MCF GP, LLC
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Prospectus

$250,000,000

Offer to Exchange

Up to $250,000,000 aggregate principal amount

of our 5 7/8% Senior Notes due 2022

(which we refer to as the new notes)

and the guarantees thereof each of which have been registered

under the Securities Act of 1933, as amended,

for a like amount of our outstanding

5 7/8% Senior Notes due 2022

(which we refer to as the old notes)

and the guarantees thereof.

The New Notes:

The terms of the new notes are identical to the old notes, except that some of the transfer restrictions, registration rights and additional interest provisions relating to the old notes will not apply to the new notes. We refer to the old notes and the new notes collectively as the notes.

Terms of the Exchange Offer:

We are offering to exchange up to $250,000,000 of our old notes for new notes with materially identical terms that have been registered under the Securities Act of 1933.

Subject to the satisfaction or waiver of specified conditions, we will exchange the new notes for all old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.

The exchange offer will expire at 5:00 p.m., New York City time, on February 4, 2014, which is the 21st business day following commencement of the exchange offer, unless extended.

Tenders of old notes may be withdrawn at any time before the expiration of the exchange offer.

We will not receive any proceeds from the exchange offer.

The exchange of outstanding original notes will not be a taxable exchange for U.S. federal income tax purposes.

The new notes will not be listed on any securities exchange.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended, or the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after the effective date of the registration statement of which this prospectus is a part, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Investing in the new notes involves risks. See Risk Factors, beginning on page 19.

Neither the Securities and Exchange Commission nor any other federal or state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 6, 2014.

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This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to security holders upon written or oral request to The GEO Group, Inc., 621 NW 53rd Street, Suite 700, Boca Raton, Florida 33487, Attention: Investor Relations, Telephone: (561) 893-0101.

In order to obtain timely delivery, you must request the information no later than January 28, 2014, which is five business days before the expiration of the exchange offer.

We have not authorized anyone to provide any information or to make any representation other than those contained or incorporated by reference in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

We are not making an offer to exchange the new notes for the old notes in any jurisdiction where it is not permitted.

You should not assume that the information appearing in this prospectus or the documents incorporated by reference herein is accurate as of any date other than the respective dates of such documents. Our business, financial condition, results of operations and prospects may have changed since that date. We will amend, update or supplement this prospectus to the extent required by law.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward-looking statements. Forward-looking statements are any statements that are not based on historical information. Statements other than statements of historical facts included in this prospectus, including, without limitation, statements regarding our future financial position and results of operations, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, anticipate, intend, plan, beli estimate or continue or the negative of such words or variations of such words and similar expressions. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements and we can give no assurance that such forward-looking statements will prove to be correct. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements, or cautionary statements, include, but are not limited to:

- if you fail to follow the exchange offer procedures, your original notes will not be accepted for exchange;

- if you fail to exchange your original notes for new notes, they will continue to be subject to the existing transfer restrictions and you may not be able to sell them;

- the old notes and the related guarantees by certain of our subsidiaries are, and the new notes will be, effectively subordinated to our and the subsidiary guarantors senior secured indebtedness and structurally subordinated to the indebtedness of our subsidiaries that do not guarantee the notes;

- there is no public market for the notes;

- our ability to timely build and/or open facilities as planned, profitably manage such facilities and successfully integrate such facilities into our operations without substantial additional costs;

- our ability to remain qualified for taxation as a real estate investment trust, or REIT;

- our ability to fulfill our debt service obligations and their impact on our liquidity;

- the instability of foreign exchange rates, exposing us to currency risks in Australia, Canada, the United Kingdom and South Africa, or other countries in which we may choose to conduct our business;

- our ability to activate the inactive beds at our idle facilities;

- our ability to maintain occupancy rates at our facilities;

an increase in unreimbursed labor rates;

our ability to expand, diversify and grow our correctional, detention, re-entry, community-based services, youth services, monitoring services, evidence-based supervision and treatment programs and secure transportation services businesses;

our ability to win management contracts for which we have submitted proposals, retain existing management contracts and meet any performance standards required by such management contracts;

our ability to control operating costs associated with contract start-ups;

our ability to raise new project development capital given the often short-term nature of the customers commitment to use newly developed facilities;

our ability to estimate the government s level of dependency on privatized correctional services;

our ability to accurately project the size and growth of the United States and international privatized corrections industry and our ability to capitalize on opportunities for public-private partnerships;

our ability to successfully respond to delays encountered by states privatizing correctional services and cost savings initiatives implemented by a number of states;

our ability to develop long-term earnings visibility;

our ability to identify suitable acquisitions and to successfully complete and integrate such acquisitions on satisfactory terms, and estimate the synergies to be achieved as a result of such acquisitions;

our exposure to the impairment of goodwill and other intangible assets as a result of our acquisitions;

our ability to successfully conduct our operations in the United Kingdom and South Africa through joint ventures;

our ability to obtain future financing on satisfactory terms or at all, including our ability to secure the funding we need to complete ongoing capital projects;

our exposure to political and economic instability and other risks impacting our international operations;

our exposure to risks impacting our information systems, including those that may cause an interruption, delay or failure in the provision of our services;

our exposure to rising general insurance costs;

our exposure to state and federal income tax law changes internationally and domestically, including changes to the REIT provisions, and our exposure as a result of federal and international examinations of our tax returns or tax positions;

our exposure to claims for which we are uninsured;

our exposure to rising employee and inmate medical costs;

our ability to manage costs and expenses relating to ongoing litigation arising from our operations;

our ability to accurately estimate on an annual basis, loss reserves related to general liability, workers compensation and automobile liability claims;

the ability of our government customers to secure budgetary appropriations to fund their payment obligations to us and to continue to operate under our existing agreements and/or renew our existing agreements;

our ability to pay quarterly dividends consistent with our requirements as a REIT, and expectations as to timing and amounts;

our ability to comply with government regulations and applicable contractual requirements;

our ability to acquire, protect or maintain our intellectual property;

the risk that future sales of shares of our common stock could adversely affect the market price of our common stock and may be dilutive; and

other factors contained in this prospectus and in our filings with the Securities and Exchange Commission, referred to in this prospectus as the Commission or the SEC, including, but not limited to, those detailed in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the Commission.

SUMMARY

The following summary highlights selected information contained or incorporated by reference in this prospectus and does not contain all of the information that may be important to you. You should carefully read this entire prospectus, including the financial statements and related notes and the documents incorporated by reference in this prospectus, before making a decision to participate in the exchange offer. As used in this prospectus, unless otherwise indicated or the context otherwise requires, the terms The GEO Group, Inc., GEO, GEO Group, the Company, we, our and us refer to The GEO Group, Inc. and all entities owned or controlled by The GEO Group, Inc., including our wholly-owned taxable subsidiaries.

Overview

We are a real estate investment trust, or REIT, specializing in the ownership, leasing and management of correctional, detention, and re-entry facilities and the provision of community-based services and youth services in the United States, Australia, South Africa, the United Kingdom and Canada. We own, lease and operate a broad range of correctional and detention facilities including maximum, medium and minimum security prisons, immigration detention centers, minimum security detention centers, and community based re-entry facilities. For the nine months ended September 30, 2013, we generated revenues of $1.1 billion. For the fiscal year ended December 31, 2012, we generated revenues of $1.5 billion.

As of September 30, 2013, our worldwide operations included the ownership and/or management of approximately 73,000 beds at 96 correctional, detention and re-entry facilities, including idle facilities and projects under development, and also included the provision of monitoring services, tracking more than 70,000 offenders in a community-based environment on behalf of approximately 900 federal, state and local correctional agencies located in all 50 states.

We provide a diversified scope of services on behalf of our government clients:

- our correctional and detention management services involve the provision of security, administrative, rehabilitation, education and food services, primarily at adult male correctional and detention facilities;
- our community-based services involve supervision of adult parolees and probationers and the provision of temporary housing, programming, employment assistance and other services with the intention of the successful reintegration of residents into the community;
- our youth services include residential, detention and shelter care and community-based services along with rehabilitative and educational programs;
- we provide comprehensive electronic monitoring and supervision services;
- we develop new facilities, using our project development experience to design, construct and finance what we believe are state-of-the-art facilities that maximize security and efficiency; and

we provide secure transportation services for offender and detainee populations as contracted.

We conduct our business through four reportable business segments: our U.S. Corrections & Detention segment; our International Services segment; our GEO Community Services segment; and our Facility Construction & Design segment. We have identified these four segments to reflect our current view that we operate four distinct business lines, each of which constitutes a material part of our overall business. Our U.S. Corrections & Detention segment primarily encompasses our United States-based privatized corrections and detention business. Our International Services segment primarily consists of our privatized corrections and detention operations in South Africa, Australia, Canada and the United Kingdom. Our GEO Community Services segment comprises our community-based services business, our youth services business and our electronic monitoring and supervision services, all of which are currently conducted in the United States. Our Facility Construction & Design segment primarily contracts with various state, local and federal agencies for the design and construction of facilities for which we generally have been, or expect to be, awarded management contracts.

Competitive Strengths

Leading Corrections Provider Uniquely Positioned to Offer a Continuum of Care

We are the second largest provider of privatized correctional and detention facilities worldwide, and the largest provider of community-based re-entry services, youth services and electronic monitoring services in the United States corrections industry. We believe these leading market positions and our diverse and complementary service offerings enable us to meet the growing demand from our clients for comprehensive services throughout the entire corrections lifecycle. Our continuum of care enables us to provide consistency and continuity in case management, which we believe results in a higher quality of care for offenders, reduces recidivism, lowers overall costs for our clients, improves public safety and facilitates successful reintegration of offenders back into society.

Attractive REIT Profile

Key characteristics of our business make us a highly attractive REIT. We believe that, fundamentally we are in a real estate-intensive industry. Since our inception, we have financed and developed dozens of facilities. We have a diversified set of investment-grade customers in the form of government agencies, which are required to pay us on time by law. For the fiscal year ended December 31, 2012, we generated 67% of our net operating income from facilities we owned or leased. As of December 31, 2012, we owned or leased 64% of the facilities at which we provided services. We have historically experienced customer retention in excess of 90%. Our strong and predictable occupancy rates generate a stable and sustainable stream of revenue. This stream of revenue combined with our low maintenance capital expenditure requirement translates into steady, predictable cash flow. The REIT structure also allows us to pursue high return on invested capital growth opportunities which may be capital intensive in nature.

Large Scale Operator with National Presence

We operate the sixth largest correctional system in the United States by number of beds, including the federal government and all 50 states. We currently have operations in 33 states and offer electronic monitoring services in every state. In addition, we have extensive experience in overall facility operations, including staff recruitment, administration, facility maintenance, food service, security, and in the supervision and education of inmates. We believe our size and breadth of service offerings enable us to generate economies of scale which maximize our efficiencies and allow us to pass along cost savings to our clients. Our national presence also positions us to bid on and develop new facilities across the United States

Long-Term Relationships with Diversified Set of High-Quality Government Customers

We have developed long-term relationships with our federal, state and other governmental customers, which we believe enhance our ability to win new contracts and retain existing business. We have provided correctional and detention management services to the U.S. federal government for 26 years, the State of California for 25 years, the State of Texas for approximately 25 years, various Australian state government entities for 21 years and the State of Florida for approximately 19 years. For the nine months ended September 30, 2013, no one customer accounted for more than 16.8% of total revenues and no state government customer accounted for more than 4.0% of total revenue. For the fiscal year ended December 31, 2012, no one customer accounted for more than 17.3% of total revenues and no state government customer accounted for more than 4.1% of total revenues.

Recurring Revenue with Strong Cash Flow

Our revenue base is derived from our long-term customer relationships, with contract renewal rates and facility occupancy rates both in excess of 90% over the past five years. We have been able to expand our revenue base by continuing to reinvest our strong operating cash flow into expansionary projects and through strategic acquisitions that provide scale and further enhance our service offerings. Our consolidated revenues have grown from $1,085 million in 2010 to $1,479 million for the year ended December 31, 2012. We expect our operating cash flow to be well in excess of our anticipated annual maintenance capital expenditure needs, which would provide us significant flexibility for growth capital expenditures, future dividend payments, acquisitions and/or the repayment of indebtedness.

Sizeable International Business

Our international infrastructure, which leverages our operational excellence in the United States, allows us to target foreign opportunities that our United States-based competitors without overseas operations may have difficulty pursuing. We currently have international operations in Australia, Canada, South Africa and the United Kingdom. Our International Services business generated $156 million and $212 million of revenues representing 13.7% and 14.3% of our consolidated revenues for the nine months ended September 30, 2013 and the fiscal year ended December 31, 2012, respectively. We believe we are well positioned to continue to benefit from foreign governments initiatives to outsource correctional services.

Experienced, Proven Senior Management Team

Our Chief Executive Officer and Founder, George C. Zoley, has led our company for 31 years and has established a track record of growth and profitability. Under his leadership, our annual consolidated revenues from continuing operations have grown from $40.0 million in 1991 to $1.5 billion for fiscal year ending December 31, 2012. Mr. Zoley is one of the pioneers of the industry, having developed and opened what we believe was one of the first privatized detention facilities in the United States in 1986. Our Chief Financial Officer, Brian R. Evans, has been with our company for over twelve years and has led the integration of our recent acquisitions and financing activities. Our top six senior executives have an average tenure with our company of over 14 years.

Summary Risk Factors

Set forth below is a summary of certain risk factors applicable to our business and the exchange offer.

