

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

FORM 8-K

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

Date of Report (Date of earliest event reported): November 7, 2018

THE GEO GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

Florida
(State or Other Jurisdiction
of Incorporation)

1-14260
(Commission
File Number)

65-0043078
(IRS Employer
Identification No.)

621 NW 53rd 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)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 Financial Information

Item 2.02. Results of Operations and Financial Condition.

On November 7, 2018, The GEO Group, Inc. (“GEO” or the “Company”) issued a press release (the “Earnings Press Release”) announcing its financial results for the quarter ended September 30, 2018, and updated its financial guidance for the fourth quarter of 2018 and for full year 2018. A copy of the Earnings Press Release is furnished hereto as Exhibit 99.1. GEO also held a conference call on November 7, 2018, 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, EBITDAre, Adjusted EBITDAre, Funds From Operations, Normalized Funds From Operations, Adjusted Funds From Operations and Adjusted Net Income for the quarter and nine months ended September 30, 2018 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 adjusted by subtracting 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, gain/loss on real estate assets, pre-tax, and start-up expenses, pre-tax.

EBITDAre (EBITDA for real estate) is defined as net income adjusted by adding provisions for income tax, interest expense, net of interest income, depreciation and amortization, and gain/loss on sale of real estate assets, pre-tax. Adjusted EBITDAre (Adjusted EBITDA for real estate) is defined as EBITDAre adjusted for net income/loss 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 merger and acquisition (“M&A”) related expenses, pre-tax, start-up expenses, pre-tax, legal related expenses, pre-tax, and escrow releases, pre-tax. Given the nature of GEO’s business as a real estate owner and operator, GEO believes that EBITDAre and Adjusted EBITDAre are helpful to investors as measures of its operational performance because they provide an indication of its 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 its 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, EBITDAre and Adjusted EBITDAre provide its 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 net income attributable to GEO.

The adjustments GEO makes to derive the non-GAAP measures of EBITDAre and Adjusted EBITDAre 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. EBITDAre and Adjusted EBITDAre 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.

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 net Tax Cuts and Jobs Act ("TCJA") impact, M&A related expenses, pre-tax, loss on extinguishment of debt, start-up expenses, pre-tax, legal related expenses, pre-tax, and escrow releases, pre-tax, and tax effect of adjustments to FFO.

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 net TCJA impact, M&A related expenses, pre-tax, gain/loss on sale of real estate assets, pre-tax, loss on extinguishment of debt, start-up expenses, pre-tax, legal related expenses, pre-tax, escrow releases, pre-tax, and tax effect of adjustments to Net Income Attributable to GEO.

Because of the unique design, structure and use of GEO's correctional facilities, the Company 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 net income attributable to GEO but have no impact on GEO's cash flows, or GEO does not consider them to be fundamental attributes or the primary drivers of GEO's business plan and they do not affect GEO's 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 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 Net Income Attributable to GEO.

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, EBITDAre and Adjusted EBITDAre, Adjusted Net Income, Funds from Operations, Normalized Funds from Operations, and Adjusted Funds from Operations.

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, Adjusted Net Income, Net Operating Income, Adjusted EBITDAre, Funds from Operations, Normalized Funds from Operations, and Adjusted Funds from Operations. 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 GEO has provided a high level reconciliation for the guidance ranges for full year 2018, it is 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 non-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 9 Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit No.	Description
99.1	<u>Press Release, dated November 7, 2018, announcing GEO's financial results for the third quarter and nine months ended September 30, 2018.</u>
99.2	<u>Transcript of Conference Call discussing GEO's financial results for the third quarter and nine months ended September 30, 2018.</u>

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.

November 14, 2018
Date

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

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EX-99.1 2 d609256dex991.htm EX-99.1

Exhibit 99.1



NEWS RELEASE

One Park Place, Suite 700 ■ 621 Northwest 53rd Street ■ Boca Raton, Florida 33487 ■ www.geogroup.com

THE GEO GROUP REPORTS THIRD QUARTER 2018 RESULTS

- **3Q18 Net Income Attributable to GEO of \$0.33 per diluted share**
- **3Q18 Adjusted Net Income of \$0.38 per diluted share**
- **3Q18 AFFO of \$0.65 per diluted share**
- **FY18 guidance for Net Income Attributable to GEO of \$1.25-\$1.27; Adjusted Net Income of \$1.35-\$1.37; and AFFO of \$2.47-\$2.49 per diluted share**

Boca Raton, Fla. – November 7, 2018 – 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 third quarter 2018.

Third Quarter 2018 Highlights

- **Net Income Attributable to GEO of \$39.3 million or \$0.33 per diluted share**
- **Adjusted Net Income of \$0.38 per diluted share**
- **Net Operating Income of \$162.8 million**
- **Normalized FFO of \$0.52 per diluted share**
- **AFFO of \$0.65 per diluted share**

GEO reported third quarter 2018 net income attributable to GEO of \$39.3 million, or \$0.33 per diluted share, compared to \$38.5 million, or \$0.31 per diluted share, for the third quarter 2017. GEO reported total revenues for the third quarter 2018 of \$583.5 million up from \$566.8 million for the third quarter 2017.

Third quarter 2018 results reflect \$4.2 million in start-up expenses, after-tax, related to the third quarter 2018 activation of a 338-bed annex at the company-owned Folkston ICE Processing Center in Georgia; the company-owned, 661-bed Eagle Pass Correctional Facility in Texas; and the company-owned, 1,000-bed Montgomery ICE Processing Center in Texas. Third quarter 2018 results also reflect a \$2.2 million loss on real estate assets, after-tax, related to the write-off of leasehold improvements at company-leased facilities. Excluding these items, GEO reported third quarter 2018 Adjusted Net Income of \$45.6 million, or \$0.38 per diluted share.

GEO reported third quarter 2018 Normalized Funds From Operations (“Normalized FFO”) of \$62.9 million, or \$0.52 per diluted share, compared to \$58.8 million, or \$0.48 per diluted share, in the third quarter 2017. GEO reported third quarter 2018 Adjusted Funds From Operations (“AFFO”) of \$77.9 million, or \$0.65 per diluted share, compared to \$77.0 million, or \$0.63 per diluted share, in the third quarter 2017.

—More—

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

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George C. Zoley, Chairman and Chief Executive Officer of GEO, said, “We are pleased with our third quarter results and our earnings and AFFO guidance for the fourth quarter. We are focused on effectively allocating capital to drive long-term, sustainable value for our shareholders, and we remain optimistic regarding the demand for our services and the outlook for new growth opportunities.”

First Nine Months 2018 Highlights

- Net Income Attributable to GEO of \$111.7 million or \$0.92 per Diluted Share
- Adjusted Net Income of \$1.00 per Diluted Share
- Net Operating Income of \$463.0 million
- Normalized FFO of \$1.43 per Diluted Share
- AFFO of \$1.82 per Diluted Share

For the first nine months of 2018, GEO reported net income attributable to GEO of \$111.7 million, or \$0.92 per diluted share, compared to \$109.9 million, or \$0.91 per diluted share, for the first nine months of 2017. GEO reported total revenues for the first nine months of 2018 of \$1.73 billion up from \$1.69 billion for the first nine months of 2017.

