The GEO Group Reports Third Quarter 2014 Results

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- **3Q14 Net Income per Diluted Share of $0.54**
- **3Q14 Normalized FFO of $0.72 per Diluted Share; 3Q14 AFFO of $0.84 per Diluted Share**
- **Increased 2014 AFFO Guidance to $232-$235 million or $3.21 to $3.24 per Diluted Share**
- **Increased Quarterly Dividend by 9% to $0.62 per Share**

BOCA RATON, Fla.--(BUSINESS WIRE)-- **The GEO Group, Inc. (NYSE: GEO)** ("GEO"), 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, reported today its financial results for the third quarter 2014.

Third Quarter 2014 Highlights

- **Net Income per Diluted Share of $0.54**
- **Net Operating Income of $122.2 million**
- **Normalized FFO of $0.72 per Diluted Share**
- **AFFO of $0.84 per Diluted Share**

For the third quarter 2014, Normalized Funds From Operations ("Normalized FFO") increased to $52.2 million, or $0.72 per diluted share, from $42.1 million, or $0.59 per diluted share, for the third quarter 2013. Third quarter 2014 Adjusted Funds From Operations ("AFFO") increased to $60.8 million, or $0.84 per diluted share, from $51.8 million, or $0.72 per diluted share, for the third quarter 2013. For the third quarter 2014, Net Operating Income ("NOI") increased to $122.2 million from $102.0 million for the third quarter 2013.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said: "We are very pleased with our third quarter results and outlook for the balance of the year, which continue to reflect robust operational and financial performance from our diversified business units. Our quarterly results continue to be driven by strong occupancy across our diversified real estate assets. Since the beginning of the year, our GEO Corrections & Detention division has activated new contracts or has announced contract awards totaling more than 6,000 correctional and detention beds, and our GEO Community Services division has continued to expand with the opening of approximately a dozen new day reporting centers and the provision of community supervision services in several new markets. We continue to be optimistic regarding the growth opportunities in our industry, and we have increased our quarterly cash dividend by 9% to $0.62 per share which is indicative of our commitment to return value to our shareholders."

GEO reported total revenues for the third quarter 2014 of $457.9 million up from total revenues of $379.8 million for the third quarter 2013. GEO reported third quarter 2014 net income of $39.0 million, or $0.54 per diluted share, up from $29.9 million, or $0.42 per diluted share, for the third quarter 2013.

Compared to third quarter 2013, GEO's third quarter 2014 results reflect the activation of 1,500 company-owned beds at three facilities in California in November 2013; the assumption of management at three managed-only facilities totaling 3,854 beds in the State of Florida in February 2014; a 400-bed contract capacity expansion at the company-owned Rio Grande Detention Center in Texas during the first quarter 2014; the activation of the company-owned, 300-bed McFarland Female Community Reentry Facility in California during the third quarter 2014; and the opening of new day reporting centers in Pennsylvania, California, and Virginia during the fourth quarter 2013 and first quarter 2014.

Additionally, GEO's third quarter 2014 results reflect $38.9 million in construction revenues and $0.6 million in construction NOI associated with GEO's recently signed contract for the development and operation of the new 1,300-bed Ravenhall Prison Facility in Australia.

First Nine Months 2014 Highlights

- **Net Income per Diluted Share of $1.47**
- **Net Operating Income of $348.9 million**
- **Normalized FFO of $2.02 per Diluted Share**
- **AFFO of $2.40 per Diluted Share**

For the first nine months of 2014, Normalized FFO increased to $145.4 million, or $2.02 per diluted share, from $125.7 million, or $1.76 per diluted share, for the first nine months of 2013. AFFO for the first nine months of 2014 increased to $173.2 million, or $2.40 per diluted share, from $153.7 million, or $2.15 per diluted share, for the first nine months of 2013. For the first nine months of 2014, NOI increased to $348.9 million from $312.8 million for the first nine months of 2013.