- our ability to satisfy our repurchase obligations under the indenture governing the notes upon a change of control;

- the effect our significant level of indebtedness could have on our financial condition and our ability to fulfill our debt service obligations;

- the significant operating and financial restrictions contained in the covenants in the indentures governing the 6.625% senior notes, the 5 $\frac{1}{8}$% senior notes, the 5 $\frac{7}{8}$% senior notes and the covenants contained in the senior credit facility;

the adverse effect a general increase in interest rates will have on our cash flows due to our indebtedness with floating interest rates;

the failure to qualify as a REIT would subject GEO to U.S. federal income tax as a regular corporation and reduce the amount of cash available for making payments on our indebtedness;

the effect complying with the REIT requirements may have on our business, including our ability to execute our business plan and the risk it may cause us to liquidate or forgo otherwise attractive opportunities;

our lack of experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations;

our ability to secure a management contract for a facility or expansion project;

the effect of negative conditions in the capital markets that could prevent us from obtaining financing, which could materially harm our business;

the effect of the loss of any of our facility management contracts on our results of operations and liquidity;

our ability to successfully identify, consummate or integrate acquisitions;

our ability to secure contracts to develop and manage new correctional, detention and community-based facilities and to secure contracts to provide electronic monitoring services, community-based re-entry services and monitoring and supervision services;

the impact of our dependence on a limited number of governmental customers for a significant portion of our revenues and the effect the loss or a significant decrease in business from these customers could have on our financial condition and results of operations;

the impact a decrease in occupancy levels can have on our revenues and profitability;

the impact of state budgetary constraints on our business;

the impact on our business and financial condition of our dependence on government appropriations, which may not be made on a timely basis or at all and may be adversely impacted by budgetary constraints at the federal, state and local levels;

the effect of public resistance to the privatization of correctional, detention, mental health and residential facilities on our ability to obtain new contracts or avoid the loss of existing contracts;

the risks that our international operations expose us to which could have a material adverse effect on our financial condition and results of operations;

the risks related to our facility construction and development activities that may increase our costs related to such activities;

- the impact that any adverse developments in our relationship with our employees could have on our business, financial condition or results of operations; and

- the impact technological change can have on our electronic monitoring products and technology and the impact of the level of acceptance of or resistance to the use of electronic monitoring products that could have a material adverse effect on our business.

For a more detailed explanation of certain risk factors, see Risk Factors beginning on page 19 of this prospectus.

Business Strategies

Provide High Quality Comprehensive Operations and Cost Savings Throughout Corrections Lifecycle

Our objective is to provide federal, state and local governmental agencies with a comprehensive offering of high quality, essential services at a lower cost than they themselves could achieve. We believe government agencies facing budgetary constraints will increasingly seek to outsource a greater proportion of their correctional needs to reliable providers that can enhance quality of service at a reduced cost. We believe our expanded and diversified service offerings strategically position us to bundle our high quality services and provide a comprehensive continuum of care for our clients, which we believe will lead to lower cost outcomes for our clients and larger scale business opportunities for us.

Maintain Disciplined Operating Approach

We refrain from pursuing contracts that we do not believe will yield attractive profit margins in relation to the associated operational risks. In addition, although we engage in facility development from time to time without having a corresponding management contract award in place, we endeavor to do so only where we have determined that there is medium-to long-term client demand for a facility in that geographic area. We have also elected not to enter certain international markets with a history of economic and political instability. We believe that our strategy of emphasizing lower risk, higher profit opportunities helps us to consistently deliver strong operational performance, lower our costs and increase our overall profitability.

Pursue International Growth Opportunities

As a global operator of privatized correctional facilities, we are able to capitalize on opportunities to operate existing or new facilities on behalf of foreign governments. We have seen increased business development opportunities including opportunities to cross-sell our expanded service offerings in recent years in the international markets in which we operate and are currently bidding on several new projects. We will continue to actively bid on new international projects in our current markets and in new markets that fit our target profile for profitability and operational risk.

Selectively Pursue Acquisition Opportunities

We intend to continue to supplement our organic growth by selectively identifying, acquiring and integrating businesses that fit our strategic objectives and enhance our geographic platform and service offerings. Since 2005, we have successfully completed six acquisitions for total consideration, including debt assumed, in excess of $1.7 billion. Our management team utilizes a disciplined approach to analyze and evaluate acquisition opportunities, which we believe has contributed to our success in completing and integrating our acquisitions.

The Corrections and Detention Industry

We believe our network of facilities and diverse service offerings position us well to capitalize on government outsourcing of correctional management services. In addition, we believe that long-term trends related to prison inmate population growth, acceptance of privatization and lower cost of private corrections operations favor an increase in the outsourcing of correctional management services. The following are what we believe are the key reasons for this outsourcing trend:

U.S. Correctional Population Growth

Currently, approximately one in every 107 U.S. adults is in jail or prison and one in every 34 U.S. adults is under some form of correctional supervision. The total population under correctional supervision in the United States, which includes sentenced adults in jails or prisons and those under community supervision on probation or parole, has increased to over 7.0 million.

Persistent Overcrowding of Correctional Facilities

Federal and state legislatures historically have had difficulty enacting expansion of prison capacity due to budgetary constraints and the disfavor that voters generally exhibit toward such expenditures. As a result, prison capacity in the United States often lags prison populations, leading to persistent prison overcrowding. According to the Bureau of Justice Statistics, as of year-end 2011, 24 states were operating at or above 100% of their highest capacity and the Federal prison system was operating at 138% of its highest rated capacity. Lower costs associated with the construction and operation of private facilities, as well as the availability of private capital, are leading federal and state jurisdictions throughout the United States to increasingly explore working with private service providers as a viable and cost-effective alternative to capital intensive projects such as new prison construction.

Local, State and Federal Budgetary Constraints

As the total population of United States prisoners has grown, overall correctional costs have risen at an unsustainable rate. According to the National Association of State Budget Officers, between 1988 and 2011 national state spending on corrections (i.e. jails, prisons, community supervision) rose more than 400%, increasing as a percentage of total state general fund spending to over 7.5%. For all levels of government (i.e. local, state, and federal), total corrections spending has increased to approximately $52.0 billion annually, which represents an increase of 193% since 1988. We believe these growing expenditures are causing concern among law and policy makers, who are facing increasing budgetary concerns related to a slower economy and lower tax receipts, which in turn presents opportunities for the privatized correctional facility industry because it offers governments a cost-effective solution to reduce their correctional service costs and avoid making large capital investments in new prisons. However, it is possible state and federal budget constraints could have adverse effects on our industry resulting in governments unexpectedly terminating contracts, seeking price reductions in connection with contract renewals or amending criminal laws and regulations to reduce prisoner headcount by reducing or eliminating mandatory minimum sentencing guidelines, especially those relating to non-violent drug possession or technical parole violations.

Government Agencies Moving Toward Privatized Correctional Facilities

According to the Bureau of Justice Statistics, the number of inmates housed in private facilities has grown from 90,815 at year-end 2000 to 130,941 at year-end 2011, representing a compound annual growth rate of 3.4%. Notably, the federal government increased its use of privately operated facilities at a compound annual growth rate of 8.6%. The Bureau of Justice Statistics estimates that as of year-end 2011, approximately 8.2% of the total incarcerated population in the United States was housed in private facilities, potentially providing significant growth opportunities for privatized providers through increased market penetration.

Increased Federal Government Focus on Homeland Security and Illegal Immigration

On the federal level, the Department of Homeland Security s increased focus on the implementation of new federal detention standards has led to the consolidation of detention beds into modern facilities. As such, private operators have partnered with the U.S. Immigration and Customs Enforcement (ICE) to build new, modern facilities that meet or exceed the Department of Homeland Security s detention standards and significantly improve the conditions and services for the detainee population. The federal government has focused primarily on the detention and deportation of detainees with criminal backgrounds. The average daily population of ICE beds has grown from less than 20,000 in fiscal year 2005 to approximately 33,000 in fiscal year 2011. In fiscal year 2011, ICE had 396,906 removal cases, including 216,698 convicted criminals.

Old and Antiquated Public Prisons

According to the Bureau of Prisons (BOP), as of 2010, one-third of BOP s 115 institutions are over 50 years old. Older beds are typically inefficient and more expensive to operate. Private prisons tend to have more modern facilities that can provide the same services as public facilities at a much lower cost.

Growth in U.S. Correctional Population Driving Need for Alternative Solutions

The number of offenders under community correctional supervision, including those on parole or probation, has grown almost four-fold since 1980 to approximately 7 million offenders. According to the Pew Center on the States, electronic monitoring technology offers policy makers a spectrum of options to more intensely monitor offenders under community supervision at significant cost savings. The number of individuals being monitored by electronic technologies, including radio frequency, which we refer to as RF, and global positioning system,

which we refer to as GPS, devices, has increased significantly over the last five years, and we estimate that currently approximately 150,000 offenders under community correctional supervision are tracked through electronic monitoring technologies. We believe the growth in electronic monitoring is being driven by technological advances and numerous legislative mandates supporting implementation of this technology. We believe that there will be increasing use of electronic monitoring for low security, low-risk offenders and for parolees as government agencies look to reduce recidivism and lower their overall lifecycle cost of an offender.

Recent Developments

$7\frac{3}{4}$% Senior Notes Due 2017

On September 19, 2013, we commenced a cash tender offer to purchase any and all of our outstanding $250.0 million aggregate principal amount of our $7\frac{3}{4}$% senior notes and a consent solicitation to eliminate most of the restrictive covenants and certain of the events of default contained in the indenture governing the $7\frac{3}{4}$% senior notes, in each case, on the terms and conditions set forth in our Offer to Purchase and Consent Solicitation Statement dated September 19, 2013 (the Tender Offer and Consent Solicitation). The total consideration payable for the $7\frac{3}{4}$% senior notes tendered and accepted by us for purchase in the Tender Offer and Consent Solicitation was $1,043.45 per $1,000 principal amount of $7\frac{3}{4}$% senior notes, which total consideration includes a consent payment of $30.00 per $1,000 principal amount of $7\frac{3}{4}$% senior notes tendered with consents at or before 5:00 p.m. October 2, 2013, the consent payment deadline. The $7\frac{3}{4}$% senior notes tendered after the consent payment deadline and prior to the expiration of the Tender Offer and Consent Solicitation received the total consideration less the consent payment, or $1,013.45 per $1,000 principal amount of $7\frac{3}{4}$% senior notes. Additionally, accrued and unpaid interest to the payment date was paid on any $7\frac{3}{4}$% senior notes accepted for purchase. On October 3, 2013, we announced the results of the Tender Offer and Consent Solicitation by the consent payment deadline. We received valid tenders and consents from holders of $209.1 million, representing 83.64% of the outstanding principal amount of the $7\frac{3}{4}$% senior notes. We settled these tenders and consents of these $7\frac{3}{4}$% senior notes on October 3, 2013. On October 4, 2013, we sent a notice of redemption to the holders of the $7\frac{3}{4}$% senior notes that we are redeeming the outstanding $7\frac{3}{4}$% senior notes in return for a redemption price of 103.875% of the principal amount of each $7\frac{3}{4}$% senior note being redeemed. The redemption date is November 4, 2013. The Tender Offer and Consent Solicitation expired at 11:59 p.m., New York City time, on October 17, 2013. We did not receive any additional tenders and consents from holders of the $7\frac{3}{4}$% senior notes after the consent payment deadline and before the expiration. We financed the Tender Offer and Consent Solicitation and the redemption with the net cash proceeds from our offering of the $5\frac{7}{8}$% senior notes due 2022, which closed on October 3, 2013, and cash on hand.

Corporate Information

Our principal executive offices are located at One Park Place, Suite 700, 621 Northwest 53rd Street, Boca Raton, Florida 33487 and our telephone number is (866) 301-4GEO (4436). We also maintain a website at www.geogroup.com. The information on our website is not part of this prospectus.

Summary Description of the New Notes

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus, including a more detailed summary of the terms of the notes under Description of Notes.

Issuer	The GEO Group, Inc.
Notes Offered	$250,000,000 aggregate principal amount of 5 7/8 Senior Notes due 2022.
Maturity Date	January 15, 2022.
Interest Payment Dates	January 15 and July 15, commencing January 15, 2014.
Subsidiary Guarantees	The old notes are, and the new notes will be, guaranteed by each of our restricted subsidiaries that guarantees our senior credit facility. The notes may be guaranteed by additional subsidiaries in the future under certain circumstances. See Description of Notes Certain Covenants *Additional Note Guarantees*. GEO and the initial guarantors generated approximately 85.5% and 84.4% of our consolidated revenues for the nine months ended September 30, 2013 and the fiscal year ended December 31, 2012, respectively, and held approximately 92.0% and 90.1% of our consolidated assets as of September 30, 2013 and December 31, 2012, respectively.
Ranking	The old notes and guarantees are, and the new notes and guarantees will be, unsecured, unsubordinated obligations of GEO and the guarantors and rank: pari passu with any unsecured, unsubordinated indebtedness of GEO and the guarantors, including the 6.625% Senior Notes and the 5 1/8% Senior Notes and the guarantors guarantees thereof; senior to any future indebtedness of GEO and the guarantors that is expressly subordinated to the notes and the guarantees; effectively junior to any secured indebtedness of GEO and the guarantors, including indebtedness under our senior credit facility, to the extent of the value of the assets securing such indebtedness; and

	structurally junior to all obligations of our subsidiaries that are not guarantors.
Optional Redemption	On or after January 15, 2017, we may redeem some or all of the notes at any time at the redemption prices specified under Description of Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption.

	Before January 15, 2017, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of each note to be redeemed plus a make-whole premium described under Description of Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption.
	In addition, at any time on or prior to January 15, 2016, we may redeem up to 35% of the notes with the net cash proceeds from specified equity offerings at a redemption price equal to 105.875% of the principal amount of each note to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption.
Change of Control	Upon a change of control (as defined in Description of Notes Certain Definitions), we must offer to repurchase the notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to the purchase date.
Certain Covenants	The indenture governing the notes contains certain covenants, including limitations and restrictions on our and our restricted subsidiaries ability to: incur additional indebtedness or issue preferred stock; make dividend payments or other restricted payments; create liens; sell assets; engage in sale and leaseback transactions; create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us; enter into transactions with affiliates; and enter into mergers, consolidations, or sales of all or substantially all of our assets.

	As of the date of the indenture governing the notes, all of our subsidiaries (other than CSC of Tacoma, LLC, GEO International Holdings, LLC, certain dormant domestic subsidiaries and all of our foreign subsidiaries that were in existence on the date of the indenture) are restricted subsidiaries. Our unrestricted subsidiaries will not be subject to any of the restrictive covenants in the indenture. The restrictive covenants set forth in the indenture are subject to important exceptions and qualifications. In addition, most of the covenants will be suspended during any period in which the notes are rated investment grade by Moody s Investors Service, Inc. or Standard & Poor s Rating Services. See Description of Notes Certain Covenants.
Risk Factors	Potential investors in the notes should carefully consider the matters set forth under the caption Risk Factors prior to making an investment decision with respect to the notes.

The Exchange Offer

On October 3, 2013, we completed a private offering of the old notes, which we refer to as the original notes or the old notes. We entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed to deliver to you this prospectus and to use reasonable best efforts to cause the registration statement, of which this prospectus forms a part, to become effective within 180 days of the issue date of the original notes and consummate the exchange offer within 30 days after the registration statement has become effective.

