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## Section 1: 8-K (FORM 8-K)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 22, 2017**

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**THE GEO GROUP, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Florida**  
(State or Other Jurisdiction  
of Incorporation)

**1-14260**  
(Commission  
File Number)

**65-0043078**  
(IRS Employer  
Identification No.)

**621 NW 53<sup>rd</sup> Street, Suite 700, Boca Raton, Florida**  
(Address of Principal Executive Offices)

**33487**  
(Zip Code)

**Registrant's telephone number, including area code (561) 893-0101**

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Section 2 Financial Information

### Item 2.02 Results of Operations and Financial Condition.

On February 22, 2017, The GEO Group, Inc. (“GEO”) issued a press release (the “Earnings Press Release”) announcing its financial results for the fourth quarter and year ended December 31, 2016, and issuing financial guidance for the full year and first quarter 2017. A copy of the Earnings Press Release is furnished hereto as Exhibit 99.1. GEO also held a conference call on February 22, 2017 to discuss these matters, a transcript of which is furnished hereto as Exhibit 99.2.

In the Earnings Press Release, GEO provided Net Operating Income, EBITDA, Adjusted EBITDA, Funds From Operations, Normalized Funds From Operations, Adjusted Funds From Operations, and Adjusted Net Income for the fourth quarter and year ended December 31, 2016 and the comparable prior-year periods that were not calculated in accordance with Generally Accepted Accounting Principles (the “Non-GAAP Information”) and are presented as supplemental disclosures. Generally, for purposes of Regulation G under the Securities Exchange Act of 1934, Non-GAAP Information is any numerical measure of a company’s performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The Earnings Press Release presents the financial measure calculated and presented in accordance with GAAP, which is the most directly comparable to the Non-GAAP Information, with a prominence equal to or greater than its presentation of the Non-GAAP Information. The Earnings Press Release also contains a reconciliation of the Non-GAAP Information to the financial measure calculated and presented in accordance with GAAP which is the most directly comparable to the Non-GAAP Information.

Net Operating Income is defined as revenues less operating expenses, excluding depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax. Net Operating Income is calculated as net income attributable to GEO adjusted by subtracting net loss attributable to non-controlling interests, equity in earnings of affiliates, net of income tax provision, and by adding income tax (benefit) provision, interest expense, net of interest income, loss on extinguishment of debt, depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax.

EBITDA is defined as Net Operating Income adjusted by subtracting general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax, and by adding equity in earnings of affiliates, pre-tax. Adjusted EBITDA is defined as EBITDA adjusted for net loss/income attributable to non-controlling interests, stock-based compensation expenses, pre-tax, and certain other adjustments as defined from time to time, including for the periods presented M&A related expenses, pre-tax, start-up expenses, pre-tax and gain on sale of real estate assets, pre-tax. Given the nature of GEO’s business as a real estate owner and operator, GEO believes that EBITDA and Adjusted EBITDA are helpful to investors as measures of its operational performance because they provide an indication of GEO’s ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into GEO’s business. GEO believes that by removing the impact of its asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide GEO’s investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs,

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providing a perspective not immediately apparent from income from continuing operations. The adjustments GEO makes to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in income from continuing operations and which GEO does not consider to be the fundamental attributes or primary drivers of its business plan and they do not affect GEO's overall long-term operating performance. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by GEO's management and provide consistency in our financial reporting, facilitate internal and external comparisons of GEO's historical operating performance and its business units and provide continuity to investors for comparability purposes.

Funds from Operations, or FFO, is defined in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income/loss attributable to common shareholders (computed in accordance with United States Generally Accepted Accounting Principles), excluding real estate related depreciation and amortization, excluding gains and losses from the cumulative effects of accounting changes, extraordinary items and sales of properties, and including adjustments for unconsolidated partnerships and joint ventures. Normalized Funds from Operations, or Normalized FFO, is defined as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented, M&A related expenses, net of tax, start-up expenses, net of tax, loss on extinguishment of debt, net of tax, and non-recurring tax benefits.

Adjusted Funds from Operations, or AFFO, is defined as Normalized FFO adjusted by adding non-cash expenses such as non-real estate related depreciation and amortization, stock based compensation expense, the amortization of debt issuance costs, discount and/or premium and other non-cash interest, and by subtracting recurring consolidated maintenance capital expenditures.

Adjusted Net Income is defined as Net Income Attributable to GEO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented M&A related expenses, net of tax, start-up expenses, net of tax, loss on extinguishment of debt, net of tax, gain on sale of real estate assets, net of tax, and non-recurring tax benefits.

Because of the unique design, structure and use of GEO's correctional facilities, GEO believes that assessing the performance of its correctional facilities without the impact of depreciation or amortization is useful and meaningful to investors. Although NAREIT has published its definition of FFO, companies often modify this definition as they seek to provide financial measures that meaningfully reflect their distinctive operations. GEO has modified FFO to derive Normalized FFO and AFFO that meaningfully reflect its operations. GEO's assessment of its operations is focused on long-term sustainability. The adjustments GEO makes to derive the non-GAAP measures of Normalized FFO and AFFO exclude items which may cause short-term fluctuations in income from continuing operations but have no impact on GEO's cash flows, or GEO does not consider them to be fundamental attributes or the primary drivers of its business plan and they do not affect its overall long-term operating performance.

GEO may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of GEO's operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other

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charges that are highly variable from year to year, they provide GEO's investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from income from continuing operations. GEO believes the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of GEO's ability to fund capital expenditures and expand its business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by GEO's management and provide consistency in its financial reporting, facilitate internal and external comparisons of its historical operating performance and its business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in GEO's industry as a real estate investment trust.

The Earnings Press Release contains reconciliation tables for Net Operating Income, EBITDA and Adjusted EBITDA, Funds From Operations, Normalized Funds From Operations, Adjusted Funds from Operations and Adjusted Net Income.

GEO has presented in the Earnings Press Release certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including, Net Operating Income, Adjusted EBITDA, FFO, Normalized FFO, and AFFO. The determination of the amounts that are excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. While we have provided a high level reconciliation for the guidance ranges for full year 2017, we are unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

The Non-GAAP Information should be considered in addition to results that are prepared under current accounting standards but should not be considered a consolidated substitute for, or superior to, financial information prepared in accordance with GAAP. The Non-GAAP Information may differ from similarly titled measures presented by other companies. The Non-GAAP Information, as well as other information in the Earnings Press Release, should be read in conjunction with GEO's financial statements filed with the Securities and Exchange Commission. The information set forth in Item 2.02 in this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information set forth in Item 2.02 in this Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

## **Section 8 Other Events**

### **Item 8.01 Other Events.**

On February 22, 2017, GEO announced the signing of a definitive agreement to acquire Community Education Centers, Inc. ("CEC"), a private provider of rehabilitative services for offenders in reentry and in-prison treatment facilities as well as management services for county, state, and federal correctional and detention facilities. GEO will acquire CEC pursuant to an Agreement and Plan of Merger, dated as of February 21, 2017, entered into by and among GEO, GEO/DE/MC/01 LLC ("Merger Sub"), a Delaware limited liability company and subsidiary of GEO, CEC Parent Holdings LLC ("CEC Parent"), and the unitholders' representative named therein (the "Agreement"). The Agreement provides that upon the terms and subject to the conditions set forth in the Agreement, Merger Sub shall be merged with and into CEC Parent with CEC Parent surviving the merger. GEO will pay merger consideration of \$360 million in cash, subject to certain potential adjustments, including for working capital and indebtedness as set forth in the Agreement. GEO plans to integrate CEC into GEO's existing business units of GEO Corrections & Detention and GEO Care. The consummation of the merger is not subject to any condition that GEO secure or consummate financing to fund the transaction. The transaction will be supported by a term loan financing commitment from BNP Paribas and borrowings under GEO's existing Revolving Credit Facility.

Each of GEO, Merger Sub and CEC Parent have provided customary representations, warranties and covenants in the Agreement. The transaction is expected to close in the second quarter of 2017 subject to the fulfillment of customary closing conditions.

The Agreement contains certain termination rights for both GEO and CEC, including by mutual written consent and if the closing does not occur on or before May 15, 2017 (the "Outside Date"); provided, however, that under certain circumstances, GEO or CEC may elect to extend the Outside Date by three months.

A copy of the press release announcing the transaction is filed as Exhibit 99.3 to this report and is incorporated herein by this reference.

**Section 9 Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits**

d) Exhibits

- 99.1 Press Release, dated February 22, 2017, announcing GEO's financial results for the fourth quarter and year ended December 31, 2016.
- 99.2 Transcript of Conference Call discussing GEO's financial results for the fourth quarter and year ended December 31, 2016.
- 99.3 Press Release, dated February 22, 2017, announcing GEO's acquisition of Community Education Centers.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**THE GEO GROUP, INC.**

February 28, 2017  
Date

By: /s/ Brian R. Evans  
Brian R. Evans  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated February 22, 2017, announcing GEO's financial results for the fourth quarter and year ended December 31, 2016.
99.2	Transcript of Conference Call discussing GEO's financial results for the fourth quarter and year ended December 31, 2016.
99.3	Press Release, dated February 22, 2017, announcing GEO's acquisition of Community Education Centers.

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## Section 2: EX-99.1 (PRESS RELEASE 4TH QUARTER RESULTS)

Exhibit 99.1



NEWS RELEASE

One Park Place, Suite 700 • 621 Northwest 53<sup>rd</sup> Street • Boca Raton, Florida 33487 • [www.geogroup.com](http://www.geogroup.com)  
CR-17-04

### THE GEO GROUP REPORTS FOURTH QUARTER AND FULL-YEAR 2016 RESULTS

- **4Q16 Net Income Attributable to GEO of \$0.66 per Diluted Share**
- **4Q16 Adjusted Net Income of \$0.62 per Diluted Share**
- **4Q16 Normalized FFO of \$0.83 per Diluted Share**
- **4Q16 AFFO of \$1.04 per Diluted Share**
- **Issues FY2017 EPS Guidance of \$2.05-\$2.15 per Diluted Share; Normalized FFO Guidance of \$2.90-\$3.00 per Diluted Share; and AFFO Guidance of \$3.70-\$3.80 per Diluted Share**

**Boca Raton, Fla. – February 22, 2017** — The GEO Group, Inc. (NYSE: GEO) (“GEO”), a fully integrated equity real estate investment trust (“REIT”) and a leading provider of evidence-based offender rehabilitation and community reentry services around the globe, reported today its financial results for the fourth quarter and full-year 2016.