GEO reported total revenues for the first nine months of 2014 of $1.26 billion up from total revenues of $1.14 billion for the first nine months of 2013. GEO reported net income of $105.9 million, or $1.47 per diluted share, for the first nine months of 2014, up from $87.6 million, or $1.22 per diluted share for the first nine months of 2013.

Compared to the first nine months of 2013, GEO's results for the first nine months of 2014 reflect the activation of 1,500 company-owned beds at three facilities in California in November 2013; the assumption of management at three managed-only facilities totaling 3,854 beds in the State of Florida in February 2014; a 400-bed contract capacity expansion at the company-owned Rio Grande Detention Center in Texas during the first quarter 2014; the activation of the company-owned, 300-bed McFarland Female Community Reentry Facility in California during the third quarter 2014; and the opening of new day reporting centers in Pennsylvania, California, and Virginia during the fourth quarter 2013 and first quarter 2014.

Additionally, GEO's results for the first nine months of 2014 reflect approximately $38.9 million in construction revenues and $0.6 million in construction NOI associated with GEO's recently signed contract for the development and operation of the new 1,300-bed Ravenhall Prison Facility in Australia.

Net Operating Income, Funds From Operations ("FFO"), Normalized FFO, and AFFO are widely used non-GAAP supplemental financial measures of REIT performance. Please see the section of this press release below entitled "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.

2014 Financial Guidance

GEO updated its guidance for the fourth quarter 2014 and the full-year 2014. For the fourth quarter 2014, GEO expects AFFO to be in a range of $0.81 to $0.84 per diluted share. On a GAAP basis, GEO expects fourth quarter 2014 net income per diluted share to be in a range of $0.51 to $0.53 and fourth quarter 2014 revenues to be in a range of $431 million to $436 million, including approximately $21 million in construction revenue associated with GEO's recently signed contract for the development and operation of the new 1,300-bed Ravenhall Prison Facility in Australia.

GEO increased its full-year 2014 AFFO guidance to a range of $3.21 to $3.24 per diluted share, or $232 million to $235 million. On a GAAP basis, GEO increased its net income guidance for the full year 2014 to a range of $1.98 to $2.00 per diluted share. GEO increased full-year 2014 revenue guidance to a range of $1.695 billion to $1.700 billion, including approximately $60 million in construction revenue associated with GEO's recently signed contract for the development and operation of the new 1,300-bed Ravenhall Prison Facility in Australia. GEO increased its full-year 2014 Net Operating Income guidance to a range of $476 million to $479 million. GEO increased its full-year 2014 Adjusted EBITDA guidance to a range of $346 million to $349 million.

Quarterly Dividend

On November 5, 2014, GEO's Board of Directors declared a quarterly cash dividend of $0.62 per share, which represents a 9% increase from GEO's most recent quarterly cash dividend. The quarterly cash dividend will be paid on November 26, 2014 to shareholders of record as of the close of business on November 17, 2014. 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.

Senior Notes Offering and At-the-Market Equity Program

On September 25, 2014, GEO completed the offering of $250 million aggregate principal amount of senior unsecured notes due October 2024 (the "Notes"). The Notes were issued with a coupon and yield to maturity of 5 $^{7}/_{8}$%. On May 8, 2013, GEO filed with the Securities and Exchange Commission a prospectus supplement related to the offer and sale from time to time of GEO common stock at an aggregate offering price of up to $100 million through sales agents in negotiated transactions or transactions that are deemed to be 'at the market' offerings. During the third quarter 2014, there were approximately 1.5 million shares of common stock sold under the prospectus supplement for gross proceeds of approximately $56 million. GEO used the net proceeds from the Notes offering and the sales under the prospectus supplement to pay down outstanding borrowings under its revolving credit facility and pay related fees, costs and expenses.