Results for the first nine months of 2018 reflect a \$0.3 million net charge related to the Tax Cuts and Jobs Act; a \$0.6 million loss on extinguishment of debt; \$3.7 million in legal related expenses, after-tax; \$4.3 million in start-up expenses, after-tax; and a \$2.7 million loss on real estate assets, after-tax. These items were partially offset by \$2.1 million in escrow releases, after-tax. Excluding these items, GEO reported Adjusted Net Income of \$121.0 million, or \$1.00 per diluted share for the first nine months of 2018.

For the first nine months of 2018, GEO reported Normalized FFO of \$173.2 million, or \$1.43 per diluted share, compared to \$172.3 million, or \$1.43 per diluted share, for the first nine months of 2017. For the first nine months of 2018, GEO reported AFFO of \$219.9 million, or \$1.82 per diluted share, compared to \$225.7 million, or \$1.88 per diluted share, for the first nine months of 2017.

Stock Repurchase Program

During the first nine months of 2018, GEO repurchased approximately 3.1 million shares of its common stock for approximately \$70.4 million under the \$200.0 million stock repurchase program approved by GEO’s Board of Directors, which is effective through October 20, 2020.

The stock repurchase program is intended to be implemented through purchases made from time to time in the open market or in privately negotiated transactions, in accordance with applicable Securities and Exchange Commission requirements. The stock repurchase program does not obligate GEO to purchase any specific amount of its common stock and may be suspended or extended at any time at the discretion of GEO’s Board of Directors.

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Quarterly Dividend

On October 15, 2018, GEO's Board of Directors declared a quarterly cash dividend of \$0.47 per share. The quarterly cash dividend was paid on November 2, 2018 to shareholders of record as of the close of business on October 26, 2018. 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.

2018 Financial Guidance

GEO updated its financial guidance for the fourth quarter 2018 and full-year 2018. For the fourth quarter 2018, GEO expects total revenues to be in a range of \$587 million to \$592 million. GEO expects fourth quarter 2018 Net Income Attributable to GEO to be in a range of \$0.32 to \$0.34 per diluted share. GEO's fourth quarter guidance reflects approximately \$0.01 per diluted share in close-out expenses related to the consolidation of populations into GEO's larger reentry facilities in Pennsylvania, resulting in the idling of smaller underperforming assets, and approximately \$0.02 per diluted share in losses associated with the damage caused by Hurricane Michael to the GEO-managed Bay Correctional Facility in Florida, for which GEO expects to receive insurance reimbursement proceeds in 2019.

Excluding these items, GEO provided fourth quarter 2018 guidance for Adjusted Net Income in a range of \$0.35 to \$0.37 per diluted share. GEO also confirmed its fourth quarter 2018 guidance for AFFO in a range of \$0.65 to \$0.67 per diluted share.

For the full-year 2018, GEO expects Net Income Attributable to GEO to be in a range of \$1.25 to \$1.27 per diluted share; Adjusted Net Income to be in a range of \$1.35 to \$1.37 per diluted share; and AFFO to be in a range of \$2.47 to \$2.49 per diluted share. GEO expects full-year 2018 revenue to be approximately \$2.3 billion.

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, Net Income to EBITDAre (EBITDA for real estate) and Adjusted EBITDAre (Adjusted EBITDA for real estate), Net Income Attributable to GEO to Adjusted Net Income, and Net Income Attributable to GEO to FFO, Normalized FFO and AFFO along with supplemental financial and operational information on GEO's business and other important operating metrics. The reconciliation tables are 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.

—More—

Contact: Pablo E. Paez
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Conference Call Information

GEO has scheduled a conference call and simultaneous webcast for today at 11:00 AM (Eastern Time) to discuss GEO's third quarter 2018 financial results as well as its 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. 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 November 21, 2018 at 1-877-344-7529 (U.S.) and 1-412-317-0088 (International). The participant passcode for the telephonic replay is 10125520.

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 136 facilities totaling approximately 96,000 beds, including projects under development, with a growing workforce of approximately 23,000 professionals.

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

Net Operating Income, EBITDAre, Adjusted EBITDAre, 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 Adjusted Net Income, 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 2018, 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 non-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 adjusted by subtracting 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, gain/loss on real estate assets, pre-tax, and start-up expenses, pre-tax.

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Executive Vice President, Corporate Relations

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EBITDAre (EBITDA for real estate) is defined as net income adjusted by adding provisions for income tax, interest expense, net of interest income, depreciation and amortization, and gain/loss on sale of real estate assets, pre-tax. Adjusted EBITDAre (Adjusted EBITDA for real estate) is defined as EBITDAre adjusted for net income/loss 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 merger and acquisition (“M&A”) related expenses, pre-tax, start-up expenses, pre-tax, legal related expenses, pre-tax, and escrow releases, pre-tax. Given the nature of our business as a real estate owner and operator, we believe that EBITDAre and Adjusted EBITDAre 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.

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, EBITDAre and Adjusted EBITDAre 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 net income attributable to GEO.

The adjustments we make to derive the non-GAAP measures of EBITDAre and Adjusted EBITDAre 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. EBITDAre and Adjusted EBITDAre 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.

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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 net TCJA impact, M&A related expenses, pre-tax, gain/loss on sale of real estate assets, pre-tax, loss on extinguishment of debt, start-up expenses, pre-tax, legal related expenses, pre-tax, escrow releases, pre-tax, and tax effect of adjustments to Net Income Attributable to GEO.

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

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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.

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 net income attributable to GEO 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 Net Income Attributable to GEO.

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 fourth quarter and full year 2018, 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 2018 given the various risks to which its business is exposed; (2) GEO's ability to fully implement its announced stock repurchase program and the timing and amounts of any future stock repurchases; (3) GEO's ability to declare future quarterly cash dividends and the timing and amount of such future cash dividends; (4) GEO's ability to successfully pursue further growth and continue to create shareholder value; (5) risks associated with GEO's ability to control operating costs associated with contract start-ups; (6) 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; (7) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (8) GEO's ability to obtain future financing on acceptable terms; (9) GEO's ability to sustain company-wide occupancy rates at its facilities; (10) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (11) the impact of any future regulations or guidance on the Tax Cuts and Jobs Act; (12) GEO's ability to remain qualified as a REIT; (13) the incurrence of REIT related expenses; and (14) other factors contained in GEO's Securities and Exchange Commission periodic filings, including its Form 10-K, 10-Q and 8-K reports.

Third quarter and first nine months financial tables to follow:

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

(866) 301 4436

Condensed Consolidated Statements of Operations*

(Unaudited)

	<u>Q3 2018</u> <i>(unaudited)</i>	<u>Q3 2017</u> <i>(unaudited)</i>	<u>YTD 2018</u> <i>(unaudited)</i>	<u>YTD 2017</u> <i>(unaudited)</i>
Revenues	\$ 583,530	\$ 566,759	\$ 1,731,956	\$ 1,694,443
Operating expenses	434,806	423,134	1,299,312	1,276,286
Depreciation and amortization	31,297	31,649	94,536	92,464
General and administrative expenses	47,647	49,074	136,927	143,866
Operating income	69,780	62,902	201,181	181,827
Interest income	8,428	14,648	26,194	38,971
Interest expense	(37,991)	(38,719)	(110,779)	(109,702)
Income before income taxes and equity in earnings of affiliates	40,217	38,831	116,596	111,096
Provision for income taxes	3,723	1,720	12,193	5,590
Equity in earnings of affiliates, net of income tax provision	2,735	1,342	7,071	4,255
Net income	39,229	38,453	111,474	109,761
Less: Net loss attributable to noncontrolling interests	60	36	223	123
Net income attributable to The GEO Group, Inc.	\$ 39,289	\$ 38,489	\$ 111,697	\$ 109,884
Weighted Average Common Shares Outstanding:				
Basic	119,681	122,251	120,567	119,356
Diluted	120,302	122,887	121,055	120,114
Income per Common Share Attributable to The GEO Group, Inc. :				
Basic:				
Net income per share — basic	\$ 0.33	\$ 0.31	\$ 0.93	\$ 0.92
Diluted:				
Net income per share — diluted	\$ 0.33	\$ 0.31	\$ 0.92	\$ 0.91
Regular Dividends Declared per Common Share	\$ 0.47	\$ 0.47	\$ 1.41	\$ 1.41