### Fourth Quarter 2016 Highlights

- **Net Income Attributable to GEO of \$0.66 per Diluted Share**
- **Adjusted Net Income of \$0.62 per Diluted Share**
- **Net Operating Income of \$143.8 million**
- **Normalized FFO of \$0.83 per Diluted Share**
- **AFFO of \$1.04 per Diluted Share**

GEO reported fourth quarter 2016 net income attributable to GEO of \$49.4 million, or \$0.66 per diluted share, compared to \$44.1 million, or \$0.59 per diluted share, for the fourth quarter 2015. GEO's results for the fourth quarter 2016 include approximately \$1.0 million, net of tax, related to a gain on sale of real estate assets and approximately \$2.0 million in non-recurring tax benefits. Adjusting for these items, GEO reported adjusted net income for the fourth quarter 2016 of \$0.62 per diluted share.

GEO reported fourth quarter 2016 Normalized Funds From Operations (“Normalized FFO”) of \$61.9 million, or \$0.83 per diluted share, compared to \$59.0 million, or \$0.80 per diluted share, for the fourth quarter 2015. GEO reported fourth quarter 2016 Adjusted Funds From Operations (“AFFO”) of \$77.7 million, or \$1.04 per diluted share, compared to \$71.6 million, or \$0.97 per diluted share, for the fourth quarter 2015. GEO reported fourth quarter 2016 Net Operating Income (“NOI”) of \$143.8 million compared to \$142.5 million for the fourth quarter 2015.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said, “We are pleased with our strong fourth quarter and year-end results and our outlook for 2017. Our continued growth has been driven by robust financial and operational performance across our diversified platform of real estate, management and programmatic services. We have been able to provide cost-effective, high quality services for our government partners

while delivering industry-leading, evidence-based rehabilitation programs both in-custody and in community-based settings to the men and women who have been entrusted to our care. We remain focused on expanding the delivery of these important programs and effectively allocating capital to continue to enhance value for our shareholders.”

—More—

**Contact:** Pablo E. Paez  
Vice President, Corporate Relations

(866) 301 4436



GEO reported total revenues for the fourth quarter 2016 of \$566.6 million up from \$500.1 million for the fourth quarter 2015. Fourth quarter 2016 revenues reflect \$70.1 million in construction revenues associated with the development of the 1,300-bed Ravenhall Facility in Australia (the “Ravenhall, Australia project”) compared to \$40.1 million in construction revenues for the fourth quarter 2015.

#### Full-Year 2016 Highlights

- **Net Income Attributable to GEO of \$2.00 per Diluted Share**
- **Adjusted Net Income of \$2.19 per Diluted Share**
- **Net Operating Income of \$563.4 million**
- **Normalized FFO of \$3.01 per Diluted Share**
- **AFFO of \$3.76 per Diluted Share**

GEO reported net income attributable to GEO of \$148.7 million, or \$2.00 per diluted share, for the full-year 2016, compared to \$139.4 million, or \$1.88 per diluted share, for the full-year 2015. GEO’s results for the full-year 2016 reflect approximately \$15.9 million, net of tax, related to the loss on extinguishment of debt associated with GEO’s April 2016 senior note offering and tender offer for GEO’s 6.625% senior notes which were due 2021, approximately \$1.2 million, net of tax, in start-up expenses, approximately \$1.0 million, net of tax, related to a gain on sale of real estate assets and approximately \$2.0 million in non-recurring tax benefits. Adjusting for these items, GEO reported adjusted net income for the full-year 2016 of \$2.19 per diluted share.

For the full-year 2016, GEO reported Normalized FFO of \$224.0 million, or \$3.01 per diluted share, compared to \$204.3 million, or \$2.76 per diluted share, for the full-year 2015. GEO reported AFFO for the full-year 2016 of \$279.2 million, or \$3.76 per diluted share, compared to \$248.4 million, or \$3.36 per diluted share, for the full-year 2015. For the full-year 2016, GEO reported NOI of \$563.4 million compared to \$511.9 million for the full-year 2015.

GEO reported total revenues for the full-year 2016 of \$2.18 billion up from \$1.84 billion for the full-year 2015. Revenues for the full-year 2016 reflect \$252.4 million in construction revenues associated with the development of the Ravenhall, Australia project, compared to \$107.4 million in construction revenues for the full-year 2015.

#### GEO Continuum of Care – 2016 Achievements

To strengthen its commitment to being the world’s leading provider of evidence-based rehabilitation and post-release services, GEO announced today that it has doubled its annual expenditure commitment to expand the delivery of its ‘GEO Continuum of Care’ programs from \$5 million to \$10 million beginning in 2017. The ‘GEO Continuum of Care’ integrates enhanced in-prison rehabilitation programs including evidence-based treatment with post-release support services.

— More —

**Contact:** Pablo E. Paez  
Vice President, Corporate Relations

(866) 301 4436

During 2016, the 'GEO Continuum of Care' division achieved several important milestones:

- Completed approximately 5.9 million hours of rehabilitation programming through a diverse number of programs
- Averaged close to 12,000 daily participants in academic programs
- Awarded 1,849 high school equivalency degrees
- Averaged more than 24,000 daily participants in vocational training programs;
- Awarded 7,674 vocational training completions
- Averaged close to 4,000 daily participants in substance abuse treatment programs
- Awarded 8,220 substance abuse program completions.

### **Community Education Centers Acquisition**

GEO announced today the signing of a definitive agreement to acquire Community Education Centers ("CEC") for \$360 million in an all cash transaction, excluding transaction related expenses. GEO will not assume any debt as a result of the transaction. CEC's operations encompass 12,000 beds nationwide.

GEO plans to integrate CEC into GEO's existing business units of GEO Corrections & Detention and GEO Care. Following the acquisition, GEO will own and/or manage approximately 98,000 beds worldwide including approximately 7,000 community reentry beds. The transaction is expected to close the second quarter of 2017 subject to the fulfillment of customary conditions. The transaction will be supported by a term loan financing commitment from BNP Paribas and borrowings under GEO's existing Revolving Credit Facility.

The acquisition is expected to increase GEO's total annualized revenues by approximately \$250 million. In addition, GEO anticipates annual net synergies of approximately \$5 million to be realized over 9 to 12 months. Excluding one-time transaction-related expenses and transitional costs, GEO expects the acquisition to be modestly accretive in 2017 and to be 9-11% accretive to Adjusted EBITDA post-synergies on a fully annualized basis beginning in 2018.

### **2017 Financial Guidance**

GEO issued its initial financial guidance for the full-year and first quarter of 2017. GEO expects full-year 2017 total revenue to be approximately \$2.1 billion, including approximately \$103 million in construction revenue associated with GEO's contract for the development and operation of the Ravenhall, Australia project. GEO expects full-year 2017 Net Income Attributable to GEO to be in a range of \$2.05 to \$2.15 per diluted share. GEO expects full-year 2017 Normalized FFO in a range of \$2.90 to \$3.00 per diluted share and AFFO in a range of \$3.70 to \$3.80 per diluted share. GEO's initial financial guidance for 2017 does not yet reflect the announced acquisition of CEC, which is expected to close the second quarter of 2017.

— More —

**Contact:** Pablo E. Paez  
Vice President, Corporate Relations

(866) 301 4436

For the first quarter 2017, GEO expects total revenues to be in a range of \$549 million to \$554 million, including approximately \$57 million in construction revenue associated with GEO's contract for the development and operation of the Ravenhall, Australia project. For the first quarter 2017, GEO expects Net Income Attributable to GEO to be in a range of \$0.48 to \$0.50 per diluted share, Normalized FFO in a range of \$0.70 to \$0.72 per diluted share, and AFFO in a range of \$0.90 to \$0.92 per diluted share.

Compared to fourth quarter 2016 results, first quarter 2017 guidance reflects approximately \$0.05 to \$0.06 per diluted share in additional employment tax expense as a result of the seasonality in unemployment taxes, which are front-loaded in the first quarter of the year, as well as other normal fluctuations in federal populations which impact first quarter earnings by \$0.02 to \$0.03 per share.

#### **Quarterly Dividend**

On February 6, 2017, GEO's Board of Directors declared a quarterly cash dividend of \$0.70 per share. The quarterly cash dividend will be paid on February 27, 2017 to shareholders of record as of the close of business on February 17, 2017. The declaration of future quarterly cash dividends is subject to approval by GEO's Board of Directors and to meeting the requirements of all applicable laws and regulations. GEO's Board of Directors retains the power to modify its dividend policy as it may deem necessary or appropriate in the future.

#### **Reconciliation Tables and Supplemental Information**

GEO has made available Supplemental Information which contains reconciliation tables of Net Income Attributable to GEO to Net Operating Income, EBITDA, and Adjusted EBITDA, and Net Income Attributable to GEO to FFO, Normalized FFO and AFFO along with supplemental financial and operational information on GEO's business segments and other important operating metrics. A reconciliation table of Net Income Attributable to GEO to Adjusted Net Income is also presented herein. Please see the section of this press release below titled "Note to Reconciliation Tables and Supplemental Disclosure - Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines these supplemental Non-GAAP financial measures and reconciles them to the most directly comparable GAAP measures. GEO's Reconciliation Tables can be found herein and in GEO's Supplemental Information which is available on GEO's Investor Relations webpage at [investors.geogroup.com](http://investors.geogroup.com).

#### **Conference Call Information**

GEO has scheduled a conference call and simultaneous webcast for today at 11:00 AM (Eastern Time) to discuss GEO's fourth quarter and full-year 2016 financial results as well as its progress and outlook. The call-in number for the U.S. is 1-877-250-1553 and the international call-in number is 1-412-542-4145. In addition, a live audio webcast of the conference call may be accessed on the Events and Webcasts section of GEO's investor relations webpage at [investors.geogroup.com](http://investors.geogroup.com). A replay of the webcast will be available on the website for one year. A telephonic replay of the conference call will be available until March 8, 2017 at 1-877-344-7529 (U.S.) and 1-412-317-0088 (International). The participant passcode for the telephonic replay is 10100457.