The Exchange Offer	We are offering to exchange new notes for old notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on February 4, 2014, which is the 21st business day following commencement of the exchange offer, unless extended.
Conditions to the Exchange Offer	The registration rights agreement does not require us to accept old notes for exchange if the exchange offer or the making of any exchange by a holder of the old notes would violate any applicable law or interpretation of the staff of the Securities and Exchange Commission. In addition, we will not be obligated to accept old notes for exchange from a holder if that holder has not made to us the required representations that the holder is acquiring the new notes in the ordinary course of its business, that it has no arrangement or understanding with any person or entity to participate in the distribution of the new notes, that it is not engaged in and does not intend to engage in the distribution of the new notes, that it is not an affiliate of our Company, and if the holder is a broker-dealer that it will receive the new notes for its own account in exchange for old notes acquired as a result of market-making activities or other trading activities and that it will deliver a prospectus, as required by law, in connection with any resale of such new notes. A minimum aggregate principal amount of old notes being tendered is not a condition to the exchange offer.
	For more information on the conditions to the exchange offer, please refer to the sections in this prospectus titled, The Exchange Offer-Purpose and Effect of the Exchange Offer, The Exchange Offer-Conditions to the Exchange Offer, The Exchange Offer-Procedures for Tendering and Plan of Distribution.
Extensions, Delays in Acceptance, Termination or Amendment	If any of the conditions to the exchange offer have not been satisfied, we reserve the right in our sole discretion to delay accepting for exchange any old notes, to extend the exchange offer or to terminate the exchange offer by giving oral (if oral, to be promptly confirmed in writing) or written notice of such delay, extension or termination to the exchange agent and to the holders of old notes. If we amend the exchange offer in a

manner that we determine constitutes a material change, we will promptly disclose such amendment by means of a prospectus supplement and we are generally required to extend the exchange offer for at least 5 business days after the amendment.

	Additionally, we expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. In order to extend the exchange offer, we will notify the exchange agent by giving oral (if oral, to be promptly confirmed in writing) or written notice of any extension and we will notify the holders of old notes no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. During any such extensions, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.
Procedures for Tendering Old Notes	To participate in the exchange offer, you must complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal, and transmit it together with all other documents required in the letter of transmittal, including the old notes that you wish to exchange, to Wells Fargo Bank, National Association, as exchange agent, at the address indicated on the cover page of the letter of transmittal. In the alternative, you can tender your old notes by following the procedures for book-entry transfer described in this prospectus.
	If your old notes are held through The Depository Trust Company and you wish to participate in the exchange offer, you may do so through the automated tender offer program of The Depository Trust Company. If you tender under this program, you will agree to be bound by the letter of transmittal that we are providing with this prospectus as though you had signed the letter of transmittal.
	If a broker, dealer, commercial bank, trust company or other nominee is the registered holder of your old notes, we urge you to contact that person promptly to tender your old notes in the exchange offer.
	For more information on tendering your old notes, please refer to the sections in this prospectus titled Exchange Offer Terms of the Exchange Offer, Exchange Offer Procedures for Tendering and Exchange Offer Book-Entry Transfer.
Guaranteed Delivery Procedures	If you wish to tender your old notes and you cannot get your required documents to the exchange agent on time, you may tender your old notes according to the guaranteed delivery procedures described in Exchange Offer Guaranteed Delivery Procedures.
Withdrawal of Tenders	You may withdraw your tender of old notes under the exchange offer at any time prior to the expiration date. To withdraw, you must have delivered a written notice of withdrawal to the exchange agent at its address or facsimile indicated on the cover page of the letter of

	transmittal before 5:00 p.m. New York City time, on the expiration date of the exchange offer.
Acceptance of Old Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of old notes, we will accept for exchange any and all old notes that you properly tender in the exchange offer on or before 5:00 p.m. New York City time on the expiration date. We will return any old notes

that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the new notes promptly after the expiration date and acceptance of the old notes for exchange. Please refer to the section in this prospectus titled Exchange Offer Terms of the Exchange Offer.

Fees and Expenses	We will bear all expenses related to the exchange offer. Please refer to the section in this prospectus titled Exchange Offer Fees and Expenses.
Use of Proceeds	We will not receive any proceeds from the issuance of the new notes. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.
Appraisal Rights	Holders of old notes will not have dissenters rights or appraisal rights in connection with the exchange offer.
Resale of New Notes	Based on an interpretation by the Commission set forth in no-action letters issued to third parties, we believe that you may resell or otherwise transfer new notes issued in the exchange offer in exchange for old notes without restrictions under the federal securities laws if:

- you are not our affiliate ;
- you acquire the new notes in the ordinary course of your business; and
- you are not engaged in, do not intend to engage in and have no arrangement or understanding with any person to participate in a distribution of the new notes.

If you tender in the exchange offer with the intention of participating in any manner in a distribution of the new notes, you

- cannot rely on such interpretations by the staff of the Commission; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

	Each broker-dealer that receives new notes for its own account in exchange for old notes in the exchange offer, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the new notes. Broker-dealers that purchased their old notes directly from us may not participate in the exchange offer.
Consequences of Failure to Exchange Old Notes	If you do not exchange your old notes in the exchange offer, you will no longer be able to require us to register the old notes under the Securities Act, except in the limited circumstances provided under our registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the old notes unless we

	have registered the old notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
U.S. Federal Income Tax Considerations	The exchange of the new notes for the old notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. Please read Certain U.S. Federal Income Tax Considerations.
Exchange Agent	We have appointed Wells Fargo Bank, National Association, as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent as follows: by telephone at (800) 344-5128, Option 0. Eligible institutions may make requests to the exchange agent by facsimile at (612) 667-6282, Attn: Bondholder Communications.

Summary Historical Financial and Other Data

The following table sets forth the summary historical financial and other data of us and our consolidated subsidiaries at the dates and for the periods indicated. The summary consolidated balance sheet data as of December 31, 2012 and January 1, 2012 and the summary consolidated statements of comprehensive income data and other financial data for each of the years in the three-year period ended December 31, 2012 have been derived from our audited consolidated financial statements incorporated by reference into this prospectus. The summary balance sheet data as of January 2, 2011 has been derived from our audited consolidated financial statements, which are not included or incorporated by reference into this prospectus. The summary consolidated statements of comprehensive income and other financial data for each of the years in the three-year period ended December 31, 2012 reflect the reclassification of certain amounts as discontinued operations. In connection with our conversion to a REIT, we determined to change our fiscal year end from the close of business on the Sunday closest to December 31 of each year to December 31 of each year. This change is effective for the 2012 fiscal year and as a result the 2012 fiscal year ended on December 31, 2012 instead of December 30, 2012. The summary historical financial and other data as of and for the nine months ended September 30, 2013 and September 30, 2012 are derived from our unaudited consolidated financial statements incorporated by reference in this prospectus. In the opinion of management, the presentation of such results includes all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the data for such periods. The financial results for the nine months ended September 30, 2013 may not be indicative of our financial results for the full fiscal year.

The information presented below should be read in conjunction with the historical consolidated financial statements of GEO, including the related notes, and with GEO s Management s Discussion and Analysis of Financial Condition and Results of Operations, incorporated by reference into this prospectus. All amounts are presented in thousands except operational data.

	Fiscal Year Ended			Nine Months Ended	
	January 2, 2011	January 1, 2012	December 31, 2012	September 30, 2012	September 30, 2013
Consolidated Statements of Comprehensive Income:					
Revenues	$ 1,084,592	$ 1,407,172	$ 1,479,062	$ 1,100,331	$ 1,138,526
Operating costs and expenses					
Operating expenses	811,767	1,036,010	1,089,232	808,003	843,946
Depreciation and amortization	44,365	81,548	91,685	68,145	70,480
General and administrative expenses	101,558	110,015	113,792	79,143	86,625
Total operating costs and expenses	$ 957,690	$ 1,227,573	$ 1,294,709	$ 955,291	$ 1,001,051
Operating income	126,902	179,599	184,353	145,040	137,475
Interest income	6,242	7,032	6,716	5,219	3,433
Interest expense(1)	(40,694)	(75,378)	(82,189)	(62,029)	(62,013)
Loss on extinguishment of debt	(7,933)		(8,462)	(8,462)	(6,978)
Income before income taxes, equity in earnings of affiliates, and discontinued operations	$ 84,517	$ 111,253	$ 100,418	$ 79,768	$ 71,917
Provision (benefit) for income taxes	34,364	43,172	(40,562)	32,275	(14,142)

Equity in earnings of affiliates, net of income tax	4,218	1,563	3,578	1,652	3,772
Income from continuing operations	54,371	69,644	144,558	49,145	89,831
Income (loss) from discontinued operations, net of income tax	8,419	7,819	(10,660)	3,117	(2,265)
Net income	$ 62,790	$ 77,463	$ 133,898	$ 52,262	$ 87,566
Less: (income) loss attributable to noncontrolling interests	678	1,162	852	881	(42)
Net income attributable to The GEO Group, Inc.	$ 63,468	$ 78,625	$ 134,750	$ 53,143	$ 87,524

	Fiscal Year Ended			Nine Months Ended	
	January 2, 2011	January 1, 2012	December 31, 2012	September 30, 2012	September 30, 2013
Business Segment Data:					
Revenues:					
U.S. Corrections & Detention	$ 805,857	$ 925,695	$ 975,445	$ 724,665	$ 756,229
GEO Community Services(2)	76,913	280,080	291,891	217,682	225,892
International Services	178,567	201,397	211,726	157,984	156,405
Facility Construction & Design	23,255				
Total revenues	$ 1,084,592	$ 1,407,172	$ 1,479,062	$ 1,100,331	$ 1,138,526
Operating income					
U.S. Corrections & Detention	$ 198,837	$ 215,406	$ 222,703	$ 165,675	$ 161,550
GEO Community Services(2)	15,877	61,270	65,401	49,620	53,387
International Services	11,364	12,938	10,041	8,888	9,163
Facility Construction & Design	2,382				
Unallocated general and administrative expenses	(101,558)	(110,015)	(113,792)	(79,143)	(86,625)
Total operating income	$ 126,902	$ 179,599	$ 184,353	$ 145,040	$ 137,475
Balance Sheet Data (at period end):					
Cash and cash equivalents	$ 38,088	$ 43,378	$ 31,755	$ 69,085	$ 53,161
Restricted cash and investments	89,977	99,459	48,410	15,530	9,337
Accounts receivable, net	247,630	265,250	246,635	251,459	244,558
Property and equipment, net	1,493,389	1,688,356	1,687,159	1,709,628	1,729,407
Total assets	2,412,373	3,049,923	2,839,194	2,967,569	2,895,405
Total debt	1,044,942	1,594,317	1,488,173	1,498,070	1,557,078
Total shareholders equity	1,039,490	1,038,521	1,047,304	1,051,839	1,034,373
Financial Ratios:					
Ratio of earnings to fixed charges	2.3x	2.2x	1.9x	2.0x	1.9x
Other Financial Data:					
Depreciation and amortization expense	44,365	81,548	91,685	68,145	70,480
Non-GAAP Financial Data:					
EBITDA(3)	169,764	265,116	272,814	207,233	206,221
Adjusted EBITDA(3)	208,083	301,415	318,896	222,588	226,363
Funds From Operations(4)	86,914	114,313	196,592	87,941	128,163
Normalized Funds From Operations(4)(5)	120,228	120,621	143,162	93,523	125,669
Adjusted Funds From Operations (AFFO)(4)(5)	124,929	132,723	163,338	110,918	153,716
Other Operational Data (end of period):					
Facilities in operation(6)	98	90	87	87	87
Operations capacity of contracts(6)	70,552	65,787	65,949	66,754	67,178
Compensated mandays(7)	17,203,880	19,884,802	20,476,153	15,241,623	15,612,429

(1) Interest expense excludes the following capitalized interest amounts for the periods presented:

Fiscal Year Ended			Nine Months Ended	
January 2, 2011	January 1, 2012	December 31, 2012	September 30, 2012	September 30, 2013
$4,144	$ 3,060	$ 1,244	$ 1,244	$ 2

(2) Our GEO Care reporting segment previously consisted of four aggregated operating segments including Residential Treatment Services, Community Based Services, Youth Services and B.I. Incorporated. The GEO Care reporting segment was renamed concurrent with the divestiture of the Company s Residential Treatment Services operating segment to GEO Community Services. All current and prior year financial position and results of operations amounts presented for this reporting segment are referred to as GEO Community Services. The operating results of the Residential Treatment Services operating segment and the loss on disposal have been classified in discontinued operations.

(3) We define EBITDA as income from continuing operations before net interest expense, income tax provision (benefit), depreciation and amortization, and tax provision on equity in earnings of affiliates. We define Adjusted EBITDA as EBITDA further adjusted for net income/loss attributable to non-controlling interests,

non-cash stock-based compensation expenses, and certain other adjustments as defined from time to time, including for the periods presented start-up transition expenses, pre-tax; international bid related costs, pre-tax; REIT conversion related expenses, pre-tax; M&A related expenses, pre-tax; early extinguishment of debt, pre-tax; gain on land sale; and IRS settlement. 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 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.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to income from continuing operations, computed in accordance with GAAP:

	Fiscal Year Ended			**Nine Months Ended**	
	January 2, 2011	**January 1, 2012**	**December 31, 2012**	**September 30, 2012**	**September 30, 2013**
Income from continuing operations	$ 54,371	$ 69,644	$ 144,558	$ 49,145	$ 89,831
Interest expense, net	34,452	68,346	75,473	56,810	58,580
Income tax provision (benefit)	34,364	43,172	(40,562)	32,275	(14,142)
Depreciation and amortization expense	44,365	81,548	91,685	68,145	70,480
Tax provision on equity in earnings of affiliates	2,212	2,406	1,660	858	1,472
EBITDA	169,764	265,116	272,814	207,233	206,221
Net (income) loss attributable to noncontrolling interests	678	1,162	852	881	(42)
Stock based compensation expenses, pre-tax	4,639	6,113	6,543	5,012	5,768
Start-up transition expenses, pre-tax(a)	3,812	21,625	9,027		
International bid related costs, pre-tax(b)		1,091	4,057		
REIT conversion related expenses and other expenses, pre-tax(c)			15,670	1,000	7,438
M&A related expenses, pre-tax	25,381	6,308	1,471		
Early extinguishment of debt, pre-tax	7,933		8,462	8,462	6,978

Gain on land sale	(801)				
IRS Settlement(d)	(3,323)				
Adjusted EBITDA	$ 208,083	$ 301,415	$ 318,896	$ 222,588	$ 226,363

(a) Represents start-up/transition expenses of certain domestic facilities and our transportation contract in the U.K.