Reconciliation Tables and Supplemental Disclosure

GEO has made available a Supplemental Disclosure which contains reconciliation tables of Net Income to Net Operating Income, EBITDA, and Adjusted EBITDA, and Net Income to FFO, Normalized FFO and AFFO along with supplemental financial and operational information on GEO's business segments and other important operating metrics. 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 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 Disclosure which is available on GEO's Investor Relations webpage at www.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 third quarter 2014 financial results as well as its progress and outlook. The call-in number for the U.S. is 1-888-226-6761 and the international call-in number is 1-704-815-6133. The conference call participant passcode is 28865369. In addition, a live audio webcast of the conference call may be accessed on the Conference Calls/Webcasts section of GEO's investor relations webpage at www.geogroup.com. A replay of the audio webcast will be available on the website for one year. A telephonic replay of the conference call will be available until November 13, 2014 at 1-855-859-2056 (U.S.) and 1-404-537-3406 (International). The conference call participant passcode for the telephonic replay is 28865369.

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 98 facilities totaling approximately 78,500 beds, including projects under development, with a growing workforce of approximately 18,000 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 and Adjusted Funds from Operations 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, EBITDA, 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 2014, 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, and real estate related operating lease expense. Net Operating Income is calculated as net income adjusted by subtracting equity in earnings of affiliates, net of tax, 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, and real estate related operating lease expense.

EBITDA is defined as Net Operating Income adjusted by subtracting general and administrative expenses, real estate related operating lease expense, and loss on extinguishment of debt, pre-tax, and by adding equity in earnings of affiliates, pre-tax. Adjusted EBITDA is defined as EBITDA adjusted for net income/loss attributable to non-controlling interests, non-cash stock-based compensation expenses, pre-tax, and certain other adjustments as defined from time to time, including for the periods presented REIT conversion related expenses, pre-tax, loss on extinguishment of debt, pre-tax, and non-cash mark-to-market adjustments for derivative instruments. 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. 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 REIT conversion related expenses, net of tax, tax benefit related to IRS settlement and REIT conversion, and loss on extinguishment of debt, net of tax.

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 costs and other non-cash interest, and non-cash mark-to-market adjustments for derivative instruments and by subtracting recurring consolidated maintenance capital expenditures.

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 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 fourth quarter of 2014 and full year 2014, growth opportunities, and the expected activation of certain facilities in the fourth quarter of 2014. 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 2014 given the various risks to which its business is exposed; (2) GEO's ability to declare future quarterly cash dividends and the timing and amount of such future cash dividends; (3) GEO's ability to successfully pursue further growth and continue to create shareholder value; (4) risks associated with GEO's ability to control operating costs associated with contract start-ups; (5) 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; (6) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (7) GEO's ability to obtain future financing on acceptable terms; (8) GEO's ability to sustain company-wide occupancy rates at its facilities; (9) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (10) GEO's ability to remain qualified as a REIT; (11) the incurrence of REIT related expenses; and (12) 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 2014 financial tables to follow:

Condensed Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	(Unaudited)			
	Q3 2014	***Q3 2013***	***YTD 2014***	***YTD 2013***
Revenues	$ 457,900	$ 379,842	$ 1,263,880	$ 1,138,526
Operating expenses	342,216	283,903	934,197	843,946
Depreciation and amortization	24,079	23,888	71,969	70,480
General and administrative expenses	28,287	27,222	84,937	86,625
Operating income	63,318	44,829	172,777	137,475
Interest income	1,048	1,084	2,604	3,433
Interest expense	(21,408)	(21,569)	(62,662)	(62,013)
Loss on extinguishment of debt	-	(1,451)	-	(6,978)
Income before income taxes and equity in earnings of affiliates	42,958	22,893	112,719	71,917
Provision for (benefit from) income taxes	5,537	(7,755)	11,062	(14,142)
Equity in earnings of affiliates, net of income tax provision	1,544	1,526	4,202	3,772
Income from Continuing Operations	38,965	32,174	105,859	89,831
Loss from Discontinued Operations, net of income tax provision (benefit)	-	(2,265)	-	(2,265)
Net income	38,965	29,909	105,859	87,566
Less: Net loss/(income) attributable to noncontrolling interests	26	(12)	20	(42)
Net income attributable to The GEO Group, Inc.	$ 38,991	$ 29,897	$ 105,879	$ 87,524
Weighted Average Common Shares Outstanding:				
Basic	72,380	71,201	71,862	71,046
Diluted	72,637	71,655	72,130	71,557
Income per Common Share Attributable to The GEO Group, Inc. :				
Basic:				
Income from continuing operations	$ 0.54	$ 0.45	$ 1.47	$ 1.26
Loss from discontinued operations	-	(0.03)	-	(0.03)
Net income per share — basic	$ **0.54**	$ **0.42**	$ **1.47**	$ **1.23**
Diluted:				
Income from continuing operations	$ 0.54	$ 0.45	$ 1.47	$ 1.25
Loss from discontinued operations	-	(0.03)	-	(0.03)
Net income per share — diluted	$ **0.54**	$ **0.42**	$ **1.47**	$ **1.22**

Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	As of	
ASSETS	***Sept 30, 2014 (Unaudited)***	***December 31, 2013***
Current Assets		
Cash and cash equivalents	$ 52,680	$ 52,125
Restricted cash and investments	14,448	11,518
Accounts receivable, less allowance for doubtful accounts	266,768	250,530
Current deferred income tax assets	20,936	20,936
Prepaid expenses and other current assets	38,443	49,236
Total current assets	**393,275**	**384,345**
Restricted Cash and Investments	21,360	18,349
Property and Equipment, Net	1,757,062	1,727,798
Contract Receivable	51,998	-

Direct Finance Lease Receivable	11,584	16,944
Non-Current Deferred Income Tax Assets	4,821	4,821
Intangible Assets, Net (including goodwill)	653,188	653,596
Other Non-Current Assets	104,679	83,511
Total Assets	$ **2,997,967**	$ **2,889,364**

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Accounts payable	$ 61,568	$ 47,286
Accrued payroll and related taxes	50,231	38,726
Accrued expenses and other	129,375	114,950
Current portion of capital lease obligations, long-term debt, and non-recourse debt	22,475	22,163
Total current liabilities	**263,649**	**223,125**
Non-Current Deferred Income Tax Liabilities	14,689	14,689
Other Non-Current Liabilities	74,119	64,961
Capital Lease Obligations	10,132	10,924
Long-Term Debt	1,433,279	1,485,536
Non-Recourse Debt	135,347	66,153
Shareholders' Equity	1,066,752	1,023,976
Total Liabilities and Shareholders' Equity	$ **2,997,967**	$ **2,889,364**

Reconciliation of Net Income to FFO, Normalized FFO, and AFFO
(In thousands, except per share data)
(Unaudited)

	(Unaudited)			
	Q3 2014	***Q3 2013***	***YTD 2014***	***YTD 2013***
Net Income attributable to GEO	$ 38,991	$ 29,897	$ 105,879	$ 87,524
Add:				
Real Estate Related Depreciation and Amortization	13,172	13,123	39,538	38,374
Loss from Disc Ops, net of income tax	-	(2,265)	-	(2,265)
Equals: NAREIT defined FFO	**$ 52,163**	**$ 45,285**	**$ 145,417**	**$ 128,163**
Add:				
REIT conversion related expenses, net of tax	-	-	-	4,697
Tax benefit related to IRS settlement & REIT conversion	-	(4,622)	-	(13,038)
Loss on extinguishment of debt, net of tax	-	1,451	-	5,847
Equals: FFO, normalized	**$ 52,163**	**$ 42,114**	**$ 145,417**	**$ 125,669**
Add:				
Non-Real Estate Related Depreciation & Amortization	10,907	10,765	32,431	32,106
Consolidated Maintenance Capital Expenditures	(6,025)	(5,140)	(15,406)	(14,436)
Stock Based Compensation Expenses	1,730	2,423	6,263	5,768
Amortization of Debt Costs and Other Non-Cash Interest	1,522	1,594	3,921	4,609
Non-Cash Mark-to-Market Adjustment - Derivative Instruments	532	-	532	-
Equals: AFFO	**$ 60,829**	**$ 51,756**	**$ 173,158**	**$ 153,716**
Weighted average common shares outstanding - Diluted	72,637	71,655	72,130	71,557
FFO/AFFO per Share - Diluted				
Normalized FFO Per Diluted Share	**$ 0.72**	**$ 0.59**	**$ 2.02**	**$ 1.76**