* 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)

	<u>Q3 2018</u>	<u>Q3 2017</u>	<u>YTD 2018</u>	<u>YTD 2017</u>
Net Income attributable to GEO	\$ 39,289	\$ 38,489	\$ 111,697	\$ 109,884
Add (Subtract):				
Net Tax Cuts and Jobs Act Impact	—	—	304	—
Loss on extinguishment of debt	—	—	574	—
Start-up expenses, pre-tax	4,061	—	4,159	—
M&A related expenses, pre-tax	—	4,974	—	17,930
Legal related expenses, pre-tax	—	—	4,500	—
Escrow releases, pre-tax	—	—	(2,273)	—
Gain/Loss on real estate assets, pre-tax	2,209	—	2,701	(261)
Tax effect of adjustments to Net Income attributable to GEO	74	(1,430)	(639)	(3,953)
Adjusted Net Income	\$45,633	\$42,033	\$121,023	\$123,600
Weighted average common shares outstanding - Diluted	120,302	122,887	121,055	120,114
Adjusted Net Income Per Diluted Share	\$ 0.38	\$ 0.34	\$ 1.00	\$ 1.03

— More —

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Executive Vice President, Corporate Relations

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Condensed Consolidated Balance Sheets*

(Unaudited)

	<i>As of</i> <u>September 30, 2018</u> <i>(unaudited)</i>	<i>As of</i> <u>December 31, 2017</u> <i>(unaudited)</i>
ASSETS		
Cash and cash equivalents	\$ 66,007	\$ 81,377
Restricted cash and cash equivalents	54,931	44,932
Accounts receivable, less allowance for doubtful accounts	403,610	389,916
Contract receivable, current portion	9,420	18,142
Prepaid expenses and other current assets	37,587	45,342
Total current assets	\$ 571,555	\$ 579,709
<i>Restricted Cash and Investments</i>	28,939	27,999
<i>Property and Equipment, Net</i>	2,148,005	2,078,123
<i>Non-Current Contract Receivable</i>	384,794	404,309
<i>Assets Held for Sale</i>	2,634	3,915
<i>Deferred Income Tax Assets</i>	26,277	26,277
<i>Intangible Assets, Net (including goodwill)</i>	1,014,315	1,034,290
<i>Other Non-Current Assets</i>	65,820	72,286
Total Assets	\$ 4,242,339	\$ 4,226,908
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 82,284	\$ 92,587
Accrued payroll and related taxes	53,597	71,732
Accrued expenses and other current liabilities	197,459	176,324
Current portion of capital lease obligations, long-term debt, and non-recourse debt	340,143	28,920
Total current liabilities	\$ 673,483	\$ 369,563
<i>Non-Current Deferred Income Tax Liabilities</i>	8,757	8,757
<i>Other Non-Current Liabilities</i>	89,214	96,702
<i>Capital Lease Obligations</i>	4,954	6,059
<i>Long-Term Debt</i>	2,363,318	2,181,544
<i>Non-Recourse Debt</i>	22,201	365,364
<i>Shareholders' Equity</i>	1,080,412	1,198,919
Total Liabilities and Shareholders' Equity	\$ 4,242,339	\$ 4,226,908

* all figures in '000s

— More —

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

(Unaudited)

	<u>Q3 2018</u> <i>(unaudited)</i>	<u>Q3 2017</u> <i>(unaudited)</i>	<u>YTD 2018</u> <i>(unaudited)</i>	<u>YTD 2017</u> <i>(unaudited)</i>
Net Income attributable to GEO	\$ 39,289	\$ 38,489	\$ 111,697	\$ 109,884
<i>Add (Subtract):</i>				
Real Estate Related Depreciation and Amortization	17,634	\$ 16,782	\$ 52,531	\$ 48,718
Gain/Loss on real estate assets **	2,209	\$ —	\$ 2,701	\$ (261)
Equals: NAREIT defined FFO	<u>\$ 59,132</u>	<u>\$ 55,271</u>	<u>\$ 166,929</u>	<u>\$ 158,341</u>
<i>Add (Subtract):</i>				
Net Tax Cuts and Jobs Act Impact	—	—	304	—
Loss on extinguishment of debt	—	—	574	—
Start-up expenses, pre-tax	3,728	—	3,826	—
M&A related expenses, pre-tax	—	4,974	—	17,930
Legal related expenses, pre-tax	—	—	4,500	—
Escrow releases, pre-tax	—	—	(2,273)	—
Tax Effect of adjustments to Funds From Operations ***	74	(1,430)	(639)	(3,953)
Equals: FFO, normalized	<u>\$ 62,934</u>	<u>\$ 58,815</u>	<u>\$ 173,221</u>	<u>\$ 172,318</u>
<i>Add (Subtract):</i>				
Non-Real Estate Related Depreciation & Amortization	13,663	14,867	42,005	43,746
Consolidated Maintenance Capital Expenditures	(6,162)	(5,822)	(17,561)	(17,179)
Stock Based Compensation Expenses	5,564	4,859	16,351	14,852
Amortization of debt issuance costs, discount and/or premium and other non-cash interest	1,868	4,246	5,860	11,922
Equals: AFFO	<u>\$ 77,867</u>	<u>\$ 76,965</u>	<u>\$ 219,876</u>	<u>\$ 225,659</u>
Weighted average common shares outstanding - Diluted	120,302	122,887	121,055	120,114
FFO/AFFO per Share - Diluted				
Normalized FFO Per Diluted Share	\$ 0.52	\$ 0.48	\$ 1.43	\$ 1.43
AFFO Per Diluted Share	\$ 0.65	\$ 0.63	\$ 1.82	\$ 1.88
Regular Common Stock Dividends per common share	\$ 0.47	\$ 0.47	\$ 1.41	\$ 1.41