(b) Represents international bid and proposal costs incurred in connection with potential opportunities in the U.K. and Australia.
(c) Represents expenses related to our REIT conversion.
(d) Represents a gain related to the settlement of a claim with the Internal Revenue Service.

(4) We define Funds From Operations, or FFO, 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 GAAP), 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. FFO as presented in Summary Summary Historical Financial and Other Data is defined differently than Funds From Operations as used in the Description of Notes. We define Normalized Funds From Operations, or Normalized FFO, as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure our actual operating performance, including for the periods presented M&A related expenses, REIT conversion related expenses and early extinguishment of debt, pre-tax. We define Adjusted Funds From Operations, or AFFO, as Normalized Funds From Operations adjusted by adding non-cash items such as non-real estate related depreciation and amortization, stock based compensation and the amortization of debt costs and other non-cash interest and by subtracting recurring real estate expenditures that are capitalized and then amortized, but which are required to maintain REIT properties and their revenue stream. Because of the unique design, structure and use of our correctional facilities, we believe that assessing 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. Normalized FFO and AFFO have been adjusted in prior periods to be reported consistently with our disclosure for the nine months ended September 30, 2013.

The following table provides a reconciliation of Funds From Operations, Normalized Funds From Operations and Adjusted Funds From Operations to income from continuing operations computed in accordance with GAAP:

	Fiscal Year Ended			Nine Months Ended	
	January 2, 2011	**January 1, 2012**	**December 31, 2012**	**September 30, 2012**	**September 30, 2013**
Income from continuing operations(8)	$ 54,371	$ 69,644	$ 144,558	$ 49,145	$ 89,831
Net (income) loss attributable to noncontrolling interests	678	1,162	852	881	(42)
Real estate related depreciation and amortization	31,865	43,507	51,182	37,915	38,374
Funds From Operations	$ 86,914	$ 114,313	$ 196,592	$ 87,941	$ 128,163
M&A related expenses	25,381	6,308	1,471		
REIT conversion related expenses(a)			15,670	605	4,697
Impact of REIT Election(b)			(79,033)		
Tax benefit related to IRS settlement and REIT conversion					(13,038)
Early extinguishment of debt, pre-tax	7,933		8,462	4,977	5,847
Normalized Funds From Operations	$ 120,228	$ 120,621	$ 143,162	$ 93,523	$ 125,669
Non-real estate related depreciation and amortization	12,500	38,040	40,503	30,230	32,106
Maintenance capital expenditures	(15,647)	(33,796)	(30,739)	(20,188)	(14,436)
Stock based compensation expense	4,639	6,113	6,543	5,012	5,768
Amortization of debt costs and other non-cash interest	3,209	1,745	3,869	2,341	4,609
Adjusted Funds From Operations	$ 124,929	$ 132,723	$ 163,338	$ 110,918	$ 153,716

(a) Represents expenses related to our REIT conversion.

(b) Represents one-time tax adjustments related to our REIT Conversion.

(5) The disclosed figures for Normalized Funds From Operations and Adjusted Funds From Operations for the fiscal years ended January 2, 2011, January 1, 2012 and December 31, 2012 differ from previously disclosed figures for the same time periods due to a recent methodology change, which currently excludes previously made adjustments for start-up/transition expenses, international bid related costs, income tax provision, income taxes (paid) refunded, equity in earnings (loss) of affiliates and certain other non-recurring expenses.

(6) Excludes idle facilities and assets held for sale.

(7) Compensated mandays are calculated as follows: (a) for per diem rate facilities the number of beds occupied by residents on a daily basis during the fiscal year; and (b) for fixed rate facilities the capacity of the facility

multiplied by the number of days the facility was in operation during the fiscal year.

(8) We recorded a net tax expense of $(14.1) million in the nine months ended September 30, 2013 compared to net tax expense of $32.3 million in the nine months ended September 30, 2012. The reduced tax expense in the nine months ended September 30, 2013 was related to the REIT conversion. As a REIT, we are required to distribute at least 90% of our taxable income to shareholders and in turn are allowed a deduction for the distribution at the REIT level. The Company s wholly-owned taxable REIT subsidiaries continue to be subject to federal, state and foreign income taxes, as applicable. In addition, during the nine months ended September 30, 2013, we had a net tax benefit relating to our REIT conversion, miscellaneous nonrecurring items, as well as a release of certain tax reserves primarily due to the settlement of IRS audits for years 2010 and 2011.

RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained and incorporated by reference in this prospectus, before deciding whether to tender your old notes in the exchange offer. Any of these risks could materially adversely affect our business, financial condition or results of operations. These risks could also cause our actual results to differ materially from those indicated in the forward-looking statements contained herein and elsewhere. The risks described below are not the only risks we face. Additional risks not currently known to us or those we currently deem to be immaterial may also materially and adversely affect our business operations.

Risks Related to the Exchange Offer

If you fail to follow the exchange offer procedures, your original notes will not be accepted for exchange.

We will not accept your old notes for exchange if you do not follow the exchange offer procedures. We will issue new notes as part of this exchange offer only after timely receipt of your old notes, properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you want to tender your old notes, please allow sufficient time to ensure timely delivery. If we do not receive your old notes, letter of transmittal, and all other required documents by the expiration date of the exchange offer, or you do not otherwise comply with the guaranteed delivery procedures for tendering your old notes, we will not accept your old notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of old notes for exchange. If there are defects or irregularities with respect to your tender of old notes, we will not accept your old notes for exchange unless we decide in our sole discretion to waive such defects or irregularities.

If you fail to exchange your old notes for new notes, they will continue to be subject to the existing transfer restrictions and you may not be able to sell them.

We did not register the old notes, nor do we intend to do so following the exchange offer. Old notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws. As a result, if you hold old notes after the exchange offer, you may not be able to sell them. To the extent any old notes are tendered and accepted in the exchange offer, the trading market, if any, for the old notes that remain outstanding after the exchange offer may be adversely affected due to a reduction in market liquidity.

Risks Related to REIT Conversion

If we do not qualify as a REIT, or fail to remain qualified as a REIT, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for making payments on our indebtedness.

We operate and intend to continue to operate in a manner that will allow us to qualify as a REIT commencing with our taxable year ending December 31, 2013. We have received an opinion of our special REIT tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP (Special Tax Counsel), with respect to our qualification as a REIT. Investors should be aware, however, that opinions of counsel are not binding on the Internal Revenue Service (the IRS) or any court. The opinion of Special Tax Counsel represents only the view of Special Tax Counsel based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. The opinion is expressed as of the date issued. Special Tax Counsel will have no obligation to advise us or the note holders of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Special Tax Counsel and our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Special Tax Counsel. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals.

We have received a favorable private letter ruling from the IRS with respect to certain issues relevant to our qualification as a REIT. Although we may generally rely upon the ruling, no assurance can be given that the IRS will not challenge our qualification as a REIT on the basis of other issues or facts outside the scope of the ruling.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and dividends paid to our shareholders would not be deductible by us in computing our taxable income. Any resulting corporate tax liability could be substantial and would reduce the amount of cash available for other purposes, including making payments on our indebtedness. Unless we were entitled to relief under certain Internal Revenue Code of 1986, as amended (the Code) provisions, we also would be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year in which we failed to qualify as a REIT. If we fail to qualify for taxation as a REIT, we may need to borrow additional funds or liquidate some investments to pay any additional tax liability. Accordingly, funds available for investment and making payments on our indebtedness would be reduced.

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis.

Complying with the REIT requirements may cause us to liquidate or forgo otherwise attractive opportunities and may reduce funds available for making payments on our indebtedness.

To qualify as a REIT, we must ensure that, at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and real estate assets (as defined in the Code), including certain mortgage loans and securities. The remainder of our investments (other than government securities, qualified real estate assets and securities issued by a taxable REIT subsidiary (TRS)) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25% of the value of our total assets can be represented by securities of one or more TRSs. If we fail to comply with these requirements at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to liquidate or forgo otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for making payments on our indebtedness.

In addition to the asset tests set forth above, to qualify as a REIT we must continually satisfy tests concerning, among other things, the sources of our income, the amounts we distribute to our shareholders and the ownership of our stock. We may be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a REIT. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments and make payments on our indebtedness.

REIT distribution requirements could adversely affect our ability to execute our business plan.

We generally must distribute annually at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, in order for us to qualify as a REIT (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that we distribute. To the extent that we satisfy this distribution requirement and qualify for taxation as a REIT but distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid deduction and including any net capital gains, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under U.S. federal tax laws which may reduce funds available for making payments on our indebtedness. We intend to make distributions to our shareholders to comply with the REIT requirements of the Code. To meet our distribution requirements, we may be required to distribute amounts that may otherwise be used for repayment of debt.

From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase our costs, reduce our equity or adversely impact our ability to raise short and long-term debt. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our total leverage.

Certain of our business activities may be subject to corporate level income tax and foreign taxes, which would reduce our cash flows, and would have potential deferred and contingent tax liabilities.

We may be subject to certain federal, state, local and foreign taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income and state, local or foreign income, franchise, property and transfer taxes. In addition, we could, in certain circumstances, be required to pay an excise or penalty tax, which could be significant in amount, in order to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT. In addition, we may incur a 100% excise tax on transactions with a TRS if they are not conducted on an arm s length basis. Any of these taxes would decrease our earnings and our available cash.

Our TRS assets and operations will continue to be subject, as applicable, to federal and state corporate income taxes and to foreign taxes in the jurisdictions in which those assets and operations are located. Any of these taxes would decrease our earnings and our available cash, which would reduce funds available for making payments on our indebtedness.

We will also be subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on the gain recognized from a sale of assets occurring during our first ten years as a REIT, up to the amount of the built-in gain that existed on January 1, 2013, which is based on the fair market value of those assets in excess of our tax basis as of January 1, 2013. Gain from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot, however, assure you that we will not change our plans in this regard.

Our significant use of TRSs may cause us to fail to qualify as a REIT.

The net income of our TRSs is not required to be distributed to us, and such undistributed TRS income is generally not subject to our REIT distribution requirements. However, if the accumulation of cash or reinvestment of significant earnings in our TRSs causes the fair market value of our securities in those entities, taken together with other non-qualifying assets, to exceed 25% of the fair market value of our assets, in each case as determined for REIT asset testing purposes, we would, absent timely responsive action, fail to qualify as a REIT.

We have no experience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy debt service obligations.

We have only been operating as a REIT since January 1, 2013. Accordingly, the experience of our senior management operating a REIT is limited. Our pre-REIT operating experience may not be sufficient to operate successfully as a REIT. Failure to maintain REIT status could adversely affect our financial condition, results of operations, cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations.

There are uncertainties relating to the special earnings and profits (E&P) distribution.

To qualify for taxation as a REIT, we are required to distribute to our shareholders all of our pre-REIT accumulated earnings and profits, if any, as measured for federal income tax purposes, prior to the end of our first taxable year as a REIT, which we expect will be the taxable period ending December 31, 2013. Failure to make the special E&P distribution before December 31, 2013 could result in our disqualification for taxation as a REIT. We declared and paid a special dividend during the fourth quarter of 2012 for the purposes of distributing to our shareholders our pre-REIT accumulated earnings and profits. The amount to be distributed in a special E&P distribution is a complex factual and legal determination. We currently believe and intend that our special E&P distribution paid during the fourth quarter of 2012, together with distributions in 2013, will satisfy the requirements relating to the distribution of our pre-REIT accumulated earnings and profits. No assurance can be given, however, that the IRS will agree with our calculation. If the IRS finds additional amounts of pre-REIT E&P, there are procedures generally available to cure any failure to distribute all of our pre-REIT E&P.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the Treasury). Changes to the tax laws or interpretations thereof, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, U.S. Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the U.S. federal income tax consequences to our investors and us of such qualification.

Risks Related to Our High Level of Indebtedness

Our significant level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our debt service obligations.

We have a significant amount of indebtedness. Our total consolidated indebtedness as of September 30, 2013, on an as adjusted basis after giving effect to the consummation of the tender offer and the redemption of the remaining 7 ¾% senior notes, the offering of the notes and the application of the net proceeds therefrom, was $1,463.6 million (excluding non-recourse debt of $93.5 million and $58.2 million of existing letters of credit, but including capital lease obligations of $12.2 million), primarily consisting of $599.3 million of secured indebtedness under the senior credit facility, $300.0 million of the 6.625% senior notes, $300.0 million of 5 ⅛% senior notes due 2023 and $250.0 million of the notes. As of September 30, 2013, we had $300.0 million in borrowings outstanding under the revolver portion of the senior credit facility. Also as of September 30, 2013, we had the ability to borrow an additional $341.8 million under the revolver portion of the senior credit facility, after applying the limitations and restrictions in our debt covenants and subject to our satisfying the relevant borrowing conditions under the senior credit facility with respect to the incurrence of additional indebtedness. We also have the ability to borrow an additional $350.0 million under the accordion feature of the senior credit facility subject to lender demand, prevailing market conditions and satisfying relevant borrowing conditions.

Our substantial indebtedness could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the notes and our other debt and liabilities;

require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, and other general corporate purposes including to make distributions on our common stock as currently contemplated or necessary to maintain our qualification as a REIT;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

increase our vulnerability to adverse economic and industry conditions;

place us at a competitive disadvantage compared to competitors that may be less leveraged;

restrict us from pursuing strategic acquisitions or exploiting certain business opportunities; and

limit our ability to borrow additional funds or refinance existing indebtedness on favorable terms.

If we are unable to meet our debt service obligations, we may need to reduce capital expenditures, restructure or refinance our indebtedness, obtain additional equity financing or sell assets. We may be unable to restructure or refinance our indebtedness, obtain additional equity financing or sell assets on satisfactory terms or at all. In addition, our ability to incur additional indebtedness will be restricted by the terms of the senior credit facility, the indenture governing the 6.625% senior notes, the indenture governing the 5 $\frac{1}{8}$% senior notes and the indenture governing the notes.

We are incurring significant indebtedness in connection with substantial ongoing capital expenditures. Capital expenditures for existing and future projects may materially strain our liquidity.