— More —

**Contact:** Pablo E. Paez  
Vice President, Corporate Relations

(866) 301 4436

**About The GEO Group**

The GEO Group, Inc. (NYSE: GEO) is the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of correctional, detention, and community reentry facilities around the globe. GEO is the world's leading provider of diversified correctional, detention, community reentry, and electronic monitoring services to government agencies worldwide with operations in the United States, Australia, South Africa, and the United Kingdom. GEO's worldwide operations include the ownership and/or management of 104 facilities totaling approximately 87,000 beds, including projects under development, with a growing workforce of approximately 20,500 professionals.

**Note to Reconciliation Tables and Supplemental Disclosure –****Important Information on GEO's Non-GAAP Financial Measures**

Net Operating Income, EBITDA, Adjusted EBITDA, Funds from Operations, Normalized Funds from Operations, Adjusted Funds from Operations, and Adjusted Net Income are non-GAAP financial measures that are presented as supplemental disclosures. GEO has presented herein certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including, Net Operating Income, Adjusted EBITDA, FFO, Normalized FFO, and AFFO. The determination of the amounts that are excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. While we have provided a high level reconciliation for the guidance ranges for full year 2017, we are unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

Net Operating Income is defined as revenues less operating expenses, excluding depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax. Net Operating Income is calculated as net income attributable to GEO adjusted by subtracting net loss attributable to non-controlling interests, equity in earnings of affiliates, net of income tax provision, and by adding income tax (benefit) provision, interest expense, net of interest income, loss on extinguishment of debt, depreciation and amortization expense, general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax.

EBITDA is defined as Net Operating Income adjusted by subtracting general and administrative expenses, real estate related operating lease expense, and start-up expenses, pre-tax, and by adding equity in earnings of affiliates, pre-tax. Adjusted EBITDA is defined as EBITDA adjusted for net loss/income attributable to non-controlling interests, stock-based compensation expenses, pre-tax, and certain other adjustments as defined from time to time, including for the periods presented M&A related expenses, pre-tax, start-up expenses, pre-tax, and gain on sale of real estate assets, pre-tax. Given the nature of our business as a real estate owner and operator, we believe that EBITDA and Adjusted EBITDA are helpful to investors as measures of our operational performance because they provide an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business.

— More —

**Contact:** Pablo E. Paez  
Vice President, Corporate Relations

(866) 301 4436

We believe that by removing the impact of our asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs, providing a perspective not immediately apparent from income from continuing operations.

The adjustments we make to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in income from continuing operations and which we do not consider to be the fundamental attributes or primary drivers of our business plan and they do not affect our overall long-term operating performance. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes.

Funds From Operations, or FFO, is defined in accordance with standards established by the National Association of Real Estate Investment Trusts, or NAREIT, which defines FFO as net income/loss attributable to common shareholders (computed in accordance with United States Generally Accepted Accounting Principles), excluding real estate related depreciation and amortization, excluding gains and losses from the cumulative effects of accounting changes, extraordinary items and sales of properties, and including adjustments for unconsolidated partnerships and joint ventures. Normalized Funds from Operations, or Normalized FFO, is defined as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented M&A related expenses, net of tax, start-up expenses, net of tax, loss on extinguishment of debt, net of tax, and non-recurring tax benefits.

Adjusted Funds From Operations, or AFFO, is defined as Normalized FFO adjusted by adding non-cash expenses such as non-real estate related depreciation and amortization, stock based compensation expense, the amortization of debt issuance costs, discount and/or premium and other non-cash interest, and by subtracting recurring consolidated maintenance capital expenditures.

Adjusted Net Income is defined as Net Income Attributable to GEO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure GEO's actual operating performance, including for the periods presented M&A related expenses, net of tax, start-up expenses, net of tax, loss on extinguishment of debt, net of tax, gain on sale of real estate assets, net of tax, and non-recurring tax benefits.

Because of the unique design, structure and use of our correctional facilities, we believe that assessing the performance of our correctional facilities without the impact of depreciation or amortization is useful and meaningful to investors. Although NAREIT has published its definition of FFO, companies often modify this definition as they seek to provide financial measures that meaningfully reflect their distinctive operations. We have modified FFO to derive Normalized FFO and AFFO that meaningfully reflect our operations.

— More —

**Contact:** Pablo E. Paez  
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Our assessment of our operations is focused on long-term sustainability. The adjustments we make to derive the non-GAAP measures of Normalized FFO and AFFO exclude items which may cause short-term fluctuations in income from continuing operations but have no impact on our cash flows, or we do not consider them to be fundamental attributes or the primary drivers of our business plan and they do not affect our overall long-term operating performance. We may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of our operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other charges that are highly variable from year to year, they provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from income from continuing operations. We believe the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of our ability to fund capital expenditures and expand our business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in our industry as a real estate investment trust.

#### **Safe-Harbor Statement**

*This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding financial guidance for the first quarter of 2017 and full year 2017, the assumptions underlying such guidance, and statements regarding future project activations and growth opportunities. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO's ability to meet its financial guidance for 2017 given the various risks to which its business is exposed; (2) GEO's ability to successfully close on the acquisition of CEC within the anticipated timeframe; (3) the risk that CEC will not be integrated successfully or that such integration may be more difficult, time-consuming, or costly than expected; (4) the risk that synergies from the transaction may not be fully realized or may take longer than expected to realize; (5) the risk that the expected increased revenues and Adjusted EBITDA may not be fully realized or may take longer than expected to realize; (6) GEO's ability to declare future quarterly cash dividends and the timing and amount of such future cash dividends; (7) GEO's ability to successfully pursue further growth and continue to create shareholder value; (8) risks associated with GEO's ability to control operating costs associated with contract start-ups; (9) GEO's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO's operations without substantial costs; (10) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (11) GEO's ability to obtain future financing on acceptable terms; (12) GEO's ability to sustain company-wide occupancy rates at its facilities; (13) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (14) GEO's ability to remain qualified as a REIT; (15) the incurrence of REIT related expenses; and (16) other factors contained in GEO's Securities and Exchange Commission periodic filings, including its Form 10-K, 10-Q and 8-K reports.*

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## Fourth quarter and full-year 2016 financial tables to follow:

Condensed Consolidated Statements of Operations

(Unaudited)

	<i>Q4 2016</i>	<i>Q4 2015</i>	<i>FY 2016</i>	<i>FY 2015</i>
<b>Revenues</b>	\$566,579	\$500,127	\$2,179,490	\$1,843,307
<b>Operating expenses</b>	429,279	365,977	1,650,281	1,363,782
<b>Depreciation and amortization</b>	29,030	28,129	114,916	106,756
<b>General and administrative expenses</b>	40,262	39,276	148,709	137,040
<b>Operating income</b>	<b>68,008</b>	<b>66,745</b>	<b>265,584</b>	<b>235,729</b>
<b>Interest income</b>	10,109	3,645	28,496	11,578
<b>Interest expense</b>	(34,854)	(27,525)	(128,718)	(106,136)
<b>Loss on extinguishment of debt</b>	—	—	(15,885)	—
<b>Income before income taxes and equity in earnings of affiliates</b>	<b>43,263</b>	<b>42,865</b>	<b>149,477</b>	<b>141,171</b>
<b>Provision for (benefit from) income taxes</b>	(4,096)	434	7,904	7,389
<b>Equity in earnings of affiliates, net of income tax provision</b>	1,983	1,584	6,925	5,533
<b>Net income</b>	<b>49,342</b>	<b>44,015</b>	<b>148,498</b>	<b>139,315</b>
<b>Less: Net loss attributable to noncontrolling interests</b>	94	43	217	123
<b>Net income attributable to The GEO Group, Inc.</b>	<b>\$49,436</b>	<b>\$44,058</b>	<b>\$148,715</b>	<b>\$139,438</b>
<b>Weighted Average Common Shares Outstanding:</b>				
Basic	74,141	73,808	74,043	73,696
Diluted	74,460	74,059	74,323	73,995
<b>Income per Common Share Attributable to The GEO Group, Inc. :</b>				
<b>Basic:</b>				
Net income per share — basic	<u>\$ 0.67</u>	<u>\$ 0.60</u>	<u>\$ 2.01</u>	<u>\$ 1.89</u>
<b>Diluted:</b>				
Net income per share — diluted	<u>\$ 0.66</u>	<u>\$ 0.59</u>	<u>\$ 2.00</u>	<u>\$ 1.88</u>
Regular Dividends Declared per Common Share	<u>\$ 0.65</u>	<u>\$ 0.65</u>	<u>\$ 2.60</u>	<u>\$ 2.51</u>

\* all figures in '000s, except per share data

Reconciliation of Net Income Attributable to GEO to Adjusted Net Income

(In thousands, except per share data)(Unaudited)

	<i>Q4 2016</i>	<i>Q4 2015</i>	<i>FY 2016</i>	<i>FY 2015</i>
<b>Net Income attributable to GEO</b>	\$ 49,436	\$ 44,058	\$ 148,715	\$ 139,438
Add:				
Gain on sale of real estate assets, net of tax	(952)	—	(952)	—
Non-Recurring Tax Benefits	(2,031)	—	(2,031)	—
Loss on extinguishment of debt, net of tax	—	—	15,885	—
Start-up expenses, net of tax	—	—	1,190	4,831
M&A related expenses, net of tax	—	—	—	2,232
<b>Adjusted Net Income</b>	<b>\$46,453</b>	<b>\$44,058</b>	<b>\$162,807</b>	<b>\$146,501</b>
Weighted average common shares outstanding - Diluted	74,460	74,059	74,323	73,995
<b>Adjusted Net Income Per Diluted Share</b>	<b>\$ 0.62</b>	<b>\$ 0.59</b>	<b>\$ 2.19</b>	<b>\$ 1.98</b>

— More —

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**Condensed Consolidated Balance Sheets**

(Unaudited)