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

** no tax impact

*** tax adjustments related to Start-up, M&A, Legal expenses and Escrow releases

— More —

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

	<u>Q3 2018</u> <i>(unaudited)</i>	<u>Q3 2017</u> <i>(unaudited)</i>	<u>YTD 2018</u> <i>(unaudited)</i>	<u>YTD 2017</u> <i>(unaudited)</i>
Net Income attributable to GEO	\$ 39,289	\$ 38,489	\$ 111,697	\$ 109,884
<i>Less</i>				
Net loss attributable to noncontrolling interests	60	36	223	123
Net Income	\$ 39,229	\$ 38,453	\$ 111,474	\$ 109,761
<i>Add (Subtract):</i>				
Equity in earnings of affiliates, net of income tax provision	(2,735)	(1,342)	(7,071)	(4,255)
Income tax provision	3,723	1,720	12,193	5,590
Interest expense, net of interest income	29,563	24,071	84,011	70,731
Loss on extinguishment of debt	—	—	574	—
Depreciation and amortization	31,297	31,649	94,536	92,464
General and administrative expenses	47,647	49,074	136,927	143,866
Net Operating Income, net of operating lease obligations	\$ 148,724	\$ 143,625	\$ 432,644	\$ 418,157
<i>Add:</i>				
Operating lease expense, real estate	8,110	7,750	23,805	22,112
Gain/Loss on real estate assets, pre-tax	2,209	—	2,701	(261)
Start-up expenses, pre-tax	3,728	—	3,826	—
Net Operating Income (NOI)	\$ 162,771	\$ 151,375	\$ 462,976	\$ 440,008
	<u>Q3 2018</u>	<u>Q3 2017</u>	<u>YTD 2018</u>	<u>YTD 2017</u>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net Income	\$ 39,229	\$ 38,453	\$ 111,474	\$ 109,761
<i>Add (Subtract):</i>				
Income tax provision **	3,923	2,297	12,829	7,375
Interest expense, net of interest income ***	29,563	24,071	84,585	70,731
Depreciation and amortization	31,297	31,649	94,536	92,464
Gain/Loss on real estate assets, pre-tax	2,209	—	2,701	(261)
EBITDAre	\$ 106,221	\$ 96,470	\$ 306,125	\$ 280,070
<i>Add (Subtract):</i>				
Net loss attributable to noncontrolling interests	60	36	223	123
Stock based compensation expenses, pre-tax	5,564	4,859	16,351	14,852
M&A related expenses, pre-tax	—	4,974	—	17,930
Start-up expenses, pre-tax	3,728	—	3,826	—
Legal related expenses, pre-tax	—	—	4,500	—
Escrow Releases, pre-tax	—	—	(2,273)	—
Adjusted EBITDAre	\$ 115,573	\$ 106,339	\$ 328,752	\$ 312,975

* all figures in '000s

** including income tax provision on equity in earnings of affiliates

*** includes loss on extinguishment of debt

— More —

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2018 Outlook/Reconciliation

(In thousands, except per share data)

(Unaudited)

	FY 2018	
Net Income Attributable to GEO	\$ 151,000	to \$ 153,000
Real Estate Related Depreciation and Amortization	71,500	71,500
Loss on Sale of Real Estate Assets	2,500	2,500
Funds from Operations (FFO)	\$225,000	to \$227,000
Adjustments		
Start-Up/Close-Out Expenses	6,000	6,000
Loss on Extinguishment of Debt	600	600
Hurricane Michael Losses	2,000	2,000
Legal Related Expenses	4,500	4,500
Escrow Releases	(2,300)	(2,300)
Tax Effect of Adjustments to FFO	(800)	(800)
Normalized Funds from Operations	\$235,000	to \$237,000
Non-Real Estate Related Depreciation and Amortization	56,500	56,500
Consolidated Maintenance Capex	(23,500)	(23,500)
Non-Cash Stock Based Compensation	22,000	22,000
Non-Cash Interest Expense	8,500	8,500
Adjusted Funds From Operations (AFFO)	\$298,500	to \$300,500
Net Cash Interest Expense	107,500	107,500
Consolidated Maintenance Capex	23,500	23,500
Income Taxes	15,500	15,500
Adjusted EBITDAre	\$445,000	to \$447,000
G&A Expenses	181,500	181,500
Non-Cash Stock Based Compensation	(22,000)	(22,000)
Equity in Earnings of Affiliates	(9,000)	(9,000)
Loss on Sale of Real Estate Assets	(2,500)	(2,500)
Legal Related Expenses	(4,500)	(4,500)
Real Estate Related Operating Lease Expense	32,000	32,000
Net Operating Income	\$620,500	to \$622,500
Adjusted Net Income Per Diluted Share	\$ 1.35	to \$ 1.37
AFFO Per Diluted Share	\$ 2.47	to \$ 2.49
Weighted Average Common Shares Outstanding-Diluted	120,800	to 120,800

- End -

Contact: Pablo E. Paez
Executive Vice President, Corporate Relations
EX-99.2 3 d609256dex992.htm EX-99.2

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Exhibit 99.2

Participants
CORPORATE PARTICIPANTS
Pablo E. Paez
Executive Vice President,
Corporate Relations, The GEO Group, Inc.

J. David Donahue
Senior Vice President & President, U.S. Corrections & Detention, &
International Operations, The GEO Group, Inc.

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

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

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

OTHER PARTICIPANTS
Tobey Sommer
Analyst, SunTrust Robinson Humphrey, Inc.

Mark W. Strouse
Analyst, JPMorgan Securities LLC

Management Discussion Section

Operator

Good morning and welcome to The GEO Group Third Quarter 2018 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an 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. Please go ahead.

Pablo E. Paez

Executive 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 third quarter 2018 earnings results. With us today are 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 third quarter 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 Investor website at investors.geogroup.com.

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 may 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.

Thank you, Pablo, and good morning to everyone. During the third quarter, we commenced the activation and ramp-up of three important projects. First in July, we activated a previously idle annex at our company-owned Folkston ICE Processing Center in Georgia, expanding the facility by 338 beds for a total of 1,118 beds. In August, we completed an \$8 million renovation of our idle company-owned 661-bed Eagle Pass Facility and began the intake of out-of-state inmates under our new two-year contract with the State of Idaho. And then, in September, we completed the development of a new \$120 million company-owned 1,000-bed ICE Processing Center in Montgomery County, Texas under a 10-year contract with ICE. We expect the ramp-up for these facilities to be complete during the fourth quarter.

Our GEO Care business unit, providing electronic monitoring and community re-entry services, also delivered strong operational results during the third quarter. In the International sector, our Australian subsidiary is in negotiation for two facility expansions totaling 600 beds, as well as increasing our capacity at our 1,000-bed Ravenhall facility by 300 beds.

Looking forward over the next several quarters, we remain optimistic about our ability to pursue growth opportunities across diversified platform of real estate management and programmatic solutions. There are two active procurements we are participating in for the Federal Bureau of Prisons totaling close to 12,000 beds. We expect these two procurements to result in contract awards between year-end and the first quarter of next year, which could result in the reactivation of some of our idle facilities.

We are also continuing our efforts to expand our GEO Continuum of Care programs, which have now been implemented across 18 GEO facilities. We are very proud of the industry-leading programs we have developed to reduce recidivism through enhanced rehabilitation and post-release services. Our desire to be the world leader in this important area of community – criminal justice reform underscores our belief that, as a company, we are at our best when helping offenders re-enter society as productive and employable citizens.

Our board of directors and management team remain focused on our effective allocation of capital to enhance long-term value for our shareholders. We believe our dividend is supported by stable and predictable operational cash flows. We also recognize that we can enhance shareholder value with stock repurchases at times when we believe our stock is undervalued and we plan to utilize the remaining authorization under our stock buyback program opportunistically.

We currently have approximately \$130 million in available capacity under a two-year stock repurchase program that was authorized by our board earlier this year.

Finally, before I turn the call over to Brian, I would like to briefly comment on yesterday's mid-term elections. Our company has a three-decade long record in providing high-quality services under both Democratic and Republican administrations at the federal and state levels. We have consistently helped our government partners meet their correctional and detention challenges with the development and operation of state-of-the-art facilities providing services in safe, secure, and humane environments.

Our facilities are under a constant operational scrutiny by on-site government monitors and special inspections by government agencies and third-party accredited organizations. And we have never advocated for or against criminal justice sentencing or immigration enforcement policies.