As of September 30, 2013, we were developing a number of projects that we estimate will cost approximately $62 million, of which $18 million was spent through September 30, 2013. We estimate our remaining capital requirements to be approximately $44 million, which we anticipate will be spent in fiscal years 2013 and 2014. Capital expenditures related to facility maintenance costs are expected to range from $30 million to $35 million for fiscal year 2013. We intend to finance these and future projects using our own funds, including cash on hand, cash flow from operations and borrowings under the revolver portion of the senior credit facility. In addition to these current estimated capital requirements for 2013 and 2014, we are currently in the process of bidding on, or evaluating potential bids for the design, construction and management of a number of new projects. In the event that we win bids for these projects and decide to self-finance their construction, our capital requirements in 2013 and 2014 could materially increase. As of September 30, 2013, we had the ability to borrow an additional $341.8 million under the revolver portion of the senior credit facility, after applying the limitations and restrictions in our debt covenants and subject to our satisfying the relevant borrowing conditions under the senior credit facility with respect to the incurrence of additional indebtedness. In addition, we have the ability to borrow $350 million under the accordion feature of the senior credit facility subject to lender demand and prevailing market conditions and satisfying the relevant borrowing conditions thereunder. While we believe we will have adequate borrowing capacity under the senior credit facility to fund our operations and all of our committed capital expenditure projects, we may need additional borrowings or financing from other sources in order to complete potential capital expenditures related to new projects in the future. We cannot assure you that such borrowings or financing will be made available to us on satisfactory terms, or at all. In addition, the large capital commitments that these projects will require over the next 12 to 18 months may materially strain our liquidity and our borrowing capacity for other purposes. Capital constraints caused by these projects may also cause us to have to entirely refinance our existing indebtedness or incur more indebtedness. Such financing may have terms less favorable than those we currently have in place, or may not be available to us at all. In addition, the concurrent development of these and other large capital projects exposes us to material risks. For example, we may not complete some or all of the projects on time or on budget, which could cause us to absorb any losses associated with any delays.

Despite current indebtedness levels, we may still incur more indebtedness, which could further exacerbate the risks described above.

The terms of the senior credit facility, the indenture governing the 6.625% senior notes, the indenture governing the 5 $^{1}/_{8}$% senior notes and the indenture governing the notes restrict our ability to incur but do not prohibit us from incurring significant additional indebtedness in the future. As of September 30, 2013, we had the ability to borrow an additional $341.8 million under the revolver portion of the senior credit facility after applying the limitations and restrictions in our debt covenants and subject to our satisfying the relevant borrowing conditions under the senior credit facility. We also expect to have the ability to borrow an additional $350 million under the accordion feature of the senior credit facility subject to lender demand, prevailing market conditions and satisfying relevant borrowing conditions. Also, we may refinance all or a portion of our indebtedness, including borrowings under the senior credit facility, the 6.625% senior notes, the 5 $^{1}/_{8}$% senior notes or the notes. The terms of such refinancing may be less restrictive and permit us to incur more indebtedness than we can now. If new indebtedness is added to our and our subsidiaries current debt levels, the related risks that we and they now face related to our significant level of indebtedness could intensify.

The covenants in the senior credit facility and the covenants in the indentures governing the 6.625% senior notes, the 5 $^{1}/_{8}$% senior notes and the notes impose significant operating and financial restrictions which may adversely affect our ability to operate our business.

The covenants in the senior credit facility and the covenants in the indentures governing the 6.625% senior notes, the 5 $^{1}/_{8}$% senior notes and the notes impose significant operating and financial restrictions on us and certain of our subsidiaries, which we refer to as restricted subsidiaries. These restrictions limit our ability to, among other things:

- incur additional indebtedness;
- pay dividends and or distributions on our capital stock, repurchase, redeem or retire our capital stock, prepay subordinated indebtedness and make investments;
- issue preferred stock of subsidiaries;
- guarantee other indebtedness;
- create liens on our assets;
- transfer and sell assets;
- make capital expenditures above certain limits;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;

- enter into sale/leaseback transactions;
- enter into transactions with affiliates; and
- merge or consolidate with another company or sell all or substantially all of our assets.

These restrictions could limit our ability to finance our future operations or capital needs, make acquisitions or pursue available business opportunities. In addition, the senior credit facility requires us to maintain specified financial ratios and satisfy certain financial covenants, including maintaining a maximum senior secured leverage ratio and total leverage ratio, and a minimum interest coverage ratio. Some of these financial ratios will become more restrictive over the life of the senior credit facility. We may be required to take action to reduce our indebtedness or to act in a manner contrary to our business objectives to meet these ratios and satisfy these covenants. We could also incur additional indebtedness having even more restrictive covenants. Our failure to comply with any of the covenants under the senior credit facility, the indenture governing the 6.625% senior notes, the indenture governing the 5 $\frac{1}{8}$% senior notes and the indenture governing the notes or any other indebtedness could prevent us from being able to draw on the revolver portion of the senior credit facility, cause an event of default under such documents and result in an acceleration of all of our outstanding indebtedness. If all of our outstanding indebtedness were to be accelerated, we likely would not be able to simultaneously satisfy all of our obligations under such indebtedness, which would materially adversely affect our financial condition and results of operations.

Servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, and we may not be able to generate the cash required to service our indebtedness or the notes.

Our ability to make payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our business may not be able to generate sufficient cash flow from operations or future borrowings may not be available to us under the senior credit facility or otherwise in an amount sufficient to enable us to pay our indebtedness or debt securities, including the 6.625% senior notes, the 5 $^1/_8$% senior notes and the notes, or to fund our other liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness on or before maturity. However, we may not be able to complete such refinancing on commercially reasonable terms or at all. If for any reason we are unable to meet our debt service obligations, we would be in default under the terms of the agreements governing our outstanding debt. If such a default were to occur, the lenders under the senior credit facility, and holders of the 6.625% senior notes, the 5 $^1/_8$% senior notes and the notes could elect to declare all amounts outstanding immediately due and payable, and the lenders would not be obligated to continue to advance funds under the senior credit facility. If the amounts outstanding under the senior credit facility or other agreements governing our outstanding debt, were accelerated, our assets may not be sufficient to repay in full the money owed to our lenders, holders of the 6.625% senior notes, the 5 $^1/_8$% senior notes and the notes and any other debt holders.

Because portions of our senior indebtedness have floating interest rates, a general increase in interest rates will adversely affect cash flows.

Borrowings under the senior credit facility bear interest at a variable rate. As a result, to the extent our exposure to increases in interest rates is not eliminated through interest rate protection agreements, such increases will result in higher debt service costs which will adversely affect our cash flows. We currently do not anticipate entering into any interest rate protection agreements to protect against interest rate fluctuations on borrowings under the senior credit facility. As of September 30, 2013, we had $599.3 million of indebtedness outstanding under the senior credit facility, and a one percent increase in the interest rate applicable to the senior credit facility would increase our annual interest expense by $6.0 million.

We depend on distributions from our subsidiaries to make payments on our indebtedness. These distributions may not be made.

A substantial portion of our business is conducted by our subsidiaries. Therefore, our ability to meet our payment obligations on our indebtedness is substantially dependent on the earnings of certain of our subsidiaries and the payment of funds to us by our subsidiaries as dividends, loans, advances or other payments. Our subsidiaries are separate and distinct legal entities and, unless they expressly guarantee any indebtedness of ours, they are not obligated to make funds available for payment of our indebtedness in the form of loans, distributions or otherwise. Our subsidiaries ability to make any such loans, distributions or other payments to us will depend on their earnings, business results, the terms of their existing and any future indebtedness, tax considerations and legal or contractual restrictions to which they may be subject. If our subsidiaries do not make such payments to us, our ability to repay our indebtedness may be materially adversely affected. For the nine months ended September 30, 2013 and the year ended December 31, 2012, our guarantor and non-guarantor subsidiaries accounted for 72.1% and 64.4% of our consolidated revenues, respectively, and 95.6% and 75.5% of our total assets, respectively.

Risks Related to the Notes

The notes and the related guarantees are effectively subordinated to our and our subsidiary guarantors senior secured indebtedness and structurally subordinated to the indebtedness of our subsidiaries that do not guarantee the notes.

The notes and the related guarantees are unsecured and therefore will be effectively subordinated to our secured indebtedness, including borrowings under the senior credit facility, to the extent of the value of the assets securing such indebtedness. As of September 30, 2013, we had borrowings under the senior credit facility of approximately $599.3 million (excluding $58.2 million of letters of credit outstanding as of September 30, 2013). In addition, the indenture governing the 6.625% senior notes, the indenture governing the 5 $\frac{1}{8}$% senior notes and the indenture governing the notes allow us and our subsidiary guarantors to incur a significant amount of additional indebtedness and to secure indebtedness, including any indebtedness incurred under credit facilities. In the event we or the guarantors become the subject of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, our assets and the assets of the guarantors securing indebtedness could not be used to pay you until after all secured claims against us and the guarantors have been fully paid.

In addition, the notes and the related guarantees are structurally subordinated to all existing and future liabilities of our subsidiaries that do not guarantee the notes, including the trade payables. Our non-guarantor subsidiaries generated approximately 15.6% and 14.5% of our consolidated revenues and 11.8% and 12.8% of our consolidated EBITDA for the fiscal year ended December 31, 2012 and the nine months ended September 30, 2013, respectively, and held approximately 8.0% of our consolidated assets as of September 30, 2013. In addition, as of September 30, 2013 and December 31, 2012, our non-guarantor subsidiaries had $147.1 million of liabilities, including $93.5 million of indebtedness, and $182.3 million of liabilities, including $123.5 million of indebtedness, respectively.

There is no public market for the notes.

The notes are a new issue of securities for which there is currently no trading market. Although the initial purchasers have advised us on the date the unregistered notes were issued that they intend to make a market in the notes, they have no obligation to do so and may discontinue such activity at any time without notice. We cannot be sure that an active trading market will develop for the notes or, if developed, that it will continue. Moreover, if a market were to develop, the notes could trade at prices that may be lower than their initial offering price because of many factors, including, but not limited to:

- prevailing interest rates for similar securities;
- general economic conditions;
- our financial condition, performance or prospects; and
- the prospects for other companies in the same industry.

We may not be able to satisfy our repurchase obligations in the event of a change of control because the terms of our indebtedness or lack of funds may prevent us from doing so.

Upon a change of control as specified in Description of Notes, each holder of the notes, each holder of the 6.625% senior notes and each holder of the 5 1/8% senior notes will have the right to require us to repurchase their notes at 101% of their principal amount, plus accrued and unpaid interest, and, liquidated damages, if any, to the date of repurchase. The terms of the senior credit facility limit our ability to repurchase the notes in the event of a change of control. Any future agreement governing any of our indebtedness may contain similar restrictions and provisions. Accordingly, it is possible that restrictions in the senior credit facility or other indebtedness that may be incurred in the future will not allow the required repurchase of the notes, the 6.625% senior notes and the 5 1/8% senior notes upon a change of control. Even if such repurchase is permitted by the terms of our then existing indebtedness, we may not have sufficient funds available to satisfy our repurchase obligations. Our failure to purchase the notes would be a default under the indenture governing the notes, which in turn would trigger a default under the senior credit facility and the indentures governing the 6.625% senior notes and the 5 1/8% senior notes.

Fraudulent conveyance laws may permit courts to avoid the subsidiary guarantees of the notes and/or payments made under the subsidiary guarantees in specific circumstances, which would interfere with the payment under the subsidiary guarantees.

Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer laws, any guarantee or payments thereunder made by any of our subsidiaries could be avoided, or claims under the guarantee of any of our subsidiaries could be subordinated to all other obligations of any such subsidiary, if the subsidiary, at the time it incurred the obligations under any guarantee:

- incurred the obligations with the intent to hinder, delay or defraud creditors; or

- received less than reasonably equivalent value, or did not receive fair consideration, in exchange for incurring those obligations; and

(1) was insolvent or rendered insolvent by reason of that incurrence;

(2) was engaged in a business or transaction for which the subsidiary s remaining assets constituted unreasonably small capital; or

(3) intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

A legal challenge to the obligations under any guarantee on fraudulent conveyance grounds could focus on any benefits received in exchange for the incurrence of those obligations. We believe that each of our subsidiaries making a guarantee received reasonably equivalent value for incurring the guarantee, but a court may disagree with our conclusion or elect to apply a different standard in making its determination.

The measures of insolvency for purposes of the fraudulent transfer laws vary depending on the law applied in the proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, is greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets is less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it cannot pay its debts as they become due.

We cannot assure you, however, as to what standard a court would apply in making these determinations.

In the event the payments by the guarantor are avoided, the value of such payments could be recovered for the benefit of: (i) the bankruptcy estate of the guarantor, (ii) an assignee of the guarantor s assets in an Assignment for the Benefit of Creditors proceeding, and/or (iii) a creditor bringing the avoidance action. Also, your right to receive payments in respect of the notes from any such guarantor could be structurally subordinated to all indebtedness and other liabilities of that guarantor and/or disallowed in its entirety.

The indenture limits the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. We cannot assure you that this limitation will protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due.

In a recent Florida bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent conveyances. The United States Court of Appeals for the Eleventh Circuit affirmed the liability findings of the Florida Bankruptcy Court without ruling directly on the enforceability of these types of provisions generally. If the Florida Bankruptcy Court s decision is followed by other courts, the risk that the note guarantees would be deemed fraudulent conveyances would be significantly increased. If a guarantee of the notes is avoided as a fraudulent conveyance or is found to be unenforceable for any other reasons, you will not have a claim against the guarantor.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our other indebtedness, including a default under our senior credit facility, that is not cured or waived in accordance with the terms thereof, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our other indebtedness, or if we otherwise fail to comply with the various covenants, including operating covenants, in the instruments governing our indebtedness (including covenants in our senior credit facility, the indenture governing the 6.625% senior notes, the indenture governing the 5 $\frac{1}{8}$% senior notes and the indenture governing the notes), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could, in certain circumstances, elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our senior credit facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If we breach our covenants under our senior credit facility or our other indebtedness and seek a waiver, we may not be able to obtain a waiver from the parties required under our senior credit facility. If this occurs, we would be in default under the instrument governing that indebtedness, the lenders or holders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may adversely affect the market value of the notes and increase our future borrowing costs and reduce our access to capital.