	As of December 31, 2016	As of December 31, 2015
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 68,038	\$ 59,638
Restricted cash and investments	17,133	8,489
Accounts receivable, less allowance for doubtful accounts	356,255	314,097
Current deferred income tax assets	—	27,914
Contract receivable, current portion	224,033	—
Prepaid expenses and other current assets	32,210	28,208
<b>Total current assets</b>	<b>\$ 697,669</b>	<b>\$ 438,346</b>
<i>Restricted Cash and Investments</i>	20,848	20,236
<i>Property and Equipment, Net</i>	1,897,241	1,916,386
<i>Contract Receivable</i>	219,783	174,141
<i>Direct Finance Lease Receivable</i>	—	1,826
<i>Non-Current Deferred Income Tax Assets</i>	30,039	7,399
<i>Intangible Assets, Net (including goodwill)</i>	819,317	839,586
<i>Other Non-Current Assets</i>	64,512	64,307
<b>Total Assets</b>	<b>\$ 3,749,409</b>	<b>\$ 3,462,227</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ 79,637	\$ 77,523
Accrued payroll and related taxes	55,260	48,477
Accrued expenses and other current liabilities	131,096	135,483
Current portion of capital lease obligations, long-term debt, and non-recourse debt	238,065	17,141
<b>Total current liabilities</b>	<b>\$ 504,058</b>	<b>\$ 278,624</b>
<i>Non-Current Deferred Income Tax Liabilities</i>	—	11,471
<i>Other Non-Current Liabilities</i>	88,656	87,694
<i>Capital Lease Obligations</i>	7,431	8,693
<i>Long-Term Debt</i>	1,935,465	1,855,810
<i>Non-Recourse Debt</i>	238,842	213,098
<i>Shareholders' Equity</i>	974,957	1,006,837
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,749,409</b>	<b>\$ 3,462,227</b>

\* all figures in '000s

— More —

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**Reconciliation of Net Income Attributable to GEO to FFO, Normalized FFO, and AFFO**

(Unaudited)

	<i>Q4 2016</i>	<i>Q4 2015</i>	<i>FY 2016</i>	<i>FY 2015</i>
<b>Net Income attributable to GEO</b>	\$ 49,436	\$ 44,058	\$ 148,715	\$ 139,438
Add:				
Real Estate Related Depreciation and Amortization	15,482	14,933	61,179	57,758
Gain on sale of real estate assets, net of tax	(952)	—	(952)	—
<b>Equals: NAREIT defined FFO</b>	<b>\$63,966</b>	<b>\$58,991</b>	<b>\$208,942</b>	<b>\$197,196</b>
Add:				
Non-recurring tax benefits**	(2,031)	—	(2,031)	—
Loss on extinguishment of debt, net of tax	—	—	15,885	—
Start-up expenses, net of tax	—	—	1,190	4,831
M&A related expenses, net of tax	—	—	—	2,232
<b>Equals: FFO, normalized</b>	<b>\$61,935</b>	<b>\$58,991</b>	<b>\$223,986</b>	<b>\$204,259</b>
Add:				
Non-Real Estate Related Depreciation & Amortization	13,548	13,196	53,737	48,998
Consolidated Maintenance Capital Expenditures	(4,699)	(5,622)	(23,419)	(23,551)
Stock Based Compensation Expenses	3,098	3,107	12,773	11,709
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	3,791	1,977	12,121	6,963
<b>Equals: AFFO</b>	<b>\$77,673</b>	<b>\$71,649</b>	<b>\$279,198</b>	<b>\$248,378</b>
Weighted average common shares outstanding - Diluted	74,460	74,059	74,323	73,995
<b>FFO/AFFO per Share - Diluted</b>				
<b>Normalized FFO Per Diluted Share</b>	<b>\$ 0.83</b>	<b>\$ 0.80</b>	<b>\$ 3.01</b>	<b>\$ 2.76</b>
<b>AFFO Per Diluted Share</b>	<b>\$ 1.04</b>	<b>\$ 0.97</b>	<b>\$ 3.76</b>	<b>\$ 3.36</b>
Regular Common Stock Dividends per common share	<b>\$ 0.65</b>	<b>\$ 0.65</b>	<b>\$ 2.60</b>	<b>\$ 2.51</b>

\* all figures in '000s, except per share data

\*\* adjustment to tax provision

— More —

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**Reconciliation of Net Income Attributable to GEO to  
Net Operating Income, EBITDA and Adjusted EBITDA**  
(Unaudited)

	<i>Q4 2016</i>	<i>Q4 2015</i>	<i>FY 2016</i>	<i>FY 2015</i>
Net income attributable to GEO	\$ 49,436	\$ 44,058	\$ 148,715	\$ 139,438
Less				
Net loss attributable to noncontrolling interests	94	43	217	123
<b>Net Income</b>	<b>\$ 49,342</b>	<b>\$ 44,015</b>	<b>\$148,498</b>	<b>\$139,315</b>
Add (Subtract):				
Equity in earnings of affiliates, net of income tax provision	(1,983)	(1,584)	(6,925)	(5,533)
Income tax provision	(4,096)	434	7,904	7,389
Interest expense, net of interest income	24,745	23,880	100,222	94,558
Loss on extinguishment of debt	—	—	15,885	—
Depreciation and amortization	29,030	28,129	114,916	106,756
General and administrative expenses	40,262	39,276	148,709	137,040
<b>Net Operating Income, net of operating lease obligations</b>	<b>\$137,300</b>	<b>\$134,150</b>	<b>\$529,209</b>	<b>\$479,525</b>
Add:				
Operating lease expense, real estate	6,505	8,397	32,232	27,765
Start-up expenses, pre-tax	—	—	1,939	4,658
<b>Net Operating Income (NOI)</b>	<b>\$143,805</b>	<b>\$142,547</b>	<b>\$563,380</b>	<b>\$511,948</b>
Subtract (Add):				
General and administrative expenses	40,262	39,276	148,709	137,040
Operating lease expense, real estate	6,505	8,397	32,232	27,765
Start-up expenses, pre-tax	—	—	1,939	4,658
Equity in earnings of affiliates, pre-tax	(1,957)	(1,910)	(9,266)	(7,571)
<b>EBITDA</b>	<b>\$ 98,995</b>	<b>\$ 96,784</b>	<b>\$389,766</b>	<b>\$350,056</b>
Adjustments				
Net loss attributable to noncontrolling interests	94	43	217	123
Stock based compensation expenses, pre-tax	3,098	3,107	12,773	11,709
Start-up expenses, pre-tax	—	—	1,939	4,658
M&A related expenses, pre-tax	—	—	—	2,174
Gain on sale of real estate assets, pre-tax	(952)	—	(952)	—
<b>Adjusted EBITDA</b>	<b>\$101,235</b>	<b>\$ 99,934</b>	<b>\$403,743</b>	<b>\$368,720</b>

\* all figures in '000s

— More —

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**2017 Outlook/Reconciliation**

(In thousands, except per share data)  
(Unaudited)

	FY 2017	
Net Income Attributable to GEO	\$ 151,000	to \$ 160,000
Real Estate Related Depreciation and Amortization	65,000	65,000
<b>Funds from Operations (FFO)</b>	<b>\$216,000</b>	<b>to \$225,000</b>
<b>Adjustments</b>	<b>—</b>	<b>—</b>
Normalized Funds from Operations	<b>\$216,000</b>	<b>to \$225,000</b>
Non-Real Estate Related Depreciation and Amortization	56,000	56,000
Consolidated Maintenance Capex	(25,000)	(25,000)
Non-Cash Stock Based Compensation and Non-Cash Interest Expense	29,000	29,000
<b>Adjusted Funds From Operations (AFFO)</b>	<b>\$276,000</b>	<b>to \$285,000</b>
Net Cash Interest Expense	90,000	90,000
Consolidated Maintenance Capex	25,000	25,000
Income Taxes	17,000	17,000
<b>Adjusted EBITDA</b>	<b>\$408,000</b>	<b>to \$417,000</b>
G&A Expenses	151,000	151,000
Non-Cash Stock Based Compensation	(14,500)	(14,500)
Equity in Earnings of Affiliates	(6,000)	(6,000)
Real Estate Related Operating Lease Expense	26,000	26,000
<b>Net Operating Income</b>	<b>\$564,500</b>	<b>to \$573,500</b>
<b>FFO Per Diluted Share (Normalized)</b>	<b>\$ 2.90</b>	<b>to \$ 3.00</b>
<b>AFFO Per Diluted Share</b>	<b>\$ 3.70</b>	<b>to \$ 3.80</b>
<b>Weighted Average Common Shares Outstanding-Diluted</b>	<b>74,500</b>	<b>to 75,000</b>

- End -

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## Section 3: EX-99.2 (TRANSCRIPT OF CONFERENCE CALL)

Exhibit 99.2

### Participants

#### CORPORATE PARTICIPANTS

Pablo E. Paez  
Vice President-Corporate Relations,  
The GEO Group, Inc.

George C. Zoley  
Chairman, Chief Executive Officer &  
Founder, The GEO Group, Inc.

Brian R. Evans  
Chief Financial Officer & Senior Vice  
President, The GEO Group, Inc.

#### OTHER PARTICIPANTS

Kwan Hong Kim  
Analyst, SunTrust Robinson Humphrey, Inc.

Michael B. Kodesch  
Analyst, Canaccord Genuity, Inc.  
Management Discussion Section

J. David Donahue  
Senior Vice President and President, GEO  
Corrections and Detention, The GEO Group, Inc.

Ann M. Schlarb  
Senior Vice President & President-GEO Care, The  
GEO Group, Inc.

Kevin McVeigh  
Analyst, Deutsche Bank Securities, Inc.

Junian Ibanez  
Analyst, Philadelphia Financial

Operator

Good morning, and welcome to the GEO Group Fourth Quarter 2016 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Pablo Paez, Vice President-Corporate Relations.

Please go ahead.

**Pablo E. Paez**

Vice President-Corporate Relations, The GEO Group, Inc.

Thank you, operator. Good morning everyone and thank you for joining us for today's discussion of the GEO Group's fourth quarter and full year 2016 earnings results. With us today is George Zoley, Chairman and Chief Executive Officer; Brian Evans, Chief Financial Officer; Ann Schlarb, President of GEO Care; and David Donahue, President of GEO Corrections and Detention.

This morning, we will discuss our fourth quarter and full year results, and current business development activities. We will conclude the call with a question-and-answer session. This conference call is also being webcast live on our website at [investors.geogroup.com](http://investors.geogroup.com).

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Today, we will discuss non-GAAP basis information. A reconciliation from non-GAAP basis information to GAAP basis results is included in the press release and supplemental disclosure we issued this morning.

Additionally, much of the information we will discuss today, including the answers we give in response to your questions may include forward-looking statements, regarding our beliefs and current expectations with respect to various matters.

These forward-looking statements are intended to fall within the Safe Harbor provisions of the securities laws. Our actual results may differ materially from those in the forward-looking statements as a result of various factors contained in our Securities and Exchange Commission filings, including the Form 10-K, 10-Q, and 8-K reports.