AFFO Per Diluted Share	**$ 0.84**	**$ 0.72**	**$ 2.40**	**$ 2.15**

Reconciliation of Net Income to Net Operating Income and Adjusted EBITDA
(In thousands)
(Unaudited)

	(Unaudited)			
	Q3 2014	*Q3 2013*	*YTD 2014*	*YTD 2013*
Net income attributable to GEO	$ 38,991	$ 29,897	$ 105,879	$ 87,524
Less				
Net loss/(income) attributable to noncontrolling interests	26	(12)	20	(42)
Net Income	$ 38,965	$ 29,909	$ 105,859	$ 87,566
Add				
Loss from discontinued operations, net of income tax	-	2,265	-	2,265
Equity in earnings of affiliates, net of income tax provision	(1,544)	(1,526)	(4,202)	(3,772)
Income tax (benefit)/provision	5,537	(7,755)	11,062	(14,142)
Interest expense, net of interest income	20,360	20,485	60,058	58,580
Loss on extinguishment of debt	-	1,451	-	6,978
Depreciation and amortization	24,079	23,888	71,969	70,480
General and administrative expenses	28,287	27,222	84,937	86,625
Net Operating Income, net of operating lease obligations	**$115,684**	**$ 95,939**	**$ 329,683**	**$ 294,580**
Add: Operating lease expense, real estate	6,526	6,059	19,227	18,256
Net Operating Income (NOI)	**$122,210**	**$101,998**	**$ 348,910**	**$ 312,836**
Less:				
General and administrative expenses	28,287	27,222	84,937	86,625
Operating lease expense, real estate	6,526	6,059	19,227	18,256
Loss on extinguishment of debt, pre-tax	-	1,451	-	6,978
Equity in earnings of affiliates, pre-tax	(2,255)	(2,104)	(6,116)	(5,244)
EBITDA	**$ 89,652**	**$ 69,370**	**$ 250,862**	**$ 206,221**
Adjustments				
Net loss/(income) attributable to noncontrolling interests	26	(12)	20	(42)
Stock based compensation expenses, pre-tax	1,730	2,423	6,263	5,768
REIT conversion related expenses, pre-tax	-	-	-	7,438
Loss on extinguishment of debt, pre-tax	-	1,451	-	6,978
Non-Cash Mark-to-Market Adjustment - Derivative Instruments	532	-	532	-
Adjusted EBITDA	**$ 91,940**	**$ 73,232**	**$ 257,677**	**$ 226,363**

2014 Outlook/Reconciliation
(In thousands, except per share data)
(Unaudited)

	Full Year 2014		
Net Income	$143,000	to	$146,000
Real Estate Related Depreciation and Amortization	53,000		53,000
Funds from Operations (FFO)	$196,000	to	$199,000
Adjustments	-		-
Normalized Funds from Operations	$196,000	to	$199,000
Non-Real Estate Related Depreciation and Amortization	44,000		44,000
Consolidated Maintenance Capex	(21,000)		(21,000)

Non-Cash Stock Based Compensation and Non-Cash Interest Expense	13,000		13,000
Adjusted Funds From Operations (AFFO)	$232,000	to	$235,000
Net Cash Interest Expense	78,000		78,000
Consolidated Maintenance Capex	21,000		21,000
Income Taxes	15,000		15,000
Adjusted EBITDA	$346,000	to	$349,000
G&A Expenses	113,000		113,000
Non-Cash Stock Based Compensation	(8,000)		(8,000)
Real Estate Related Operating Lease Expense	25,000		25,000
Net Operating Income	$476,000	to	$479,000
FFO Per Share (Normalized)	$ 2.71	to	$ 2.74
AFFO Per Share	$ 3.21	to	$ 3.24
Weighted Average Common Shares Outstanding-Diluted	72,250	to	72,500

The GEO Group, Inc.
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Source: The GEO Group, Inc.