Upon the closing of the issuance of the notes, our notes were assigned a non-investment grade rating, and any rating assigned to our debt could be lowered or withdrawn entirely by a rating agency if, in that rating agency s judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. Credit ratings are not recommendations to purchase, hold or sell the notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the notes. Any downgrade by a rating agency may result in higher borrowing costs.

Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your notes without a substantial discount.

Risks Related to Our Business and Industry

From time to time, we may not have a management contract with a client to operate existing beds at a facility or new beds at a facility that we are expanding and we cannot assure you that such a contract will be obtained. Failure to obtain a management contract for these beds will subject us to carrying costs with no corresponding management revenue.

From time to time, we may not have a management contract with a client to operate existing beds or new beds at facilities that we are currently in the process of renovating and expanding. While we will always strive to work diligently with a number of different customers for the use of these beds, we cannot assure you that a contract for the beds will be secured on a timely basis, or at all. While a facility or new beds at a facility are vacant, we incur carrying costs. As of September 30, 2013, we were marketing approximately 6,000 vacant beds at six of our idle facilities to potential customers. The annual carrying cost of idle facilities in 2013 is estimated to be $20.4 million, including depreciation expense of $6.6 million, if the facilities remain vacant for the remainder of 2013. As of

September 30, 2013, these facilities had a net book value of $193.6 million. Failure to secure a management contract for a facility or expansion project could have a material adverse impact on our financial condition, results of operations and/or cash flows. We review our facilities for impairment whenever events or changes in circumstances indicate the net book value of the facility may not be recoverable. Impairment charges taken on our facilities could require material non-cash charges to our results of operations. In addition, in order to secure a management contract for these beds, we may need to incur significant capital expenditures to renovate or further expand the facility to meet potential clients needs.

Negative conditions in the capital markets could prevent us from obtaining financing, which could materially harm our business.

Our ability to obtain additional financing is highly dependent on the conditions of the capital markets, among other things. The capital and credit markets have been experiencing significant volatility and disruption since 2008. The downturn in the equity and debt markets, the tightening of the credit markets, the general economic slowdown and other macroeconomic conditions, such as the current global economic environment could prevent us from raising additional capital or obtaining additional financing on satisfactory terms, or at all. If we need, but cannot obtain, adequate capital as a result of negative conditions in the capital markets or otherwise, our business, results of operations and financial condition could be materially adversely affected. Additionally, such inability to obtain capital could prevent us from pursuing attractive business development opportunities, including new facility constructions or expansions of existing facilities, and business or asset acquisitions.

We are subject to the loss of our facility management contracts, due to terminations, non-renewals or competitive re-bids, which could adversely affect our results of operations and liquidity, including our ability to secure new facility management contracts from other government customers.

We are exposed to the risk that we may lose our facility management contracts primarily due to one of three reasons: (i) the termination by a government customer with or without cause at any time; (ii) the failure by a customer to exercise its unilateral option to renew a contract with us upon the expiration of the then current term; or (iii) our failure to win the right to continue to operate under a contract that has been competitively re-bid in a procurement process upon its termination or expiration. Our facility management contracts typically allow a contracting governmental agency to terminate a contract with or without cause at any time by giving us written notice ranging from 30 to 180 days. If government agencies were to use these provisions to terminate, or renegotiate the terms of their agreements with us, our financial condition and results of operations could be materially adversely affected. Aside from our customers unilateral right to terminate our facility management contracts with them at any time for any reason, there are two points during the typical lifecycle of a contract which may result in the loss by us of a facility management contract with our customers. We refer to these points as contract renewals and contract re-bids. Many of our facility management contracts with our government customers have an initial fixed term and subsequent renewal rights for one or more additional periods at the unilateral option of the customer. Because most of our contracts for youth services do not guarantee placement or revenue, we have not considered these contracts to ever be in the renewal or re-bid stage since they are more perpetual in nature. We count each government customer s right to renew a particular facility management contract for an additional period as a separate renewal. For example, a five-year initial fixed term contract with customer options to renew for five separate additional one-year periods would, if fully exercised, be counted as five separate renewals, with one renewal coming in each of the five years following the initial term. As of December 31, 2012, 48 of our facility management contracts representing approximately 22,000 beds are scheduled to expire on or before December 31, 2013, unless renewed by the customer at its sole option in certain cases, or unless renewed by mutual agreement in other cases. These contracts represented 27% of our consolidated revenues for the fiscal year ended December 31, 2012. We undertake substantial efforts to renew our facility management contracts. Our average historical facility management contract renewal rate approximates 90%. However, given their unilateral nature, we cannot assure you that our customers will in fact

exercise their renewal options under existing contracts. In addition, in connection with contract renewals, either we or the contracting government agency have typically requested changes or adjustments to contractual terms. As a result, contract renewals may be made on terms that are more or less favorable to us than those in existence prior to the renewals.

We define competitive re-bids as contracts currently under our management which we believe, based on our experience with the customer and the facility involved, will be re-bid to us and other potential service providers in a competitive procurement process upon the expiration or termination of our contract, assuming all renewal options are exercised. Our determination of which contracts we believe will be competitively re- bid may in some cases be subjective and judgmental, based largely on our knowledge of the dynamics involving a particular contract, the customer and the facility involved. Competitive re-bids may result from the expiration of the term of a contract, including the initial fixed term plus any renewal periods, or the early termination of a contract by a customer. Competitive re-bids are often required by applicable federal or state procurement laws periodically in order to further competitive pricing and other terms for the government customer. Potential bidders in competitive re-bid situations include us, other private operators and other government entities.

As of December 31, 2012, thirteen of our facility management contracts representing $80.1 million (or 5.4%) of our consolidated revenues for the year ended December 31, 2012 are subject to competitive re-bid in 2013. While we are pleased with our historical win rate on competitive re-bids and are committed to continuing to bid competitively on appropriate future competitive re-bid opportunities, we cannot in fact assure you that we will prevail in future re-bid situations. Also, we cannot assure you that any competitive re-bids we win will be on terms more favorable to us than those in existence with respect to the expiring contract.

For additional information on facility management contracts that we currently believe will be competitively re-bid during each of the next five years and thereafter, please see Business Government Contracts Terminations, Renewals and Competitive Re-bids in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012. The loss by us of facility management contracts due to terminations, non-renewals or competitive re-bids could materially adversely affect our financial condition, results of operations and liquidity, including our ability to secure new facility management contracts from other government customers.

We may not be able to successfully identify, consummate or integrate acquisitions.

We have an active acquisition program, the objective of which is to identify suitable acquisition targets that will enhance our growth. The pursuit of acquisitions may pose certain risks to us. We may not be able to identify acquisition candidates that fit our criteria for growth and profitability. Even if we are able to identify such candidates, we may not be able to acquire them on terms satisfactory to us. We will incur expenses and dedicate attention and resources associated with the review of acquisition opportunities, whether or not we consummate such acquisitions.

Additionally, even if we are able to acquire suitable targets on agreeable terms, we may not be able to successfully integrate their operations with ours. Achieving the anticipated benefits of any acquisition will depend in significant part upon whether we integrate such acquired businesses in an efficient and effective manner. We may not be able to achieve the anticipated operating and cost synergies or long-term strategic benefits of our acquisitions within the anticipated timing or at all. For example, elimination of duplicative costs may not be fully achieved or may take longer than anticipated. For at least the first year after a substantial acquisition, and possibly longer, the benefits from the acquisition will be offset by the costs incurred in integrating the businesses and operations. We may also assume liabilities in connection with acquisitions that we would otherwise not be exposed to. An inability to realize the full extent of, or any of, the anticipated synergies or other benefits of an acquisition as well as any delays that may be encountered in the integration process, which may delay the timing of such synergies or other benefits, could have an adverse effect on our business and results of operations.

As a result of our acquisitions, we have recorded and will continue to record a significant amount of goodwill and other intangible assets. In the future, our goodwill or other intangible assets may become impaired, which could result in material non-cash charges to our results of operations.

We have a substantial amount of goodwill and other intangible assets resulting from business acquisitions. As of September 30, 2013, we had $657.3 million of goodwill and other intangible assets. At least annually, or whenever events or changes in circumstances indicate a potential impairment in the carrying value as defined by Generally Accepted Accounting Principles, or GAAP, we will evaluate this goodwill for impairment by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than the carrying amount. Estimated fair values could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows, or market capitalization. Impairments of goodwill or other intangible assets could require material non-cash charges to our results of operations.

Our growth depends on our ability to secure contracts to develop and manage new correctional, detention and community based facilities and to secure contracts to provide electronic monitoring services, community-based re-entry services and monitoring and supervision services, the demand for which is outside our control.

Our growth is primarily dependent upon our ability to obtain new contracts to develop and manage new correctional, detention and community based facilities, because contracts to manage existing public facilities have not to date typically been offered to private operators. Additionally, our growth is generally dependent upon our ability to obtain new contracts to offer electronic monitoring services, provide community-based re-entry services and provide monitoring and supervision services. Public sector demand for new privatized facilities in our areas of operation may decrease and our potential for growth will depend on a number of factors we cannot control, including overall economic conditions, governmental and public acceptance of the concept of privatization, government budgetary constraints, and the number of facilities available for privatization.

In particular, the demand for our correctional and detention facilities and services, electronic monitoring services, community-based re-entry services and monitoring and supervision services could be adversely affected by changes in existing criminal or immigration laws, crime rates in jurisdictions in which we operate, the relaxation of criminal or immigration enforcement efforts, leniency in conviction, sentencing or deportation practices, and the decriminalization of certain activities that are currently proscribed by criminal laws or the loosening of immigration laws. For example, any changes with respect to the decriminalization of drugs and controlled substances could affect the number of persons arrested, convicted, sentenced and incarcerated, thereby potentially reducing demand for correctional facilities to house them. Similarly, reductions in crime rates could lead to reductions in arrests, convictions and sentences requiring incarceration at correctional facilities. Immigration reform laws which are currently a focus for legislators and politicians at the federal, state and local level also could materially adversely impact us. Various factors outside our control could adversely impact the growth of our GEO Community Service business, including government customer resistance to the privatization of residential treatment facilities, and changes to Medicare and Medicaid reimbursement programs.

We may not be able to meet state requirements for capital investment or locate land for the development of new facilities, which could adversely affect our results of operations and future growth.

Certain jurisdictions, including California, have in the past required successful bidders to make a significant capital investment in connection with the financing of a particular project. If this trend were to continue in the future, we may not be able to obtain sufficient capital resources when needed to compete effectively for facility management contracts. Additionally, our success in obtaining new awards and contracts may depend, in part, upon our ability to locate land that can be leased or acquired under favorable terms. Otherwise desirable locations may be in or near populated areas and, therefore, may generate legal action or other forms of opposition from residents in areas surrounding a proposed site. Our inability to secure financing and desirable locations for new facilities could adversely affect our results of operations and future growth.

We depend on a limited number of governmental customers for a significant portion of our revenues. The loss of, or a significant decrease in business from, these customers could seriously harm our financial condition and results of operations.

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental clients, four customers through multiple individual contracts accounted for 50% of our consolidated revenues for the year ended December 31, 2012. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, ICE, and the U.S. Marshals Service, accounted for 45.8% of our total consolidated revenues for the year ended December 31, 2012 through multiple individual contracts, with the Bureau of Prisons accounting for 17.0% of our total consolidated revenues for such period, ICE accounting for 17.3% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 11.4% of our total consolidated revenues for such period; however no individual contract with these clients accounted for more than 5.0% of our total consolidated revenues. Government agencies from the State of Florida accounted for 4.1% of our total consolidated revenues for the year ended December 31, 2012 through multiple individual contracts. On March 1, 2013, as a result of the federal government being unable to reach an agreement on budget reduction measures required by the Budget Control Act of 2011, an automatic sequestration process was triggered which imposes automatic, across-the-board cuts to mandatory and discretionary federal spending in the amount of $1.2 trillion over the next ten years. We have had preliminary discussions with some of our clients regarding sequestration related issues and we do not currently believe that any impact to our contracts as a result of sequestration cuts would have a material impact on our financial results. However, the automatic sequestration process could result in a decline in, or redirection of, current and future budgets that could adversely affect our financial results. The loss of, or a significant decrease in, business from the Bureau of Prisons, ICE, the U.S. Marshals Service, the State of Florida or any other significant customers could seriously harm our financial condition and results of operations. We expect to continue to depend upon these federal and state agencies and a relatively small group of other governmental customers for a significant percentage of our revenues.

A decrease in occupancy levels could cause a decrease in revenues and profitability.

While a substantial portion of our cost structure is generally fixed, most of our revenues are generated under facility management contracts which provide for per diem payments based upon daily occupancy. Several of these contracts provide minimum revenue guarantees for us, regardless of occupancy levels, up to a specified maximum occupancy percentage. However, many of our contracts have no minimum revenue guarantees and simply provide for a fixed per diem payment for each inmate/detainee/patient actually housed. As a result, with respect to our contracts that have no minimum revenue guarantees and those that guarantee revenues only up to a certain specified occupancy percentage, we are highly dependent upon the governmental agencies with which we have contracts to provide inmates, detainees and patients for our managed facilities. Under a per diem rate structure, a decrease in our occupancy rates could cause a decrease in revenues and profitability. Recently, the State of California implemented its Criminal Justice Realignment Plan. As a result of the implementation of the Criminal Justice Realignment Plan, the State of California discontinued contracts with Community Correctional Facilities which housed low level state offenders across the state. The implementation of the Criminal Justice Realignment Plan by California resulted in the cancellation of our agreements for the housing of low level state offenders at three of our California Community Corrections facilities as well as an agreement for the housing of out-of-state California inmates at our North Lake Correctional Facility in Michigan. Also, in Michigan there have been recommendations for the early release of inmates to relieve overcrowding conditions. When combined with relatively fixed costs for operating each facility, regardless of the occupancy level, a material decrease in occupancy levels at one or more of our facilities could have a material adverse effect on our revenues and profitability, and consequently, on our financial condition and results of operations.

State budgetary constraints may have a material adverse impact on us.