With that, please allow me to turn this call over to our Chairman and CEO, George Zoley. George?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

Thanks, Pablo, and good morning to everyone. Thank you for joining us on this call. We are very pleased with our strong fourth quarter and year-end results and our outlook for 2017 which reflects strong operational and financial performance within our diversified business units of GEO Corrections & Detentions in GEO Care.

Our quarterly results are driven by higher occupancy rates across our diversified real estate portfolio, particularly throughout a number of our federal facilities in addition to the continued high utilization rate of GEO Care's ISAP program with ICE.

With respect to our real estate portfolio as a REIT, our company has provided essential real estate and management solutions to government agencies in the fields of detentions, corrections and community reentry facilities for more than 30 years.

Today, we own or manage over 87,000 beds worldwide in a diversified network of real estate assets, making GEO the seventh largest correctional organization in the world. During 2016, GEO Corrections & Detention processed over 276,000 admissions and 267 releases while managing an average daily population of more than 60,000 individuals without any significant incidents.

Additionally, our GEO Transport division transported more 735,000 passengers while driving more than 16 million miles in the U.S. and internationally without any significant incidents. We are extremely proud of these operational achievements which we believe are the foundation upon which we can deliver enhanced rehabilitation programs for the men and women entrusted to our care. As a socially responsible service provider, we are continuing to expand our organizational and financial commitment to be the world's leader in the delivery of offender rehabilitation and community reentry programs.

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Within our GEO Care business unit, we have continued to expand our GEO Continuum of Care division by doubling our annual expenditure commitment from its current cost of \$5 million to \$10 million beginning in 2017. Our GEO Continuum of Care integrates enhanced in-prison programs which are evidence-based and include cognitive behavioral treatment with post-release services including assistance with housing, food, clothing, transportation and job placement services. This important division is led by an Executive Vice President overseeing two dozen subject matter experts in treatment, education, vocational training, case management and specialized training for all facility employees.

The division also has an entire post release department with dedicated case managers who assist individuals in returning and reintegrating into their communities. During 2016, our GEO Continuum of Care division completed approximately 5.9 million hours of programming through a diverse number of programs.

Our academic programs average close to 12,000 daily participants and awarded 1,849 high school equivalency degrees. The average daily attendance for our vocational courses totaled more than 24,000 participants leading to 7,064 vocational training completions, and almost 4,000 individuals attended substance abuse treatment on a daily basis with over 8,200 participants completing their substance abuse programs during the year.

We presently have 13 GEO facilities that involve more than 15,000 individuals in 9 states, which are in various stages of fully implementing the GEO continuum of care rehabilitation model. Additionally, in the state of Victoria, Australia, GEO is developing the 1,300 bed Ravenhall Prison, which we believe will have the most comprehensive rehabilitation program in the world.

In line with our continued efforts to expand our rehabilitation and community reentry services, we announced this morning that we have reached a definitive agreement to acquire Community Education Centers or CEC for approximately \$360 million. CEC is a national provider of rehabilitation services to offenders through in-custody treatment programs, as well as residential and non-residential reentry facilities.

CEC manages over 12,000 beds nationwide including approximately 4,000 community reentry beds. Through its reentry division, CEC owns or leases approximately 3,800 community reentry beds and manages another 300 reentry beds at three government-owned reentry centers. We believe this represents one of the largest real estate portfolios owned and managed community reentry centers in the country.

Additionally, CEC provides in-prison treatment services including evidence-based rehabilitation programs in more than 30 government-operated facilities across half a dozen states. We plan to reintegrate CEC's reentry and in-prison treatment divisions into our GEO Care business unit.

Finally, through its corrections division, CEC also owns or leases approximately 4,500 correctional and detention beds, and operates another 3,700 beds at government-owned correctional facilities under managed-only contracts. We plan to integrate CEC's Correctional Division into our GEO Corrections and Detention business unit.

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Following the acquisition which is expected to add approximately \$250 million in annualized revenues, GEO will own or manage approximately 98,000 beds worldwide, including approximately 7,000 community reentry beds.

We believe this transaction represents a compelling strategic fit for GEO which will allow us to continue to expand the delivery of industry-leading rehabilitation and community reentry programs through our GEO continuum of care.

GEO has an extensive track record of successfully integrating acquisitions and creating long-term shareholder value and we expect to be able to replicate that success with this important transaction.

In summary, our strong financial results for 2016 have been underpinned by our company's diversification which has allowed us to continue to pursue quality growth through both new organic projects, as well as acquisition opportunities.

We remain optimistic about our future projects and the demand for our services. As we disclosed this morning, we expect the acquisition of CEC to be 9% to 11% accretive to our adjusted EBITDA post synergies on a fully annualized basis starting in 2018.

We are also actively marketing our available beds in inventory and have been encouraged by recent demand trends. We currently have 3,000 idle beds and 2,000 underutilized beds at existing facilities. Combined, we believe these 5,000 available beds could generate approximately \$40 million to \$50 million annually in incremental adjusted EBITDA.

We believe the strength of our growth platform and our financial performance has positioned us to continuously enhance value for our shareholders. We are proud that our continued growth has allowed us to pay the highest dividend in our industry which was recently increased to \$2.80 per share on an annualized basis.

Finally, I'd like to say a word about our employee workforce. We're extremely proud of our GEO professionals worldwide, every single day more than 20,000 GEO employees make a difference in the lives of the men and women entrusted to our care. During 2016 in what appeared to be a challenging situation and trying times, our employees never lost focus and never ceased to work tirelessly to accomplish the many milestones and achievements I had the privilege of sharing with you today. All of these achievements underscore our continued belief that as a company, we are at our best when helping those in our care, re-enter society as productive and employable citizens.

Now, I would like to turn the call over to our CFO, Brian Evans.

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**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

Thank you, George, and good morning to everyone. As disclosed in our press release today, we reported net income attributable to GEO per share or GAAP earnings per share for the fourth quarter 2016 of \$0.66 including approximately \$1 million net of tax and a gain on sale of real estate assets and approximately \$2 million in non-recurring tax benefits. Excluding these items, we reported adjusted EPS of \$0.62 per share and adjusted funds from operations of \$1.04 per share for the fourth quarter of 2016.

Our G&A expense for the quarter included additional business development related expenses that were incurred during the fourth quarter. Our revenues for the fourth quarter 2016 increased to approximately \$567 million from \$500 million a year ago. Our construction revenue for the fourth quarter was approximately \$70 million compared to \$40 million in the fourth quarter of 2015. As a reminder, our construction revenues related to our Ravenhall Project in Australia and has little or no margin.

For the fourth quarter of 2016, we reported net operating income of approximately \$144 million. Compared to fourth quarter 2015, our fourth quarter 2016 results, the activation of an expansion to the Karnes Residential Center in Texas in December 2015, the assumption of operations at the 3,400-bed Kingman Arizona Prison in December 2015, the new GEO Care contract with the Department of Homeland Security for case management services in late fourth quarter 2015, and overall higher utilization rates for our federal facilities under contract with Immigration and Customs Enforcement, as well as the Immigration and Customs Enforcement ISAP Program.

Moving to our announced acquisition of Community Education Centers or CEC. As we disclosed this morning, we have entered into a definitive agreement to acquire CEC in an all-cash transaction for approximately \$360 million, excluding transaction-related expenses.

As George mentioned, we believe that this important acquisition represents a compelling strategic fit for GEO. CEC is a national provider of evidence-based rehabilitation services with a presence in approximately a dozen states. We expect the acquisition of CEC to add approximately \$215 million in annualized revenues and we expect annualized net synergies of approximately \$5 million to be realized over a 9 to 12 month period.

Based on the timing of the transaction and the expected synergy timeframe, we expect the acquisition to be modestly accretive in 2017 and to be at least 9% to 11% accretive to our adjusted EBITDA post synergies on a fully-annualized basis beginning in 2018. We expect the transaction to close during the second quarter of 2017 subject to the fulfillment of customary conditions. The transaction will be supported by a term loan financing commitment from BNP Paribas and borrowings under our existing revolver.



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Moving to our outlook for 2017. We have issued our initial guidance for the full year and the first quarter of 2017 which excludes the CEC acquisition at this time. We expect our full-year net income attributable to GEO to be in a range of \$2.05 to \$2.15 per share.

We expect our full year normalized FFO to be in the range of \$2.90 to \$3 per diluted share. We expect full-year AFFO to be in the range of \$3.70 to \$3.80 per diluted share. We expect full-year revenue to be approximately \$2.1 billion including approximately \$103 million in construction revenue related to the Ravenhall Project.

For the first quarter 2017, we expect total revenues to be in the range of \$540 million to \$554 million, including approximately \$57 million in construction revenue related to Ravenhall. Our first quarter 2017 net income attributable to GEO is expected to be in the range of \$0.48 to \$0.50 per diluted share. We expect FFO to be between \$0.70 and \$0.72 per diluted share and AFFO to be between \$0.90 and \$0.92 per diluted share.

Compared to fourth quarter 2016 results, our first quarter 2017 guidance reflects \$0.05 to \$0.06 per share in additional employment tax expense as a result of normal seasonality in unemployment taxes, which are front-loaded in the first quarter of each year, as well as other normal seasonal fluctuations representing \$0.02 to \$0.03 per share.

Our guidance for 2017 reflects the following assumptions. First, as I previously stated, our initial guidance does not reflect the acquisition of CEC at this time. The transaction is expected to close during the second quarter, and we will update our guidance for the year at our next quarterly call following the closing of the acquisition. Our outlook also reflects an increase in annual expenditures related to our GEO Continuum of Care to \$10 million from the \$5 million, we had guided to in prior years.

With respect to the pending CAR 16 procurement, we had assumed that it will result in a road to profitability for GEO, given the competitive nature of the procurement presently restricted to 3,600 beds. While we are unable to comment on our specific assumptions, we believe we have accounted for a reasonable outcome related to CAR 16, and do not expect the need to adjust our 2017 guidance based on the procurement's outcome.

Additionally, we have not assumed any new contracts for the utilization of our 5,000 available beds, which as George discussed, could represent material upside to our guidance.

With respect to our liquidity position, we have more than \$300 million in available capacity under our revolving credit facility, in addition to an accordion feature of \$450 million under our credit facility. And as I stated earlier, we have a term loan financing commitment from BNP Paribas for the CEC acquisition.

With respect to our uses of cash, we expect our project and growth CapEx to be approximately \$100 million in 2017, of which approximately \$87 million relates to our investment in the Ravenhall Project in Australia which we already made in January of this year.

