

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attached.](#)

Multiple horizontal lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ [See attached.](#)

Multiple horizontal lines for providing details for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attached.](#)

Multiple horizontal lines for providing details for question 19.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 5/17/2023

Print your name ▶ Marcel Maler Title ▶ EVP, Tax

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

The GEO Group, Inc. and Subsidiaries

Attachment to Form 8937, Report of Organizational Action Affecting Basis of Securities

The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code of 1986, as amended (the “Code”). Holders of the Old Notes and the New Notes (each as defined below) should consult their own tax advisors regarding the particular tax consequences of the Exchange (as defined below) to them, including the applicability and effect of all U.S. federal, state and local and non-U.S. tax laws.

Form 8937, Part I, Box 10

CUSIP Number

<u>Series of Old Notes</u>	<u>CUSIP</u>
5.125% Senior Notes due 2023	36159RAG8
5.875% Senior Notes due 2024	36162JAA4

<u>Series of New Notes</u>	<u>CUSIP</u>
10.50% Senior Notes due 2028	36162JAC0

Form 8937, Part II, Box 14

Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On August 19, 2022 (the “Exchange Date”), The GEO Group, Inc. and Subsidiaries (“GEO”) completed an exchange (the “Exchange”) of a portion of its 5.125% Senior Notes due 2023 (the “2023 Notes”) and its 5.875% Senior Notes due 2024 (the “2024 Notes” and together with the 2023 Notes, the “Old Notes”) held by certain holders for (i) 10.50% Senior Notes due 2028 (the “New Notes”) and (ii) if elected, a cash payment (collectively, the “Exchange Consideration”). In addition to the Exchange Consideration, exchanging holders received a cash payment equal to the accrued and unpaid interest on the Old Notes up to, but excluding, the Exchange Date. Exchanging holders may have received cash in lieu of a fractional amount of New Notes. The principal amount of New Notes and the amount of cash, if any, issued in respect of each series of Old Notes was determined in accordance with the terms of the Prospectus for the Exchange.

GEO has determined that the Exchange constitutes a “significant modification” of the Old Notes within the meaning of Treasury Regulation § 1.1001-3(e), resulting in a deemed exchange of the Old Notes for the New Notes and cash for U.S. federal income tax purposes.

Form 8937, Part II, Box 15

Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

The U.S. federal income tax consequences of an exchange will depend on whether the Old Note and the New Note received therefor are properly characterized as “securities” for U.S. federal income tax purposes. Whether a debt instrument is a security for this purpose is determined based on all of the facts and circumstances, and upon the application of principles enumerated in numerous judicial decisions. Factors evaluated include whether the holder of such debt instrument is subject to a material level of entrepreneurial risk and the holder’s degree of participation and continuing interest in the debtor’s business, but most authorities have held that the term to maturity of the debt instrument is one of the most significant factors. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. Whether a debt instrument with an original term of between five and ten years should be characterized as a security is not entirely clear.

Although the treatment is uncertain, we intend to take the position that both the Old Notes and New Notes are treated as securities for U.S. federal income tax purposes. In such case, the exchange of an Old Note for the Exchange Consideration will be treated as a “recapitalization” for U.S. federal income tax purposes.

A U.S. Holder’s tax basis in a New Note will generally be equal to its adjusted tax basis in the Old Note exchanged therefor, decreased by the amount of any cash received in the exchange (other than cash paid in respect of accrued and unpaid interest on the Old Notes) and the fair market value of the portion of the New Notes treated as “excess principal amount,” increased by any gain recognized on account of the receipt of any excess principal amount. In addition, the portion of the New Notes treated as excess principal amount will have an initial tax basis in such U.S. Holder’s hands equal to the fair market value of such portion.

If, contrary to our intended position, the Old Notes and/or the New Notes are not characterized as “securities,” the exchange of an Old Note for the Exchange Consideration would generally be a fully taxable transaction to U.S. Holders for U.S. federal income tax purposes. In that case, a U.S. Holder’s initial tax basis in a New Note would generally equal the issue price of the New Note.

U.S. Holders of Old Notes should consult their tax advisors regarding the characterization of the Old Notes and New Notes as “securities” and the potential tax consequences of a taxable exchange of an Old Note for the Exchange Consideration.

Form 8937, Part II, Box 16

Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The basis in a holder’s New Notes is calculated in the manner described above in Box 15.

GEO has determined that, as of the Exchange Date, the New Notes were “traded on an established market” within the meaning of Treasury Regulation § 1.1273-2(f), based upon trades reported on FINRA’s Trade Reporting and Compliance Engine. Accordingly, GEO has determined that the issue price of the New Notes as of the Exchange Date was as follows (expressed as a percentage of the New Notes’ face amount):

Debt Tranche	Issue Price (%)
New Notes	96.22%

Holders of the Old Notes should consult their own tax advisors to determine the tax consequences of the Exchange to them.

Form 8937, Part II, Box 17

List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Sections 354, 356, 358, 368, 1001, 1012, and 1273 of the Code.

Form 8937, Part II, Box 18

Can any resulting loss be recognized?

If the Exchange qualifies as a recapitalization for U.S. federal income tax purposes, no loss would be recognized for U.S. federal income tax purposes.

If the Exchange does not qualify as a recapitalization for U.S. federal income tax purposes, the Exchange may result in a loss to a holder that can be recognized for U.S. federal income tax purposes.

Form 8937, Part II, Box 19

Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The reportable tax year is 2022 with respect to calendar-year taxpayers.