State budgets continue their slow to moderate recovery. While most states anticipate revenues to increase in fiscal year 2013 compared with fiscal year 2012, several states still face budget shortfalls. According to the

National Conference of State Legislatures, despite these positive trends, federal deficit reduction actions, increasing program pressures, international debt crises and the impact from recent storms will continue to challenge lawmakers as they begin their new legislative sessions. At December 31, 2012, we had eleven state correctional clients: Florida, Georgia, Alaska, Louisiana, Virginia, Indiana, Texas, Oklahoma, New Mexico, Arizona, and California. If state budgetary constraints persist or intensify, our eleven state customers ability to pay us may be impaired and/or we may be forced to renegotiate our management contracts with those customers on less favorable terms and our financial condition, results of operations or cash flows could be materially adversely impacted. In addition, budgetary constraints in states that are not our current customers could prevent those states from outsourcing correctional, detention or community-based service opportunities that we otherwise could have pursued.

Competition for inmates may adversely affect the profitability of our business.

We compete with government entities and other private operators on the basis of cost, quality and range of services offered, experience in managing facilities, and reputation of management and personnel. Barriers to entering the market for the management of correctional and detention facilities may not be sufficient to limit additional competition in our industry. In addition, some of our government customers may assume the management of a facility currently managed by us upon the termination of the corresponding management contract or, if such customers have capacity at the facilities which they operate, they may take inmates currently housed in our facilities and transfer them to government operated facilities. Since we are paid on a per diem basis with no minimum guaranteed occupancy under some of our contracts, the loss of such inmates and resulting decrease in occupancy could cause a decrease in both our revenues and our profitability.

We are dependent on government appropriations, which may not be made on a timely basis or at all and may be adversely impacted by budgetary constraints at the federal, state and local levels.

Our cash flow is subject to the receipt of sufficient funding of and timely payment by contracting governmental entities. If the contracting governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us. Any delays in payment, or the termination of a contract, could have a material adverse effect on our cash flow and financial condition, which may make it difficult to satisfy our payment obligations on our indebtedness, including the notes, the 6.625% senior notes, the 5 $\frac{1}{8}$% senior notes and the senior credit facility, in a timely manner. In addition, as a result of, among other things, recent economic developments, federal, state and local governments have encountered, and may continue to encounter, unusual budgetary constraints. As a result, a number of state and local governments are under pressure to control additional spending or reduce current levels of spending which could limit or eliminate appropriations for the facilities that we operate. Additionally, as a result of these factors, we may be requested in the future to reduce our existing per diem contract rates or forego prospective increases to those rates. Budgetary limitations may also make it more difficult for us to renew our existing contracts on favorable terms or at all. Further, a number of states in which we operate are experiencing budget constraints for fiscal year 2013. We cannot assure that these constraints will not result in reductions in per diems, delays in payment for services rendered or unilateral termination of contracts.

Public resistance to privatization of correctional, detention, mental health and residential facilities could result in our inability to obtain new contracts or the loss of existing contracts, which could have a material adverse effect on our business, financial condition and results of operations.

The management and operation of correctional, detention, community based facilities by private entities has not achieved complete acceptance by either government agencies or the public. Some governmental agencies have limitations on their ability to delegate their traditional management responsibilities for such facilities to private companies and additional legislative changes or prohibitions could occur that further increase these limitations. In addition, the movement toward privatization of such facilities has encountered resistance from groups, such as labor unions, that believe that correctional, detention and community based facilities should only be operated by governmental agencies. Changes in governing political parties could also result in significant changes to previously established views of privatization. Increased public resistance to the privatization of correctional, detention, and community based facilities in any of the markets in which we operate, as a result of these or other factors, could have a material adverse effect on our business, financial condition and results of operations.

Operating juvenile correctional facilities poses certain unique or increased risks and difficulties compared to operating other facilities.

As a result of the Cornell Acquisition in 2010, we re-entered the market of operating juvenile correctional facilities. We intentionally had exited the market of operating juvenile correctional facilities a number of years prior to the Cornell Acquisition. Operating juvenile correctional facilities may pose increased operational risks and difficulties that may result in increased litigation, higher personnel costs, higher levels of turnover of personnel and reduced profitability. Examples of the increased operational risks and difficulties involved in operating juvenile correctional facilities include, higher staff ratios, elevated reporting and audit requirements, and multiple funding sources as opposed to a single source payer. Additionally, juvenile services contracts related to educational services may provide for annual collection several months after a school year is completed. This may pose a risk that we will not be able to collect the full amount owed thereby reducing our profitability or it may adversely impact our annual budgeting process due to the lag time between us providing the educational services provided under a contract and collecting the amount owed to us for such services. We cannot assure that we will be successful in operating juvenile correctional facilities or that we will be able to minimize the risks and difficulties involved while yielding an attractive profit margin.

Adverse publicity may negatively impact our ability to retain existing contracts and obtain new contracts.

Any negative publicity about an escape, riot or other disturbance or perceived poor conditions at a privately managed facility, any failures experienced by our electronic monitoring services or the loss or unauthorized access to any of the data we maintain in the course of providing our services may result in publicity adverse to us and the private corrections industry in general. Any of these occurrences or continued trends may make it more difficult for us to renew existing contracts or to obtain new contracts or could result in the termination of an existing contract or the closure of one or more of our facilities, which could have a material adverse effect on our business. Such negative events may also result in a significant increase in our liability insurance costs.

We may incur significant start-up and operating costs on new contracts before receiving related revenues, which may impact our cash flows and not be recouped.

When we are awarded a contract to manage a facility, we may incur significant start-up and operating expenses, including the cost of constructing the facility, purchasing equipment and staffing the facility, before we receive any payments under the contract. These expenditures could result in a significant reduction in our cash reserves and may make it more difficult for us to meet other cash obligations, including our payment obligations on the notes, the 6.625% senior notes, the 5 $\frac{1}{8}$% senior notes and the senior credit facility. In addition, a contract may be terminated prior to its scheduled expiration and as a result we may not recover these expenditures or realize any return on our investment.

Failure to comply with extensive government regulation and applicable contractual requirements could have a material adverse effect on our business, financial condition or results of operations.

The industry in which we operate is subject to extensive federal, state and local regulation, including educational, environmental, health care and safety laws, rules and regulations, which are administered by many regulatory authorities. Some of the regulations are unique to the corrections industry, and the combination of regulations affects all areas of our operations. Corrections officers and juvenile care workers are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and are subject to background investigations. Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with businesses owned by members of minority groups. We may not always successfully comply with these and other regulations to which we are subject and failure to comply can result in material penalties or the non-renewal or termination of facility management contracts. In addition, changes in existing regulations could require us to substantially modify the manner in which we conduct our business and, therefore, could have a material adverse effect on us. In addition, private prison managers are increasingly subject to government legislation and regulation attempting to restrict the ability of private prison managers to house certain types of inmates, such as inmates from other jurisdictions or inmates at medium or higher security levels. Legislation has been enacted in several states, and has previously been proposed in the United States House of Representatives, containing such restrictions. Although we do not believe that existing legislation will have a material adverse effect on us, future legislation may have such an effect on us.

Governmental agencies may investigate and audit our contracts and, if any improprieties are found, we may be required to refund amounts we have received, to forego anticipated revenues and we may be subject to penalties and sanctions, including prohibitions on our bidding in response to Requests for Proposals, or RFPs, from governmental agencies to manage correctional facilities. Governmental agencies we contract with have the authority to audit and investigate our contracts with them. As part of that process, governmental agencies may review our performance of the contract, our pricing practices, our cost structure and our compliance with applicable laws, regulations and standards. For contracts that actually or effectively provide for certain reimbursement of expenses, if an agency determines that we have improperly allocated costs to a specific contract, we may not be reimbursed for those costs, and we could be required to refund the amount of any such costs that have been reimbursed. If we are found to have engaged in improper or illegal activities, including under the United States False Claims Act, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or disqualification from doing business with certain governmental entities. An adverse determination in an action alleging improper or illegal activities by us could also adversely impact our ability to bid in response to RFPs in one or more jurisdictions.

In addition to compliance with applicable laws and regulations, our facility management contracts typically have numerous requirements addressing all aspects of our operations which we may not be able to satisfy. For example, our contracts require us to maintain certain levels of coverage for general liability, workers compensation, vehicle liability, and property loss or damage. If we do not maintain the required categories and levels of coverage, the contracting governmental agency may be permitted to terminate the contract. In addition, we are required under our contracts to indemnify the contracting governmental agency for all claims and costs arising out of our management of facilities and, in some instances, we are required to maintain performance bonds relating to the construction, development and operation of facilities. Facility management contracts also typically include reporting requirements, supervision and on-site monitoring by representatives of the contracting governmental agencies. Failure to properly adhere to the various terms of our customer contracts could expose us to liability for damages relating to any breaches as well as the loss of such contracts, which could materially adversely impact us.

We may face community opposition to facility location, which may adversely affect our ability to obtain new contracts.

Our success in obtaining new awards and contracts sometimes depends, in part, upon our ability to locate land that can be leased or acquired, on economically favorable terms, by us or other entities working with us in conjunction with our proposal to construct and/or manage a facility. Some locations may be in or near populous areas and, therefore, may generate legal action or other forms of opposition from residents in areas surrounding a proposed site. When we select the intended project site, we attempt to conduct business in communities where local leaders and residents generally support the establishment of a privatized correctional or detention facility. Future efforts to find suitable host communities may not be successful. In many cases, the site selection is made by the contracting governmental entity. In such cases, site selection may be made for reasons related to political and/or economic development interests and may lead to the selection of sites that have less favorable environments.

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Our business operations expose us to various liabilities for which we may not have adequate insurance.

The nature of our business exposes us to various types of third-party legal claims, including, but not limited to, civil rights claims relating to conditions of confinement and/or mistreatment, sexual misconduct claims brought by prisoners or detainees, medical malpractice claims, product liability claims, intellectual property infringement claims, claims relating to employment matters (including, but not limited to, employment discrimination claims, union grievances and wage and hour claims), property loss claims, environmental claims, automobile liability claims, contractual claims and claims for personal injury or other damages resulting from contact with our facilities, programs, electronic monitoring products, personnel or prisoners, including damages arising from a prisoner s escape or from a disturbance or riot at a facility. In addition, our management contracts generally require us to indemnify the governmental agency against any damages to which the governmental agency may be subject in connection with such claims or litigation. We maintain insurance coverage for these general types of claims, except for claims relating to employment matters, for which we carry no insurance. However, we generally have high deductible payment requirements on our primary insurance policies, including our general liability insurance, and there are also varying limits on the maximum amount of our overall coverage. As a result, the insurance we maintain to cover the various liabilities to which we are exposed may not be adequate. Any losses relating to matters for which we are either uninsured or for which we do not have adequate insurance could have a material adverse effect on our business, financial condition or results of operations. In addition, any losses relating to employment matters could have a material adverse effect on our business, financial condition or results of operations.

We may not be able to obtain or maintain the insurance levels required by our government contracts.

Our government contracts require us to obtain and maintain specified insurance levels. The occurrence of any events specific to our company or to our industry, or a general rise in insurance rates, could substantially increase our costs of obtaining or maintaining the levels of insurance required under our government contracts, or prevent us from obtaining or maintaining such insurance altogether. If we are unable to obtain or maintain the required insurance levels, our ability to win new government contracts, renew government contracts that have expired and retain existing government contracts could be significantly impaired, which could have a material adverse effect on our business, financial condition and results of operations.

Our international operations expose us to risks which could materially adversely affect our financial condition and results of operations.

For the nine months ended September 30, 2013 and the year ended December 31, 2012, our international operations accounted for 13.7% and 14.3%, respectively, of our consolidated revenues from continuing operations. We face risks associated with our operations outside the United States. These risks include, among others, political and economic instability, exchange rate fluctuations, taxes, duties and the laws or regulations in those foreign jurisdictions in which we operate. In the event that we experience any difficulties arising from our operations in foreign markets, our business, financial condition and results of operations may be materially adversely affected.

We conduct certain of our operations through joint ventures, which may lead to disagreements with our joint venture partners and adversely affect our interest in the joint ventures.

We conduct our operations in South Africa through our consolidated joint venture, South African Custodial Management Pty. Limited, which we refer to as SACM, and through our 50% owned joint venture South African Custodial Services Pty. Limited, referred to as SACS. We conduct our prisoner escort and related custody services in the United Kingdom through our 50% unconsolidated joint venture in GEO Amey PECS Limited, which we refer to as GEOAmey. We may enter into additional joint ventures in the future. Although we have the majority vote in our consolidated joint venture, SACM, through our ownership of 62.5% of the voting shares, we share equal voting control on all significant matters to come before SACS. We also share equal voting control on all significant matters to come before GEOAmey. These joint venture partners, as well as any future partners, may have interests that are different from ours which may result in conflicting views as to the conduct of the business of the joint venture. In the event that we have a disagreement with a joint venture partner as to the resolution of a particular issue to come before the joint venture, or as to the management or conduct of the business of the joint venture in general, we may not be able to resolve such disagreement in our favor and such disagreement could have a material adverse effect on our interest in the joint venture or the business of the joint venture in general.

We are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel.

We are dependent upon the continued service of each member of our senior management team, including George C. Zoley, Ph.D., our Chairman and Chief Executive Officer, Brian R. Evans, our Chief Financial Officer, John M. Hurley, our Senior Vice President, Operations and President, U.S. Corrections & Detention, Jorge A. Dominicis, Senior Vice President, GEO Community Services, and also our other five executive officers at the Vice President level and above. The unexpected loss of Mr. Zoley, Mr. Evans or any other key member of our senior management team could materially adversely affect our business, financial condition or results of operations.

In addition, the services we provide are labor-intensive. When we are awarded a facility management contract or open a new facility, depending on the service we have been contracted to provide, we may need to hire operating management, correctional officers, security staff, physicians, nurses and other qualified personnel. The success of our business requires that we attract, develop and retain these personnel. Our inability to hire sufficient qualified personnel on a timely basis or the loss of significant numbers of personnel at existing facilities could have a material effect on our business, financial condition or results of operations.

Our profitability may be materially adversely affected by inflation.

Many of our facility management contracts provide for fixed management fees or fees that increase by only small amounts during their terms. While a substantial portion of our cost structure is generally fixed, if, due to inflation or other causes, our operating expenses, such as costs relating to personnel, utilities, insurance, medical and food, increase at rates faster than increases, if any, in our facility management fees, then our profitability could be materially adversely affected.

Various risks associated with the ownership of real estate may increase costs, expose us to uninsured losses and adversely affect our financial condition and results of operations.