At the federal level, we have worked with both Democratic and Republican controlled Chambers of Commerce for more than three decades, and we look forward to working with the newly elected Congress. At the state level, we believe that our delivery of improved offender rehabilitation programs which reduce recidivism under our GEO Continuum of Care will continue to achieve widespread bipartisan support.

We look forward to strengthening our partnerships with government agencies as we work with newly elected representatives in Executive and Legislative branches across the country.

At this time, I'll ask our CFO, Brian Evans, to review our quarterly results and outlook.

Brian R. Evans

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

Thank you, George. Good morning, everyone. Today we reported third quarter net income attributable to GEO of \$0.33 per diluted share on quarterly revenues of approximately \$583.5 million. Our financial results reflect \$4.2 million after tax in start-up expenses associated with the activation of three company-owned projects during the third quarter. Including the idle 338-bed annex at our Folkston ICE Processing Center, which expanded the facility to 1,118 beds; the idle 661-bed Eagle Pass Correctional Facility in Texas, which is under a two-year contract with the State of Idaho; and the new 1,000-bed Montgomery ICE Processing Center, which is under a 10-year contract with ICE.

Our third quarter results also reflect a \$2.2 million loss on real estate assets after tax related to the write off of leasehold improvements at several leased facilities, including the discontinuation of a leased building at our company-owned 3,600-bed BigSpring Facility in Texas, which was reconfigured into two separate 1,800-bed facilities under two new 10-year contracts with the BOP; the discontinuation of a small, managed-only county-owned detention facility in Texas, which was part of the CEC acquisition; and the discontinuation of two company leased re-entry centers in New Jersey and Pennsylvania, as a result of the consolidation of re-entry populations into a larger company-owned assets, following the acquisition of CEC.

Excluding these items, we reported adjusted net income of \$0.38 and AFFO of \$0.65 per diluted share. Compared to same period of last year, our third quarter 2018 results reflect the following items. A year-over-year increase of approximately \$5.5 million in net interest expense attributable to higher interest rates as well as higher overall outstanding debt balances; revised pricing terms under the new 10-year contract for our Big Spring, Texas facilities which, as we had previously disclosed, began on December 1, 2017; and the activation of the Ravenhall Australia Correctional Centre in November 2017.

Moving to our outlook for the balance of 2018, we have provided our earnings and AFFO guidance for the fourth quarter 2018. We expect our fourth quarter 2018 net income attributable to GEO to be in a range of \$0.32 to \$0.34 per diluted share. Our fourth quarter guidance reflects approximately \$0.01 per diluted share and close-out expenses related to the consolidation of re-entry populations from company-leased facilities into our larger company-owned re-entry facilities in Pennsylvania.

Our fourth quarter guidance also reflects approximately \$0.02 per diluted share and losses associated with the damage caused by Hurricane Michael to the Bay Correctional Facility in Florida, for which we expect to receive insurance reimbursement in 2019. Excluding these items, we expect fourth quarter 2018 adjusted net income to be in a range of \$0.35 to \$0.37 and AFFO to be in a range of \$0.65 to \$0.67 per diluted share.

We expect fourth quarter 2018 revenues to be in a range of \$587 million to \$592 million. The resulting ranges for full-year guidance are net income attributable to GEO in a range of \$1.25 to \$1.27 per diluted share and adjusted net income in a range of \$1.35 to \$1.37 per diluted share on annual revenues of approximately \$2.3 billion. And we expect full-year AFFO to be in a range of \$2.47 to \$2.49 per diluted share.

Looking at our liquidity position, we have approximately \$374 million in available capacity under our revolving credit facility in addition to an accordion feature of \$450 million under our credit facility.

Turning to our uses of cash, our growth CapEx is expected to be approximately \$141 million in 2018, of which approximately \$116 million was spent through the end of the third quarter. We also have approximately \$10 million in scheduled annual principal payments of debt.

Last month, our board declared a quarterly cash dividend of \$0.47 per share or \$1.88 per share annualized. Our dividend payment is well within our guided payout range of 75% to 80% of AFFO, and we believe it is supported by stable and predictable operational cash flow.

At this time, I'll turn the call over to Dave Donahue for a review of our GEO Corrections & Detention segment.

J. David Donahue

Senior Vice President & President, U.S. Corrections & Detention, & International Operations, The GEO Group, Inc.

Thanks, Brian, and good morning, everyone. I'd like to give you an update on our GEO Corrections & Detention business unit. Looking at the state level, during the third quarter, we completed the renovation of our 661-bed Eagle Pass Correctional Facility in Texas, and begin the intake process for out-of-state inmates from the State of Idaho. This important project activation falls under a new two-year contract we signed earlier this year with the Idaho Department of Correction for the housing of 678 medium-security inmates. This project is indicative of our ability to build on our public-private partnerships, and represents an expansion of the emergency agreement we entered into with the State of Idaho in the beginning of the year. The new contract is expected to generate approximately \$17 million on annualized revenue.

In New Mexico, we are pleased to have entered into contract amendments for all three of our correctional facilities, which provides for incremental funding to support wage increases for our employees. Since the beginning of this year, we have now entered into several contract renewals, amendments, or new contracts for our state correctional facilities in California, Oklahoma, Virginia, and New Mexico, with new funding that supports wage increases for our employees around the country.

This past legislative cycle, we received the most significant funding increases across the state jurisdiction that we serve since the 2008 Great Recession. While state budgets have continued to improve, several states continue to face capacity constraints and many of our state customers are facing challenges related to older prison facilities which need to be replaced with new or more cost-efficient facilities. In the states where we currently operate, the average age of state prisons ranges from approximately 30 to 60 years.

As we have mentioned in prior quarters, several state jurisdictions have discussed the need for replacement facilities. The state of Wisconsin has explored the development of new facilities to replace one or more of the state's oldest prisons. The state of Vermont also publicly acknowledged the possibility of pursuing a privately developed and financed option for a new 1,000-bed correctional facility.

Moving to the federal level, during the third quarter, we completed the development and began the activation of the new 1,000-bed ICE Processing Center in Montgomery County, Texas. This activation process was more lengthy than previous ones due to the complexity of the facility. The Montgomery facility is approximately 400,000 square feet designed to withstand a Category 5 hurricane, provide second-story office space for 170 ICE staff, and can serve as an emergency command center for ICE. At a capital cost of approximately \$120 million, the Montgomery ICE Processing Center is GEO's most expensive facility investment and is supported by a 10-year contract with ICE. The new center is expected to generate approximately \$44 million in annualized revenues.

Also, during the quarter, we activated a previously idle 338-bed annex at our company-owned Folkston ICE Processing Center in Georgia, expanding the center from 780 beds to 1,118 beds. With respect to pending federal procurements, the Bureau of Prisons has two active solicitations for the exclusive housing of criminal aliens. Under the CAR 18 solicitation, the BOP is rebidding the management contract for the government-owned 2,355-bed Taft, California facility. We expect an award decision for this management contract to be made by the BOP by year-end.

Under the CAR 19 procurement, the BOP expects to award up to 9,500 beds at existing facilities. The proposals were submitted last year and we now expect an award decision under this procurement to be made during the first quarter of next year.

Moving to our international markets, we are well underway with our operational readiness preparations under our new 12-year contract with the provision of court custody and prisoner escort services in Scotland through our GEOAmev joint venture. This new contract will take effect in January 2019 and is expected to generate approximately \$39 million in annual revenues for our joint venture.