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We also have approximately \$17 million in scheduled annual principal payments of debt. As it relates to our dividend payment, as we announced a couple of weeks ago, our board has declared an increase to our quarterly cash dividend to \$0.70 per share or \$2.80 per share annualized. This represents an 8% increase in our dividend.

We expect 2017 to be a dynamic year and we will continue to evaluate our dividend on a quarterly basis consistent with our targeted minimum AFFO payout ratio of 75%.

With that, I will turn the call to Dave Donahue for a review of our GEO Corrections and Detention segment.

**J. David Donahue**

Senior Vice President and President, GEO Corrections and Detention, The GEO Group, Inc.

Thanks, Brian and good morning to everyone. I'd like to give you an update of our GEO Corrections and Detention segment. As you may be aware, GEO has enjoyed a 3-decade long partnership with the Federal Government and we currently provide services for the Federal Bureau of Prisons, U.S. Immigration and Customs Enforcement more commonly refer to as ICE, and the U.S. Marshals Service.

Additionally, we own and/or manage correctional facilities for 10 states, including Florida, Georgia, Louisiana, Oklahoma, Arizona, New Mexico, California, Vermont, Virginia and Indiana. Our business relationships with our state customers began in the mid-1980s and now involve more than 20 facilities that are almost all medium-security or higher. With respect to the international markets, GEO is the only U.S. publicly-traded company providing corrections and detention services overseas. We operate in the UK, Australia and South Africa.

We're extremely proud of our longstanding partnerships with our government customers in the U.S. and internationally. While at times 2016 was a challenging and trying year for our dedicated employees, their collective professionalism and hard work led GEO to achieve several important milestones. And I'd like to echo George's statement that we are extremely proud of the men and women who proudly represent our company, day in and day out.

Throughout the year, our facilities process over 276,000 admissions and 267,000 releases and our employees managed an average daily population of more than 60,000 individuals without any significant incidents.

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Our facilities also achieved operational excellence with the successful completion of more than 50 audits by entities such as the American Correctional Association or ACA, the Prison Rape Elimination Act certification process, and other review processes. In fact, during the most recent ACA conference last month, 12 GEO facilities received accreditation from ACA with 4 facilities going through their initial accreditation review and 8 facilities being reaccredited. These 12 GEO facilities received an average accreditation score in excess of 99.9% with three quarters of the facilities receiving perfect scores of 100%.

Finally, our GEO Transport division transported more than 735,000 passengers while totaling approximately 16 million miles driven in the U.S. and overseas without any significant incidents. We believe these accomplishments are the foundation of our success and have paved the way for our continued positive momentum in the early part of 2017.

In late January, we began the intake process under a new contract with ICE at our company-owned 780 bed Folkston ICE Processing Center which is located adjacent to our company-owned D. Ray James facility in Georgia.

The center will house immigration detainees under a 5-year inter-governmental agreement between Charlton County, Georgia and ICE which we announced in December of last year. This new contract is expected to generate approximately \$21 million in annualized revenues for GEO. We are proud of our extensive record of helping to meet ICE's needs with facilities that are highly rated and provide high-quality, cost-effective services and safe, secure, and humane residential environments.

Over the last 30 years, our public/private partnership has allowed ICE to transfer services from older public jails facilities that did not meet the most up-to-date national standards through our highly-rated cost-effective facilities. As has been widely reported, ICE has been experiencing a significant surge in activity along the southern border for several months. This surge along with new policies, priorities under the new administration has created an increased need for detention bed space, and ICE is actively procuring capacity to respond to this need.

This week, the Secretary of Homeland Security authorized the hiring of an additional 10,000 ICE officers and 5,000 border patrol agents. Additionally, the secretary issued several policy directives for both ICE and border patrol to take all necessary action and allocate all available resources to expand each respective agency's detention capabilities and capacities.

We are having ongoing discussions with ICE about our capabilities, which include 3,000 idle beds and 2,000 underutilized beds. These discussions include several GEO facilities, which have significant capacity are immediately available and would meet ICE's National Detention Standards. This underscores the importance of our public/private partnership with ICE and our ability to respond swiftly to provide high-quality, cost-effective services in safe, secure and humane environments.

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With respect to ongoing procurements, ICE has a pending solicitation for a 1,000-bed detention center in the Houston, Texas area. This is a rebid of the ICE Houston Contract Detention Facility. The RFP requires proposed facilities to be within a 50-mile radius of the ICE Houston office, comply with the most recent ICE Detention Standards, and provide extensive ICE offices and support areas. A decision on this procurement is expected during the first quarter of 2017.

Finally, with respect to the pending CAR 16 procurement, CAR 16 a decision on this solicitation has not been made yet, and may continue to be delayed as the BOP reconsiders its needs under the new administration's policies. We are hopeful of hearing more from the BOP in the next few weeks.

As a reminder, our company owned 3,500-bed Big Spring facility in Texas is currently being rebid under the CAR 16 procurement, and its contract expires at the end of March 2017, which is also the case for the other incumbent facilities proposing on CAR 16.

Additionally, the 3,700 bed Reeves County-owned facility, for which we have a modest management consulting fee agreement, is also being rebid under CAR 16. The Reeves County contracts with the BOP were recently extended through the end of March 2017. We remain hopeful of retaining our contract with the GEO-owned Big Spring facility and the county-owned Reeves facility.

Moving to the state level, several states continue to face capacity constraints and inmate population growth, and many of our state customers are facing challenges related to aging, inefficient prisons which need to be replaced with new, more cost-efficient facilities.

For instance, in the states where we currently operate, the average age of state prisons range from approximately 30 to 60 years. There are several states, including Oklahoma, Ohio, Michigan, Kentucky, Kansas, and others which have discussed the potential use of public-private partnerships to deal with overcrowding conditions, as well as to replace older and more costly facilities.

In Ohio, the legislature had previously approved the sale of a state-owned prison totaling 2,700 beds. We're continuing to track this potential opportunity, which would represent the second such sale of a corrections asset for the State of Ohio.

In Michigan, the legislature passed budget language last year directing the state to explore options for the potential lease or purchase of available private correctional facilities in-state to replace older, more costly facilities. More recently, the States of Oklahoma, Alabama, and Kansas have discussed proposals for the development of new facilities which may include the use of public-private partnerships to replace older infrastructure.

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Finally, at the local level, Hamilton County, Tennessee, has an active public-private partnership procurement for the development of a replacement jail facility totaling approximately 1,800 beds. With respect to our international markets, our GEO Australia subsidiary has continued to work on our project for the development and operation of the new 1,300-bed Ravenhall Prison near Melbourne. This large-scale project is expected to be completed in November 2017, and will provide an unprecedented level of in-prison and post-release rehabilitation programs. The project is being developed under a public-private partnership.

During the first quarter of this year, GEO made a previously-scheduled investment of \$87 million, with expected returns consistent with our company-owned facilities.

Also in Australia, the State of New South Wales has a pending procurement for a 1,700-bed facility known as the Grafton Prison. This large-scale project will be developed under a public/private partnership structure, similar to our Ravenhall Project and will result in a 20-year contract. GEO is pleased to have been approved to be on a two-company short list of bidders for the Grafton Prison project and we're expecting a contract to be awarded next month in March.

Finally, we were also approved to be on a short list of bidders for the 400-bed John Morony Facility in New South Wales which is a managed-only opportunity. We expect a decision on this procurement during the second quarter of this year.

At this time, I'll turn the call over to Ann Schlarb for a review of our GEO Care segment. Ann?

**Ann M. Schlarb**

Senior Vice President & President-GEO Care, The GEO Group, Inc.

Thank you, Dave, and good morning to everyone. As you may remember, our GEO Care segment is comprised of four divisions. Our GEO Reentry division manages 21 halfway houses totaling over 3,000 beds and over 60 day reporting centers nationwide, with the ability to serve approximately 4,000 participants. Our Youth Services division oversees 12 residential facilities with approximately 1,300 beds and seven non-residential programs with approximately 1,200 participants.

Our BI division provides services for approximately 166,000 individuals under community supervision, including 123,000 individuals through an array of technology products, including radio frequency, GPS and alcohol monitoring devices. Finally, our GEO Continuum of Care division oversees the integration of our industry-leading evidence-based rehabilitation programs, both in-prison and through our community-based and post-release services. The diversified nature of our divisions has allowed GEO Care to achieve approximately 16% year-over-year revenue growth in 2016.

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Additionally, we accomplished a number of important milestones during the year. As George mentioned, our GEO Continuum of Care division completed approximately 5.9 million hours of programming. We averaged close to 12,000 daily participants in academic programs which led to 1,849 high school equivalency degrees being awarded. Our vocational courses averaged more than 24,000 daily participants resulting in more than 7,600 completions. And we awarded 8,200 substance abuse program completions while averaging approximately 4,000 daily participants.

Additionally, through our post-release services program which was only launched in late 2016, we currently have 291 participants, 139 of whom have already been released into their respective communities and 152 remain in our facilities for pending release. Of those participants who are reintegrating into the community, more than 50% have already been able to gain employment as a result of our post-release support services. We believe these remarkable achievements are making the difference in the lives of the men and women who have been entrusted to our care.

And I'd like to reiterate both George's and Dave's comments regarding our employees. The dedication and professionalism of our employees across all of our divisions have made these milestones possible and have allowed us to remain enthusiastic about the opportunity to expand our delivery of offender rehabilitation services through the GEO Continuum of Care.

We believe that our focus on improved rehabilitation and community reentry programs is in line with efforts being undertaken by government agencies, not only in the U.S. but also internationally to invest in meaningful rehabilitation and recidivism reduction production programs. We believe these efforts will continue to create opportunities for our company to partner with governments around the world.

Each of our divisions continues to pursue several new growth opportunities. GEO reentry continues to work with existing and prospective local and state correctional customers to leverage new opportunities in the provision of community reentry services. These services are provided through real estate and programmatic solutions in residential settings, as well as case management and support services in non-residential day reporting centers.

We are pursuing a number of new opportunities for residential reentry centers at the State and Federal level and for new day reporting centers, primarily at the state and local levels. We estimate these new opportunities total approximately \$62 million in potential annualized revenues.

Our Youth Services division continues to work towards maximizing the utilization of our existing asset base. Over the last couple of years, our youth services team has undertaken a number of marketing initiatives, aimed at increasing the overall utilization of our existing youth services facilities.

