\$ 1,729,194</u>	<u>100.00%</u>

## RESEARCH / ANALYST COVERAGE

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### Equity Research Coverage:

Avondale Partners	Kevin Campbell	(615) 467-3521
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Davenport & Company LLC	Clinton Fendley	(804) 780-2151
SunTrust Robinson Humphrey	Tobey Sommer	(615) 748-5681

### Debt Research Coverage:

Barclays Capital	Emily Shanks	(212) 526-6403
SG Cowen Securities Corporation	Brad E. Eilert	(212) 278-5290

### Rating Agency Coverage:

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

### Credit Ratings:

	Fitch	Standard & Poor's	Moody's
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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