Finally, in Australia, we are undertaking three expansion projects to support the growth of state prison populations. In the State of Victoria, we have begun ramping up 300 beds at our Ravenhall Correctional Centre, which will bring the total capacity at the center to 1,300 beds. Also in Victoria, we are moving forward with a 137-bed expansion to our Fulham Correctional Centre, which will bring the total capacity at the center to 955 beds. We expect this expansion to be completed in late 2019. And in NewSouth Wales, we are in the process of expanding the Junee Correctional Centre by 470 beds, bringing the total capacity to more than 1,500 beds.

Finally, as we have previously disclosed, we are in the process of transitioning the operation of the 938-bed Parklea Correctional Centre in New South Wales to a new service provider by April 2019.

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

Ann M. Schlarb

Senior Vice President and President, GEO Care, The GEO Group, Inc.

Thank you, Dave, and good morning, everyone. I'd like to give you an update on our four GEO Care divisions, beginning with our GEO Reentry division. During the third quarter, we continued to execute in our strategy to maximize the utilization of the re-entry assets we acquired as part of the acquisition of Community Education Centers. This strategy has entailed a thoughtful operational review alongside our government customers, which has allowed us to improve the utilization of our larger company-owned assets, while idling a number of smaller underperforming company lease sites. Our overarching goal in executing this strategy is to more efficiently provide high quality services for our customers and achieve better economies of scale for our GEO Reentry division.

We continue to be optimistic about the potential for revenue synergies and new growth opportunities under our expanded re-entry programs and in-custody treatment services platform. We are currently pursuing several new business opportunities in our Reentry division with significant revenue growth potential.

In terms of our Youth Services division, we continue to experience stable utilization rates and steady operational performance across our facilities. As we have noted in prior quarters, our Youth division has remained stable for several years after we undertook a number of consolidation and marketing initiatives that have allowed us to maximize the utilization of our larger better performing sites.

Moving to our BI Electronic Monitoring division, we continue to experience increased utilization under our ISAP contract with ICE, and we would expect the current utilization trend of the program to continue going forward. At the state and local level, BI continues to look for opportunities to grow its market share across the diversified spectrum of electronic and location monitoring technologies.

Finally, we continue to be pleased with the expansion of our GEO Continuum of Care programs, which have now been implemented across 18 GEO facilities. We believe that our focus on rehabilitation and recidivism reduction programs is consistent with criminal justice and prison reform efforts being undertaken at the federal and state levels in the U.S. which have received bipartisan support from legislators and policymakers.

Our GEO Continuum of Care integrates enhanced and custody rehabilitation programs, including cognitive behavioral treatment with post-release support services such as transitional housing, transportation, clothing, food and job placement assistance.

Importantly, we believe that the scope, substance and rapid expansion of our GEO Continuum of Care programs are unparalleled in our industry. We expect these efforts will allow our company to pursue new quality growth opportunities across our diversified GEO Care divisions.

At this time, I'll 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. We are pleased with our third quarter operational and financial performance and our outlook for the fourth quarter. We are particularly pleased with our three facility activations this quarter which includes the new \$120 million 1,000-bed ICE Processing Center in Montgomery County, Texas; the 661-bed Eagle Pass, Texas facility for Idaho out-of-state inmates; and the 338-bed Folkston, Georgia annex for ICE.

In the International sector, we've begun a 300-bed expansion at our Ravenhall facility and are negotiating expansions at two other Australian facilities totaling approximately 600 beds. We remain optimistic regarding the outlook for new contract awards with two large federal BOP procurements totaling approximately 12,000 beds expected to be decided between the end of this year and the first quarter of next year.

We continue to carefully evaluate the allocation of capital in order to enhance long-term value for our shareholders and are delighted with the early success of our GEO Continuum of Care program of enhanced rehabilitation and its expansion into 18 GEO facilities involving tens of thousands of individuals. We believe strongly that we are at our best when helping offenders in our care re-enter society as productive and employable citizens. We also expect that our company's success in improved rehabilitation and recidivism reduction programs will continue to achieve bipartisan support from legislators and policymakers.

As always, I would like to thank all of our employees worldwide whose dedication and professionalism have created GEO's success. We are now happy to open the call to your questions.

Question And Answer Section

Operator

We will now begin the question-and-answer session. [Operator Instructions] The first question will come from Tobey Sommer of SunTrust. Please go ahead.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

Thank you. Starting out with a topical question and something you mentioned in your prepared remarks about the election et cetera, any impacts not just with the election results themselves for the parties but ballot initiatives that you see that might influence or impact the industry? Thank you.

George C. Zoley

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

No. There's nothing of a material nature at either the federal or state levels. At the federal level, in particular, we expect with the Democrats now on the verge of controlling the House that we will probably see more continuing resolutions from a budgetary standpoint, which will make the funding approximately consistent with what it has been. But we still see there to be opportunities within our detention sector in particular with ICE because of continuing consolidation efforts by that agency throughout the country.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

With respect to funding, if it's capped at CR levels, do the agencies including ICE have some flexibility underneath their total budget allocation to shuffle monies to accommodate changes in immigration patterns specifically in the case of ICE?

George C. Zoley

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

I believe they can within the overall Department of Homeland Security.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

Okay. What is the opportunity in Australia represents in dollars and in what sort of timeline for those expansions should we be anticipating at this point?

George C. Zoley

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

Yeah. I don't think we have done a specific calculation of the dollars as yet, particularly on the two expansions. And I think the timeline for their activation is approximately two years.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

Okay. I'm curious about your perspective on BOP populations headed into next year and beyond, given that we do have some glimpses into U.S. Marshals populations that have been rising in recent quarters and ICE populations that have been elevated for a period of time. How do you see the BOP in the populations trending in the future?

George C. Zoley

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

Well, the Marshal Service is a feeder agency to the BOP. So as the U.S. Marshals' populations have increased steadily over this last year, we expect that many of those individuals will be going into BOP facilities, but there's obviously a time lag because of the time for adjudication and final sentencing, that has to take place, which is typically several months.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

Okay. And on the Continuum Of Care, I think in your prepared remark said at 18 facilities, is there an opportunity for the company to license this to customers, as sort of a standalone approach? I'm just kind of curious if there's more potential there than using it as a differentiator for your core service in the future. Thanks.

George C. Zoley

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

A little bit – GEO presently provides enhanced, rehabilitation services to other governmental clients other than ourselves. So we presently do perform those services on a separate contract basis. And yes, there's – we expect there will be continuing opportunities at the federal and state levels to do more of this, because of the interest in improved center rehabilitation.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

How big is the business now and you don't have to talk in dollars necessarily, but what is the opportunity in the future for that if you're successful at increasing adoption across other agencies in states?

George C. Zoley

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

The scale of it is approximately less than \$1 million per facility. But the general opportunity would be several tens of millions of dollars for our company.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

And last question for me, the insurance reimbursement that you mentioned, maybe, Brian, could you give a little bit of color on how that will play out and what the dollar values are and timing as we head into next year? Thank you.

Brian R. Evans

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

So, currently, in the fourth quarter, we'll absorb the losses which are primarily related to our staff which are continuing with the company, so we're continuing to pay them, and then we expect to get reimbursed for those costs probably in the first or second quarter of next year as we work through a typical process with the insurance company. They're going to review the losses and audit those results. There's also physical damage to the facility, and we will incur those costs as well, but the insurance company again will cover those costs to rebuild and repair the facility. So, it's really just the timing. We don't expect any material impact to our P&L. But the way the accounting works, we're likely going to have the losses first and then the revenue or the reimbursement from the insurance companies later.