These important efforts have resulted in consistent and stronger sense of levels at several of our facilities. We're pursuing additional referrals working with local jurisdictions for our Pennsylvania facilities and are exploring additional expansion opportunities of our community-based programs in Ohio and elsewhere.

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Finally, our BI subsidiary continues to grow its supervision and electronic monitoring services at the local, state and federal level nationwide. BI is currently bidding on new business opportunities in a number of jurisdictions.

With respect to our contracts for the Intensive Supervision Appearance Program or ISAP, as we have updated you over the past several quarters, the utilization of this program has been increasing rapidly since the beginning of last year.

Currently, the program has more than 70,000 participants. Similar to this important contract, over the course of last year, GEO Care implemented a new family case management pilot program in partnership with the U.S. Department of Homeland Security. Under this contract, GEO Care provides community-based case management services for families going through the immigration review process.

Working collaboratively with all of our divisions, we were able to build upon existing relationships with local community providers and expand our network of community partners in order to provide comprehensive case management services.

We believe this program is indicative not only our leadership position in the provision of community-based and case management services through our comprehensive GEO Continuum of Care, but also of the importance of our diversified services platform.

At this time, I will turn the call back to George for his closing remarks.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

Thank you, Ann. Over the last 10 years, GEO has grown both through organic projects as well as strategic acquisitions. We have made every major acquisition available in the corrections industry involving detention, corrections, community reentry facilities, and electronic monitoring. We have an extensive track record of successfully integrating those acquisitions and creating long-term value for our shareholders, and we believe that in each of these service lines, we have become a world-leader and are recognized by our customers as best-in-class.

We are excited about our announced acquisition of CEC, which we believe will further solidify our position as the leading provider of evidence-based rehabilitation and community reentry services in the world. Following the acquisition of CEC, GEO will have 98,000 beds making it by far the largest private provider of detention, correctional and community reentry services. GEO will also become the fifth largest correctional organization in the world. We are also excited about the opportunity to solidify our position as the leading provider of evidence-based rehabilitation and community reentry services in the world.

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To this end, we have doubled our annual company commitment from \$5 million to \$10 million to continue to expand the delivery of our GEO Continuum of Care providing enhanced offender rehabilitation, integrated with post-release services. We also continue to be optimistic about the demand for our services and our growth potential. In addition to the expected additional and revenue and earnings from CEC, we currently have approximately 5,000 available beds, which we believe could generate between \$40 million and \$50 million in annualized adjusted EBITDA.

It is gratifying to see GEO's continued financial success based on its successful diversification and commitment to operational excellence. It also underscores our belief that as a company, we are at our best when helping those in our care reenter society as productive and employable citizens.

This concludes our presentation and we would now like to open the call to your questions.

Question And Answer Section

**Operator**

We will now begin the question-and-answer session. [Operator Instructions] At this time, we will pause momentarily to assemble our roster. Our first question comes from Tobey Sommer of SunTrust. Please go ahead.

**Kwan Hong Kim**

Analyst, SunTrust Robinson Humphrey, Inc.

Hi, this is actually Kwan Kim on for Tobey. Thank you for taking my questions. First off, the DHS Secretary, John Kelly yesterday directed the agency to end the catch-and-release policy on the border. Could you talk about the kinds of conversations you're having regarding potential new contracts and the time line under this directive? Thank you.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

I believe ICE has been visiting various facilities around the country to expand its capacity because of the – among other things, the discontinuation of the catch-and-release program which meant essentially, as people were caught illegally crossing the border, they were held very temporarily and just let go instead of being detained. I think the new policy requires, in most cases, detention and informal processing of the initials – of the individuals. And that will take several thousands of beds. And so, thus, there is – I believe a national canvassing of the available capacity in the entire country to help assist ICE in this new expanded and more aggressive border security program.



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**Kwan Hong Kim**

Analyst, SunTrust Robinson Humphrey, Inc.

Thank you. And looking at the longer term, how might GEO's business and the mix look different in the next 24 to 48 months in terms of its diversification?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

Well, as I said, with the acquisition of CEC, we would be, by far, the largest provider of community reentry services. With respect to detention services in support of border security, we would continue to be the largest provider of detention services to the three federal agencies that is to ICE, the Bureau of Prisons and the U.S. Marshals Service. With this increased and expanded approach to border security, the first agency that will need additional capacity is ICE because the border patrol will catch the individuals and then send them to an ICE facility.

Subsequently, there will be need by the U.S. Marshals Service for those people that have committed criminal acts and need to be detained for adjudication. And further on down the line, BOP will need additional capacity as well for those people who have been sentenced and need to serve their time in one of the CAR facilities.

So, it's really an escalation of capacity need for all three federal agencies as a result of the President's new executive orders, redirecting the approach to border security for the three federal agencies.

**Kwan Hong Kim**

Analyst, SunTrust Robinson Humphrey, Inc.

Thank you very much.

**Operator**

The next question comes from Michael Kodesch of Canaccord Genuity. Please go ahead.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Great. Thanks for taking my questions. I guess, just to start out with the acquisition of CEC. Just doing a little back of the envelope math of what you guys disclosed on the 9% to 11% accretive to EBITDA. I think that it kind of translates to the transaction completing around a 9 times EV to EBITDA multiple on 2018 estimates. Is that fair for pricing?

**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

I mean, it's a reasonable calculation. I can't comment whether its fair or not but it's a reasonable calculation.

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**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Okay. Thanks. And then what is the occupancy currently at CEC? Is there any underutilized capacity? Any opportunity there?

**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

Our estimates for that run rate that we described is based on their current run rates. There is some underutilized facilities, for instance, the Delaney Hall Facility that they have is a 1,000-bed facility. It's currently 500 to 600 beds that are utilized. So, there is – I want to say their occupancy rate is in the mid 70s to close – about 75%, 78%. So, there's about 3,000 beds may be that are available that are underutilized between the reentry facilities and their correctional facilities, and longer term, that will be something that we'll continue to work on improving, but our estimate for 2018 doesn't make any assumption with regards to that.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Great. That's really helpful. And then you note that it's only modestly accretive to 2017, can you discuss some of the dynamics behind that when you say modestly accretive, just considering it's going to close in the second quarter and the 9% to 11% would be – I don't know translate maybe to \$15 million to \$20 million in EBITDA? That seems like a fairly sizable amount. Can you just comment on that a little bit?

**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

Yeah. I think it's just the timing of when some of the synergies work in and so forth. And we wanted to give ourselves some room on that, but I think 2018 is when we expect all the synergies to be in place, really probably late this year, so that on a normalized basis in 2018 we'll get the full benefit of the transaction and the normalized results.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

All right. Thanks. And then, just one last on CEC and that has to do with leverage. I guess, what are your thoughts currently on your present leverage level and then your post acquisition leverage level and what are your thoughts on issuing equity, I guess, just considering that the stock's trading at all-time highs.

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**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

I think, we've said in the past, when we look to do a larger transaction that our leverage level may bump up a little bit; we think with growth and normalization of the transaction that the leverage level will come down naturally. So, I think, it will be a little bit over 5 times, maybe 5.25 post transaction. And we'll continue to look to source capital in a way that maximizes value for our shareholders.

So, over time, it will complement our capital needs with equity as necessary. But, given this individual specific transaction, I don't know that that necessarily drives us to the equity markets.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Okay. And that 5 to 5.25 does that include the non-recourse debt or is that excluding it?

**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

No. I don't include non-recourse debt in the leverage calculation.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

All righty. And then, just one more beyond CEC if you don't mind. So, I guess, outside of GEO and your other public REIT counterpart, can you give us a sense of what the idle stock might be like out there, outside of your beds that ICE could potentially pursue? I mean, are there are other – any other significant competitors for ICE's needs.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

There maybe some – a few government owned facilities that are idle 3,000 to 5,000 beds.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

All righty. That's really helpful. Thanks. And I'll jump in back in the queue if anything else. Thanks again. [Operator Instructions]

**Operator**

Our next question comes from Kevin McVeigh of Deutsche Bank. Please go ahead.

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**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Great. Thanks so much. Hey, nice job. I had a couple of follow-up questions just on the administration efforts things like that. Hey, George, is there any way to think about just directionally the timing of what the sentences would like look? I mean, I obviously know it varies depending upon the type of things you picked up for, but just thoughts on the sentencing. And then, if you've got, call it 5,000 idle beds, is it fair to say that there could be another 3,000 coming on line with the CEC deal?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

Well, our available bed capacity would increase by those 3,000 beds. So, it'd go from the 5,000 to the 8,000.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Okay.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

Yes.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

And then, just the sentencing – because one thing I'm starting to think is depending upon how aggressive the government gets. If there's – if you've got a – if there's another 3,000 to 5,000 excess, another competitor's got 13,000, is there at some point where you may have to potentially build beds depending upon the how aggressive the administration gets?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

That is a possibility because there's other issues that may come into play such as Kate's Law, if that passes that will create a certain additional bed capacity that we haven't contemplated as yet, in any of our discussions. But, I'm sure the Bureau of Prisons who would be responsible for incarcerating individuals under that law are doing their planning work in the event that law is eventually passed and put into place.

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**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Got it. And then, is it fair to say that you have discussions with ICE, would that be under existing procurements or would that be stuff that has to go out back out to bid?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

There's two contracting techniques available to ICE. One is to obtain the facilities through an intergovernmental agreement, that means a host local community and we have several of those in place. The other is through a 2-year emergency contract, both can be put in place relatively quickly, approximately 60 to 90 days.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Got it. And then just a couple on CEC and I'll get back in. How long were you guys doing the diligence on this deal?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

About 10 years.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

All right. So, pretty quick turnaround, I guess. And then just the blended margins, it sounds like you're going to weave them into kind of the existing reporting structures. Any sense of how dilutive it is to margins and then how quickly they get up to the corporate average?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

I think their own facilities have margins that are consistent with ours, some of – like Delaney Hall is a little bit under because it's not fully utilized. So, I don't think it will dilute our margins too significantly.

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**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Okay. Great. Thank you.

**Operator**

Our next question is a follow-up from Michael Kodesch of Canaccord Genuity. Please go ahead.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Hey. Thanks for taking my follow-ups here. Just, two quick ones. G&A was a little elevated in the quarter. You mentioned that it was from business development expense. I think, it was something like \$4 million to \$5 million higher than kind of what guidance implied. Can you just give a little bit of color of really what's in there and what we would expect on, maybe future business development expense as well?