We are looking at trying to match those up within the quarter, but it is difficult as you look at insurance reimbursements. We always kind of look at it as a contingent gain and it's more difficult to recognize those until you know for sure what you're getting. But we don't really expect any issues. And we may be able to match those up in the quarter, but right now, just to be prudent, we're providing the guidance that we're going to absorb those costs and the revenue may come later. And when it does, we'll proforma the revenue, offset as well.

Tobey Sommer

Analyst, SunTrust Robinson Humphrey, Inc.

Thank you very much. [Operator Instructions]

Operator

The next question will come from Mark Strouse of JPMorgan. Please go ahead.

Mark W. Strouse

Analyst, JPMorgan Securities LLC

Hi. Good morning. Thanks for taking our questions. Just two quick ones, I think. Good to see that we're getting closer to the BOP Awards. It sounds like the current 2019 program is just a little bit later than what the message was last quarter anyway. Just kind of curious if there's been any change in the specs of that procurements, or just kind of normal contract slippage?

George C. Zoley

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

Normal slippage, because it's a national procurement, which includes proposals from a number of different states. And the BOP has to go through this environmental review process on every proposal, which is quite complicated. But we've seen some movement recently that they're progressing in the procurement and we expect results, I would say, by the first quarter of next year.

Mark W. Strouse

Analyst, JPMorgan Securities LLC

All right. Yeah. It makes sense. Okay. And then, just lastly on the buybacks, doesn't look like there were anything material anyway for share repurchases during 3Q. Just kind of curious how we should – if anything's changed, I guess, and you're thinking about that program.

Brian R. Evans

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

No, I mean, as George mentioned, there's \$130 million in additional capacity. We'll continue to monitor opportunistically and evaluate it against our other capital needs and growth initiatives and opportunities. So, I think we've done that effectively this year and we'll continue to look at it going forward.

Mark W. Strouse

Analyst, JPMorgan Securities LLC

All right. Okay. Thank you very much.

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. Well, thanks to everyone for joining us on this conference and we look forward to addressing you in the near future.

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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N83D6E6LAW M=KEBNMH].R(IYCyc)@V:"JH(F.5,2&,<67UMGN?9B*TSEGE#DDR;F"[NQ:"L M95N>&(V
[EFA^*RTAIQ &F"*\LLAY]QYWBZ.ARKL_*Kcw4+Y+B6TS-/9TYBBXLTZ@ZDF M+&):!Q4NC[GS.3Q)
10W"3* /Z[Q"LM'-P>A;6YICDS0B\$<3U ME@V5^0JP-JE#OU"J(K&.!C")/4BRO<5FEW%?;6F2PYP-EG
[JZRT^&FB2Q>;K%\$YBH9.0#Y/XH/- MQ:TU8_*W\$JO9JH:9*5;QYN;BXP_ X/[(%K+,"YJ&YC<14&]0V'^CZKA0
M^N>MB)) +G[HUC:67'6D]3C#[#/#]([E^*GA^] &V P_C5[?2]7EXUYN& MFR-SXH])T[\$.OMEXO@_10"?GY^IB>)
(6G9Z;SY91_P"4#;_2.SLB-P7K3S*.T]>%6/OL)D9NGK[?C/]H<3X';VR"# MDI7SL*5^JMLMS^DL&=NG!6#(YSR-
Q)Y?<.9J9H>4.HXM!O)96-SJK*.1M M[NP3U>?L &P+4%GAB")2(HRID):(5(YK5P]8L]U(O[G,"VS&SLFBRP7GC
MU%N\$CX1A\$<\$YHM?BA5!K4D" M4N^9,+L"RPV&O,C%;KQSM%-.^#0SEGXR%F4 M@>F("\$F,E0]7QL

M%FK,C"N&)Y5&O/7JA%L8?)%941.4Q=R#-QN?(f2Z(8U*8XY,G)7MNSE% M=EA.2;G5.8'E+@-%
NV@X\$'CI_0;=L-T=8;)/#AJ(ZXJX^B'.IC(RN5R=ZSZZG_(U'(A,F%9C:X?V4G54F6T M'6D^SA?>4"8=0*>K
C^Q_+4#0V0R(S_@N-%I^9#B?^*U^P^A&W-XE?3;6O+M6O=S5]*NHN8S?DJ^_-U^>^L?)47QJCX=-.E_-EIZ-
/A^S'GZ/X MO\|NY5%Y^CK4WR#RR.7DL[LS? *O;/#3+BE97MB.ZM06RI<2.4YLU+,%K-3U7P_-;J6ZHQ
MOF_I>K3V=G?HF<.MMLX M;B,@PIL+D3;G/7P_&DKS>Z?AUIXG+QY*ZD[[27];&G%_#G:(Q2+W):.(N1N
M=3+/_2.7@YVR3TXM-0DTFS"BU0]H^R5D&;72^P(HNBK"J(+BKJ+NKVV,G MNG,XZVB6V]L+;FXR9#*B)
X7+4NWQ>8\$ORCM*TIZ--2ITLW%CMMXF_GD-QI* MW&.\$&!/5F90\$YJ!0>/+0+4]@:M?2KJ6SNT?DW.8O@(-)&
[P!\$?)8>@W\$ M=1#TB_27AO[-G!U*/5+|N6_LC?LC4!-*^T50T/VT?P>NI;),_BEBNG7>AY^1J+J5I%>/RH!^R
TX Z;BF^AZ=-_0:X;,%MN.2.Z""%BRVH" T#CR<MW,2/B^Y>1JQM03Y/JM+!-P;C^B+)NDL7BQJK)Q)
&Q5QV\$&A'OC6+HDBE) &0]MH(J/@_L9:%AW 1Q7\$3+&EB#HJ)5F#54(M1\$2)'C@.D8&1TB\$ "BETB4 M]
&LA;/O,5=AS_&XGTO-\OOZQ,,+@9:X@S;HNGPI)4Q>.\$TRK.O+*(@7K\$VP>C7C2RNBQNS->P\$D@>X.P>]KU
M8HU8NJJ;M(J?-/?K"AZQ6ZZ9V>OUZ#@SR"OGOS0)2PC##5]Q'SG9F3=-7* MNYA'J/U#XZSFNKFY-%Q))(%%!
S,6H(*DT)[(\$-M;V]3!&B% C4]J@5/E-*Z MVMCFD&J)U;O6;I,R+EH[02@/I M;VT;4F[D!_5E-
KHEO;R.02S32O*0869B1[A]J/>UICL[2%#%&L;-H"J? M=-%#KFCZI5HER5[?%5J C'A"3(CX>9N2D4#H4
(5-LV35*10/P.PAZ=8R M7-U,O)++(R>0L2/@)U|^VT3<|4.*_E" @X0-?R9K?MKY2_)Z#^4?E>H?2]MDL/7D='E^3[5]
7]>KR>]F;,>&O/55SX^T7Q)/HU.\G,>6OEY.T^QKWZ- M;^J)/T%*.T.W.ZT^IE/E)5* -DZI6L&;,@F"\$P^@HMW*
MH@E^M E(.&JCM,\$_TNQPV]S75>WL4I@BFE6 JAV"GW@:YWL[2643R1HM, M.QBJEA[Y%=-;+C47
[B52CF*4H[23,NI)-HW(_6M^*JK V]N9A(N2DZAG926F*_BW" L]2ZHCD6,S%&)W+(%3>0D,Y96F;,K M*M+5=
[LHBH^KI\$B%8>6GY(JE4ZPXL/EH-C+^9G9I4MX&1%:8<|B%5(-N(> M22A..GHT%*UKI"V10"JVUM,<[+
++-P8VPDMX1-27Z/>4N_V"K29) M)TG.^I6;NS.6--8D6,(BT2(4:Z!VUY#?W.,VK^PDDN!-6S1LKR&X#QN&%
0I^V4D5^N MU&HH".(YSPHR7-[I.H.7V+8.==Y&A,_6[(U5F6.YO)6C8VZL95N^EDYA4JW(?Y)N:@"-7F
M^*5FV1)!T@R.3S-S+R/C8Y&NIG/-7;D4.T7G)%GXOY&LU]
E;@EGZ6Y#X9J>3L>IMED.0ZJK4,12HJOT.L*M9-,E8B[ME57P.COTE4BN^4DN8YQ\K8NAKN^N-OSW%XT0Y9:]
@26,,8R@YXPL.T/HAT->M8\$5+&O9I.ES.X,CTWR&1S4MV+2YZP@O+5)GMVA^C6Z16)#CP4GA;G,BD!G ME.D?>
+6^G7BQ0=AXU M/"NNG/X=-6(M-N8;/NR3W^3;Z)E9K<+;^SV|\$V0C].H%HB&Y CZ-2..L M?D%>
+V^Y#"">\$G;6ZW683B&R&^1&5K;>O8H;V^]6*?*2TG4D7(1^38NWMV2<M.Y=/0 J8'(NJ)@.,O,U+(LSL/(P+%
*TE#@!"6;#6O?5 MWE;?>ZM?;PX-?I*7LIBLA)/&NY,0GFGN4D,PC*4^E54",J8UH.5HJDE89^,P#Q2S3>K!
+7W^53Q MH?9;H+;,\$Y0L@/I.0LD.C%9/ASLY5D\R(KI4SM1BW+@_5]8V3ZCFVTW7GF MCPV.RMX
[36,4;D8F..0DN)5H092O9R\$.\.HSN+^M]C[8W-FIY;[6N. M9KFV%);73.TJ;+R,JZM=-%0IX+MQYO1J333AH-
X\GN=V3"OA-(Q%?6Q(M:# M*9PM,4K)I;%[AZNWA,M@-!7)=V)3N0VM*?3[LI9KWK5D1|I:0&R;?/D9KNH8Z!
E" F%(YA\$NPB.E,*RRIFK-&8(T=S4 D TC4BH[Z=U>S3RWA=W4& M^]OV;LB026V5+JK\$*Y2WB*%E!
HW*22M0>4FHHC6\$[(F0T+SQ:Q=;?9YY> M5J5^RO^R\G+R#OY6T^*8Y. 0CIQ-5-3VN^H5Y:/FJ?K!E#IMU&IR[;
[Z:W+ MZ^%WC;?-RR.SIR3*22>>.2*H#>L8Y PX]@Y3J&NF&>SRYG.NV\Q-7,[R6MS>MQN
[LWCVUQ:\P60DGQ&MKA9\$-4A3&133KL_FB,7R.Q9C#)]QFJAB&0Q9?[[MKL55 5]51\$/5C##7-#-[<2^:68R?E JK+
(ZUCD MN^4CT6 (^%/&@^+327>1MF>F,&>ENKTFW/M&44L-U<1]O<9@0D5210Z&+T M8R;\B_R9&E6SU5
M>,%]EZ,L9G*#-WZ^NY<\$0.*,\$43*?2EED7%Y:UGE+2XQ!%&J"=Q)\$[24\$A0M M68-4*>8DT!X\$5TYMXPQ
[1WCBK^>6[VK^EI.Q6ZWR7-K.R52Y.\$R(L^9D]K)*G-J+72CSSSF*.IX|-.?>09K?8@CF11[F^UXM4>CW M]
NE;>FXKBPBWQ.2WKP9\$18XVT?C,K@RPK_NXY@WI2RGPQQ.M>NHY,F[LU MYER"J4]<*[7X|^+^"J+79#
(D^A7^HA9*^,F_I\$GC CH(&:8Y0>/4CR#@@%9 MEB&'7Q\$)N!-2"* 2VW.UNJG7PY%O&7PS*PI&[GB>A,*)5;
(N9LP6W M)UGQROC_/5EJ-H;C(8GS.?.T%QN?W; ME9%;?%7D,DC/%%7]]QUQ%K]JN]C M_HDAGR;LR
[PU_EZ*.4[A7+;+L7XZG(B).DY.\$BI2.-+*D2!8HK V(GTG!(M\$);H.M[RRQD-Q)] G%R]?\$;?BNKDQ1-
+6J@@DTKQH!QI37989F?-X#:UCDK MRX]GL@F5F+?27MOID)4[M9VLMF" C1T+\$\$F^R!:\$+RZ0?ZS^*/_.\$9%_?
C M^|^*]?+ \$?)>G _]M YM(_Y?OO\]/_ "O@?UZ3M6GW|[F.F3<7;/ M^"W_/6_R? \ W<_]7M_D]M]
G7=V7Y6Y;H7GSIR?N\XVNC H5^C3=?N3_B)=.XG_BRI_VM<(?.Z#US[<_MN#_ \E!^ND_IC^CL^?A?^/CTYOF)
^+EA V4|_?TKRNG!N;^7R^?71?CCJ M1>J]?W+ P^F;7_C7UV_MK_BA.?X6Y\$ [4==&Q?];G)) +5_5]_18W]JNO\
MLU&KQ? \XL.0W]P^&A I65TQ;:_4+WV|. CM5[Z<_Z##SH;:>N3_O^*^#V^W^ITW7_J?/_ P"8;=_#71>[Q^+(\$)+9_
MR>UQ]2OZG.^A^]&D;.;^Y<5_)_Q:R.B?Q?9S_LO<0OG%*ZROOZE=_Y? M9_?>6>X[CS7_IO!_CGT]"^!TA?>
V<:\KWIU)_J",^PQ_?R.EZ#)]_ MD% M^N=19@];_0_U4/G=;!ZC7*-N;]S_+ZZJWNO_P#SS[G_?^I6J_E7<M?>
_NM1_Z/E=*>2_2)!U^+TZ=S?;]3-C^%MO^&I%,Q?Q\>OX.9^9D^H9/M^+|^+J>MU_ZUP7]GR?XB/38]2?QA]
OO^S]D;YMPFD#&_P!=PO\8Y?O M5U^6UO[V_-D5U^*CUK^?^B^U7^46+ _P!Q>ZPZD?W+^"UH_6B_T;?>
MV]/O6UI=7Y/&@_ZOBC_) ;6G=W^BX?_ MU[COP_?/IG=0 \J)VU_9X_QL^M-GW]J/@7]S.Y_P"BIUKS/Z0;/W\$_
[-<>M^A JHPGX.+>VOGFM^UQ. P_ZN_MUKS=^?LL=^Y^_P!5 _?3?MCW8OQ MS.6/G[X^3/L/##>_OI5S^M?>
VJR_973LWG_7]Q?YK@?V8=(WG[]7QY_ MS()3;2G32WO_U)X+_W?WCZ67"GZSQ_-D8Y2?/"N:5L5V8_M^RW?>
WZZ=VS_B];_RC;?1%IO>7OR4N?W0_-/*U:1