**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

I think it was general stuff. There were some other miscellaneous items, but I think out of the variance that was the single most significant item, it was probably \$1 million to \$2 million of the additional cost. On a go-forward basis, those numbers will come down. I think we've provided guidance on the overall overhead spend for next year is right around \$150 million.

**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Great. Thanks. And then just one housekeeping item. I think you mentioned \$87 million in scheduled spend during the first quarter for Ravenhall. Is that part of the AUD 115 million in estimated total investment?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

That's our equity investment. So, that's what – the AUD 115 million might have been in Australian dollars, but in U.S. dollar, it's \$87 million. So, we made our full investment in the Australia project now.

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**Michael B. Kodesch**

Analyst, Canaccord Genuity, Inc.

Great. That's all from me. Thanks again.

**Operator**

The next question comes from Junian Ibanez of Philadelphia Financial. Please go ahead.

**Junian Ibanez**

Analyst, Philadelphia Financial

Hi. Congratulations on the great quarter. With the heightened demand, do you see any upside of the per diem? If so, how much? Thank you.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

The per diems for these federal contracts would carry a federal wage determination that would result in a per diem rate reflecting probably higher-than-normal per diem rates than our company average because they are almost exclusively federal contracts with federal wage determinations...

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

...owned facilities.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

At all owned facilities. So, it would be at the upper end of our per diem rates.

**Junian Ibanez**

Analyst, Philadelphia Financial

Okay. Great. Thank you.

**Operator**

The next question is a follow-up from Kevin McVeigh of Deutsche Bank. Please go ahead.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Great. Thanks. One quick follow-up. As Ravenhall comes online in the third quarter, how should we think about the revenue contribution from that as it goes from kind of construction and process to kind of serving inmates? And how does that rampover the back half of 2017 and into 2018. I guess, what do we have factored into the guidance for that?

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**Brian R. Evans**

Chief Financial Officer & Senior Vice President, The GEO Group, Inc.

Well, that project is supposed to start November 1, I believe that's the current expected start date, and it is fixed price contract, I believe from day one so there's not a ramp up per se. And I think we've guided historically about \$70 million to \$75 million in net revenues to GEO on an annualized basis. So, we've adjusted for that in our numbers in the fourth quarter.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

There is not a financial ramp up, but there is an actual prisoner ramp up that will take place over several months. But, we are paid the same flat rate as Brian said, day one.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

So, there's basically two months so the \$70 million to \$75 million should come in, in 2017?

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

That's right.

**Kevin McVeigh**

Analyst, Deutsche Bank Securities, Inc.

Great. Thank you.

**Operator**

And this concludes our question-and-answer session. I would now like to turn the conference back over to George Zoley for any closing remarks.

**George C. Zoley**

Chairman, Chief Executive Officer & Founder, The GEO Group, Inc.

Okay. I'd like to say hello to any of the CEC employees that may be listening and welcome them to the GEO Group and look forward to working with you and thank all the listeners to our today's conference call. And we thank you very much for participating and look forward to addressing you at our next call.

**Operator**

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect your lines. Have a great day.

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## **Section 4: EX-99.3 (PRESS RELEASE ACQUISITION)**

**Exhibit 99.3**



**NEWS RELEASE**



**THE GEO GROUP ANNOUNCES \$360 MILLION  
ACQUISITION OF COMMUNITY EDUCATION CENTERS**

- **Transaction Continues Diversification of Leading Global Provider of Essential Government Services**
- **GEO Uniquely Positioned to Meet Growing Demand for Correctional, Detention, Reentry, and Rehabilitation Services through ‘GEO Continuum of Care’**

**Boca Raton, Fla. – February 22, 2017** — The GEO Group, Inc. (NYSE:GEO) (“GEO”), a fully integrated equity real estate investment trust (“REIT”) specializing in the design, financing, development, and operation of correctional, detention, and community reentry facilities around the globe and a leading provider of evidence-based offender rehabilitation, announced today the signing of a definitive agreement to acquire Community Education Centers (“CEC”), a private provider of rehabilitative services for offenders in reentry and in-prison treatment facilities as well as management services for county, state, and federal correctional and detention facilities.

Pursuant to the terms of the definitive agreement, GEO will acquire CEC for \$360 million in an all cash transaction, excluding transaction related expenses. GEO will not assume any debt as a result of the transaction. GEO plans to integrate CEC into GEO’s existing business units of GEO Corrections & Detention and GEO Care.

**Community Education Centers (CEC) Operations**

Founded in 1996, CEC is a leading national provider of rehabilitative services for offenders through reentry and in-custody treatment programs as well as comprehensive management services for county, state, and federal correctional and detention facilities. CEC provides evidence-based programming for residential and non-residential clients through reentry and correctional facilities, in-prison treatment services, and outpatient and day reporting programs.

CEC owns and/or manages over 12,000 beds nationwide. Through its Reentry Division, CEC owns or leases 3,800 community reentry beds and manages approximately 300 beds at three government-owned reentry centers. Additionally, CEC provides in-prison treatment services, including evidence-based rehabilitation programs, in more than 30 government-operated facilities. GEO plans to integrate CEC’s Reentry and In-Prison Treatment divisions into GEO Care.

Through its Corrections Division, CEC owns or leases approximately 4,500 correctional and detention beds and operates an additional 3,700 beds at government-owned correctional facilities under managed-only contracts. GEO plans to integrate CEC’s Corrections Division into GEO Corrections & Detention. More than 70 percent of CEC’s annualized revenue is generated from contracts with state governments and more than 20 percent from contracts with local jurisdictions. Following the acquisition, GEO will own and/or manage approximately 98,000 beds worldwide including approximately 7,000 community reentry beds.

—More—

**Contact:** Pablo E. Paez  
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George C. Zoley, Chairman and Chief Executive Officer of GEO, said: “This important transaction represents a compelling strategic fit for our company as it further positions GEO to meet the demand for increasingly diversified correctional, detention, and community reentry facilities and services across the United States. GEO has an extensive track record of successfully integrating acquisitions, and we expect to achieve annualized net synergies of approximately \$5 million as well as revenue growth opportunities, which we believe will continue to enhance long-term value for our shareholders.”

The transaction is expected to close the second quarter of 2017 subject to the fulfillment of customary conditions. The transaction will be supported by a term loan financing commitment from BNP Paribas and borrowings under GEO’s existing Revolving Credit Facility.

“This important transaction will allow us to expand the delivery of enhanced in-prison rehabilitation including evidence-based treatment, integrated with post-release support services through our industry-leading ‘GEO Continuum of Care.’ Our continued efforts to be the leading provider of rehabilitation and reentry services underscore our commitment to improve the lives of the men and women entrusted to us as well as our belief that as a company, we are most effective and at our best, by helping those in our care, re-enter society as productive and employable citizens,” Mr. Zoley added.

#### **Financial Impact**

The acquisition is expected to increase GEO’s total annualized revenues by approximately \$250 million. In addition, GEO anticipates annual net synergies of \$5 million to be realized over 9 to 12 months. Excluding one-time transaction-related expenses and transitional costs, GEO expects the acquisition to be modestly accretive in 2017 and to be 9-11% accretive to Adjusted EBITDA post-synergies on a fully annualized basis beginning in 2018.

#### **Financial and Legal Advisors**

Barclays and J.P. Morgan Securities LLC acted as GEO’s financial advisors. Akerman LLP served as GEO’s legal advisor. Moelis & Company LLC acted as CEC’s financial advisor. Fried, Frank, Harris, Shriver & Jacobson LLP served as CEC’s legal advisor.

#### **About The GEO Group, Inc.**

The GEO Group, Inc. (NYSE: GEO) is the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of correctional, detention, and community reentry facilities around the globe. GEO is the world’s leading provider of diversified correctional, detention, community reentry, and electronic monitoring services to government agencies worldwide with operations in the United States, Australia, South Africa, and the United Kingdom. GEO’s worldwide operations include the ownership and/or management of 104 facilities totaling approximately 87,000 beds, including projects under development, with a growing workforce of approximately 20,500 professionals.

—More—

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## Forward-Looking Statements

*This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the future filings of GEO with the SEC, in press releases and in oral and written statements made by or with the approval of GEO, as applicable, that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Forward-looking statements are typically identified by words or phrases such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “continue,” “remain,” “should,” “forecast,” and other words and terms of similar meaning. These forward-looking statements involve a number of risks, uncertainties and assumptions which are difficult to predict. GEO cautions readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Examples of forward-looking statements include, but are not limited to: (i) statements about the benefits of GEO’s proposed acquisition of CEC, including future financial and operating results, cost savings, enhanced revenues and accretion to reported earnings, adjusted EBITDA, and adjusted funds from operations that may be realized from the acquisition; (ii) statements of plans, objectives and expectations of GEO or its management or Board of Directors, including the expected timing of completion of the transaction and integration plans; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to: (i) the risk that GEO and CEC may be unable to obtain governmental and regulatory approvals required for the acquisition, or that any required governmental and regulatory approvals may delay the acquisition or result in the imposition of conditions that could cause the parties to abandon the acquisition; (ii) the risk that a condition to closing of the acquisition may not be satisfied; (iii) the time required to consummate the proposed acquisition; (iv) the risk that the CEC facilities will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; (v) the risk that the expected increased revenues, Adjusted EBITDA, net income, and Adjusted Funds From Operations may not be fully realized or may take longer to realize than expected; (vi) revenues following the acquisition may be lower than expected; (vii) the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; (viii) material differences in the actual financial results of the acquisition compared with expectations, including the full realization of anticipated revenue and earnings enhancements and the impact of the acquisition on GEO’s future earnings, Adjusted EBITDA, and Adjusted Funds From Operations; (ix) disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; (x) potential diversion of the focus of management on acquisition-related issues; (xi) local, regional, national and international economic conditions and the impact they may have on GEO; (xii) legislation affecting the correctional industry as a whole, and/or GEO individually; (xiii) GEO’s ability to contain costs and expenses; (xiv) governmental and public policy changes; (xv) the outcome of any pending and future litigation and governmental proceedings; and (xvi) continued availability of financing. Additional factors that could cause GEO’s results to differ materially from those described in the forward-looking statements can be found in GEO’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters and attributable to GEO or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements referenced above. Each forward-looking statement speaks only as of the date of the particular statement and GEO does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.*

**-End-**

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