Our ownership of correctional and detention facilities subjects us to risks typically associated with investments in real estate. Investments in real estate, and in particular, correctional and detention facilities, are relatively illiquid and, therefore, our ability to divest ourselves of one or more of our facilities promptly in response to changed conditions is limited. Investments in correctional and detention facilities, in particular, subject us to risks involving potential exposure to environmental liability and uninsured loss. Our operating costs may be affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation. In addition, although we maintain insurance for many types of losses, there are certain types of losses, such as losses from earthquakes, riots and acts of terrorism, which may be either uninsurable or for which it may not be economically feasible to obtain insurance coverage, in light of the substantial costs associated with such insurance. As a result, we could lose both our capital invested in, and anticipated profits from, one or more of the facilities we own. Further, even if we have insurance for a particular loss, we may experience losses that may exceed the limits of our coverage.

Risks related to facility construction and development activities may increase our costs related to such activities.

When we are engaged to perform construction and design services for a facility, we typically act as the primary contractor and subcontract with other companies who act as the general contractors. As primary contractor, we are subject to the various risks associated with construction (including, without limitation,

shortages of labor and materials, work stoppages, labor disputes and weather interference) which could cause construction delays. In addition, we are subject to the risk that the general contractor will be unable to complete construction within the level of budgeted costs or be unable to fund any excess construction costs, even though we typically require general contractors to post construction bonds and insurance. Under such contracts, we are ultimately liable for all late delivery penalties and cost overruns.

The rising cost and increasing difficulty of obtaining adequate levels of surety credit on favorable terms could adversely affect our operating results.

We are often required to post performance bonds issued by a surety company as a condition to bidding on or being awarded a facility development contract. Availability and pricing of these surety commitments is subject to general market and industry conditions, among other factors. Recent events in the economy have caused the surety market to become unsettled, causing many reinsurers and sureties to reevaluate their commitment levels and required returns. As a result, surety bond premiums generally are increasing. If we are unable to effectively pass along the higher surety costs to our customers, any increase in surety costs could adversely affect our operating results. In addition, we may not continue to have access to surety credit or be able to secure bonds economically, without additional collateral, or at the levels required for any potential facility development or contract bids. If we are unable to obtain adequate levels of surety credit on favorable terms, we would have to rely upon letters of credit under the senior credit facility, which would entail higher costs even if such borrowing capacity was available when desired, and our ability to bid for or obtain new contracts could be impaired.

Adverse developments in our relationship with our employees could adversely affect our business, financial condition or results of operations.

At December 31, 2012, approximately 21% of our workforce was covered by collective bargaining agreements and, as of such date, collective bargaining agreements with approximately 2% of our employees were set to expire in less than one year. While only approximately 21% of our workforce schedule is covered by collective bargaining agreements, increases in organizational activity or any future work stoppages could have a material adverse effect on our business, financial condition, or results of operations.

Technological change could cause our electronic monitoring products and technology to become obsolete or require the redesign of our electronic monitoring products, which could have a material adverse effect on our business.

Technological changes within the electronic monitoring business in which we conduct business may require us to expend substantial resources in an effort to develop and/or utilize new electronic monitoring products and technology. We may not be able to anticipate or respond to technological changes in a timely manner, and our response may not result in successful electronic monitoring product development and timely product introductions. If we are unable to anticipate or timely respond to technological changes, our business could be adversely affected and could compromise our competitive position, particularly if our competitors announce or introduce new electronic monitoring products and services in advance of us. Additionally, new electronic monitoring products and technology face the uncertainty of customer acceptance and reaction from competitors.

Any negative changes in the level of acceptance of or resistance to the use of electronic monitoring products and services by governmental customers could have a material adverse effect on our business, financial condition and results of operations.

Governmental customers use electronic monitoring products and services to monitor low risk offenders as a way to help reduce overcrowding in correctional facilities, as a monitoring and sanctioning tool, and to promote public safety by imposing restrictions on movement and serving as a deterrent for alcohol usage. If the level of acceptance of or resistance to the use of electronic monitoring products and services by governmental customers were to change over time in a negative manner so that governmental customers decide to decrease their usage levels and contracting for electronic monitoring products and services, this could have a material adverse effect on our business, financial condition and results of operations.

We depend on a limited number of third parties to manufacture and supply quality infrastructure components for our electronic monitoring products. If our suppliers cannot provide the components or services we require and with such quality as we expect, our ability to market and sell our electronic monitoring products and services could be harmed.

If our suppliers fail to supply components in a timely manner that meets our quantity, quality, cost requirements, or technical specifications, we may not be able to access alternative sources of these components within a reasonable period of time or at commercially reasonable rates. A reduction or interruption in the supply of components, or a significant increase in the price of components, could have a material adverse effect on our marketing and sales initiatives, which could adversely affect our financial condition and results of operations.

Providing electronic monitoring services is a relatively new line of business for us and as a result we are subject to all of the risks and uncertainties of developing a new line of business.

Prior to our acquisition of B.I. Incorporated, which we refer to as BI, we had never provided electronic monitoring services and had no prior experience in the electronic monitoring services industry. As a result of our acquisition of BI, we entered into a new line of business. Our success providing electronic monitoring services will be subject to all of the uncertainties regarding the development of a new business. There can be no assurance regarding the continued acceptance of electronic monitoring services by our customers. Additionally, we may experience difficulties keeping ahead of or reacting to technological changes in the electronic monitoring services industry as well as reacting to other challenges of the electronic monitoring services industry due to our lack of experience in this industry.

The interruption, delay or failure of the provision of our services or information systems could adversely affect our business.

Certain segments of our business depend significantly on effective information systems. As with all companies that utilize information technology, we are vulnerable to negative impacts if information is inadvertently interrupted, delayed, compromised or lost. We routinely process, store and transmit large amounts of data for our clients. The interruption, delay or failure of our services, information systems or client data could cost us both monetarily and in terms of client good will, lost business, disruption of business, adverse impacts to our results of operations and exposure to the risks of litigation. Such interruptions, delays or failures could damage our brand and reputation. Prior to our acquisition of BI, BI experienced such an issue in October 2010 with one of its offender monitoring servers that caused the server s automatic notification system to be temporarily disabled resulting in delayed notifications to customers when a database exceeded its data storage capacity. The issue was resolved within approximately 12 hours. We continually work to update and maintain effective information systems, however, there can be no assurance that we will not experience an interruption, delay or failure of our services, information systems or client data that would adversely impact our business.

An inability to acquire, protect or maintain our intellectual property and patents in the electronic monitoring space could harm our ability to compete or grow.

We have numerous United States and foreign patents issued as well as a number of United States patents pending in the electronic monitoring space. There can be no assurance that the protection afforded by these patents will provide us with a competitive advantage, prevent our competitors from duplicating our products, or that we will be able to assert our intellectual property rights in infringement actions.

In addition, any of our patents may be challenged, invalidated, circumvented or rendered unenforceable. There can be no assurance that we will be successful should one or more of our patents be challenged for any reason. If our patent claims are rendered invalid or unenforceable, or narrowed in scope, the patent coverage afforded to our products could be impaired, which could significantly impede our ability to market our products, negatively affect our competitive position and harm our business and operating results.

There can be no assurance that any pending or future patent applications held by us will result in an issued patent, or that if patents are issued to us, that such patents will provide meaningful protection against competitors or against competitive technologies. The issuance of a patent is not conclusive as to its validity or its enforceability. The United States federal courts or equivalent national courts or patent offices elsewhere may invalidate our patents or find them unenforceable. Competitors may also be able to design around our patents. Our patents and patent applications cover particular aspects of our products. Other parties may develop and obtain patent protection for more effective technologies, designs or methods. If these developments were to occur, it could have an adverse effect on our sales. We may not be able to prevent the unauthorized disclosure or use of our technical knowledge or trade secrets by consultants, vendors, former employees and current employees, despite the existence of nondisclosure and confidentiality agreements and other contractual restrictions. Furthermore, the laws of foreign countries may not protect our intellectual property rights effectively or to the same extent as the laws of the United States. If our intellectual property rights are not adequately protected, we may not be able to commercialize our technologies, products or services and our competitors could commercialize our technologies, which could result in a decrease in our sales and market share that would harm our business and operating results.

Additionally, the expiration of any of our patents may reduce the barriers to entry into our electronic monitoring line of business and may result in loss of market share and a decrease in our competitive abilities, thus having a potential adverse effect on our financial condition, results of operations and cash flows.

Our electronic monitoring products could infringe on the intellectual property rights of others, which may lead to litigation that could itself be costly, could result in the payment of substantial damages or royalties, and/or prevent us from using technology that is essential to our products.

There can be no assurance that our current products or products under development will not infringe any patent or other intellectual property rights of third parties. If infringement claims are brought against us, whether successfully or not, these assertions could distract management from other tasks important to the success of our business, necessitate us expending potentially significant funds and resources to defend or settle such claims and harm our reputation. We cannot be certain that we will have the financial resources to defend ourselves against any patent or other intellectual property litigation.

In addition, intellectual property litigation or claims could force us to do one or more of the following:

- cease selling or using any products that incorporate the asserted intellectual property, which would adversely affect our revenue;

- pay substantial damages for past use of the asserted intellectual property;

- obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all; or

- redesign or rename, in the case of trademark claims, our products to avoid infringing the intellectual property rights of third parties, which may not be possible and could be costly and time-consuming if it is possible to do.

In the event of an adverse determination in an intellectual property suit or proceeding, or our failure to license essential technology, our sales could be harmed and/or our costs could be increased, which would harm our financial condition.

We license intellectual property rights in the electronic monitoring space, including patents, from third party owners. If such owners do not properly maintain or enforce the intellectual property underlying such licenses, our competitive position and business prospects could be harmed. Our licensors may also seek to terminate our license.

We are a party to a number of licenses that give us rights to third-party intellectual property that is necessary or useful to our business. Our success will depend in part on the ability of our licensors to obtain, maintain and enforce our licensed intellectual property. Our licensors may not successfully prosecute any applications for or maintain intellectual property to which we have licenses, may determine not to pursue litigation against other companies that are infringing such intellectual property, or may pursue such litigation less aggressively than we would. Without protection for the intellectual property we license, other companies might be able to offer similar products for sale, which could adversely affect our competitive business position and harm our business prospects. If we lose any of our right to use third-party intellectual property, it could adversely affect our ability to commercialize our technologies, products or services, as well as harm our competitive business position and our business prospects.

We may be subject to costly product liability claims from the use of our electronic monitoring products, which could damage our reputation, impair the marketability of our products and services and force us to pay costs and damages that may not be covered by adequate insurance.

Manufacturing, marketing, selling, testing and the operation of our electronic monitoring products and services entail a risk of product liability. We could be subject to product liability claims to the extent our electronic monitoring products fail to perform as intended. Even unsuccessful claims against us could result in the expenditure of funds in litigation, the diversion of management time and resources, damage to our reputation and impairment in the marketability of our electronic monitoring products and services. While we maintain liability insurance, it is possible that a successful claim could be made against us, that the amount of our insurance coverage would not be adequate to cover the costs of defending against or paying such a claim, or that damages payable by us would harm our business.

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

We entered into a registration rights agreement with respect to the old notes. Under the registration rights agreement, we agreed, for the benefit of the holders of the old notes that we will, (a) not later than 75 days after the date of original issuance of the notes, file a registration statement with the Commission with respect to a registered offer to exchange the old notes for new notes of the Company having terms substantially identical in all material respects to such old notes (except that the new notes will generally not contain terms with respect to transfer restrictions), (b) use our reasonable best efforts to cause the registration statement provided for under the registration rights agreement to be declared effective under the Securities Act not later than 180 days after the date of original issuance of the old notes and (c) use our reasonable best efforts to cause the exchange offer to be consummated on the earliest practicable date after the registration statement has become effective, but in no event later than 30 days after the registration statement has become effective. We will keep the exchange offer for the old notes open for not less than 20 business days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the old notes eligible to participate in the exchange offer.

For each old note surrendered to us pursuant to the exchange offer, the holder of the old note will receive a new note having a principal amount equal to that of the surrendered old note. Interest on each new note will accrue from the last interest payment date on which interest was paid on the old note surrendered in exchange thereof or, if no interest has been paid on such outstanding note, from the date of its original issue.

Under existing Commission interpretations, new notes acquired in a registered exchange offer by holders of old notes are freely transferable without further registration under the Securities Act if the holder of the new notes represents that it is acquiring the new notes in the ordinary course of its business, that it has no arrangement or understanding to participate in the distribution of the new notes and that it is not an affiliate of the Company, as such terms are interpreted by the Commission, provided that broker-dealers (participating broker-dealers) receiving new notes in a registered exchange offer will have a prospectus delivery requirement with respect to resales of such new notes. The Commission has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to new notes (other than a resale of an unsold allotment from the original sale of the old notes) with the prospectus contained in the exchange offer registration statement relating to such new notes.

Under the registration rights agreement, we are required to allow participating broker-dealers and other Persons, if any, with similar prospectus delivery requirements to use the prospectus contained in the exchange offer registration statement in connection with the resale of such new notes for 180 days following the effective date of such exchange offer registration statement (or such shorter period during which participating broker-dealers are required by law to deliver such prospectus).

A holder of old notes who wishes to exchange its old notes for new notes in the exchange offer will be required to represent in the letter of transmittal that any new notes to be received by it will be acquired in the ordinary course of its business and that at the time of the commencement of the exchange offer it has no arrangement or understanding with any Person to participate in the distribution (within the meaning of the Securities Act) of the new notes and that it is not an affiliate of the Company, as defined in Rule 405 of the Securities Act, or if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

Resale of New Notes

Based on no-action letters of the Commission staff issued to third parties, we believe that new notes received in the exchange offer may be offered for resale, resold and otherwise transferred by you without further compliance with the registration and prospectus delivery provisions of the Securities Act if:

you are not our affiliate within the meaning of Rule 405 under the Securities Act;

- the new notes are acquired in the ordinary course of your business; and
- you do not intend to participate in a distribution of the new notes.

The Commission, however, has not considered the exchange offer for the new notes in the context of a specific no action letter, and the Commission may not make a similar determination as in the no-action letters issued to these third parties.

If you tender in the exchange offer with the intention of participating in any manner in a distribution of the related new notes, you

- cannot rely on such interpretations by the Commission staff; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

This prospectus may be used for an offer to resell, resale or other retransfer of new notes only as specifically described in this prospectus. A broker-dealer may participate in the exchange offer only if it acquired the old notes as a result of market-making activities or other trading activities. Broker-dealers that purchased their old notes directly from us may not participate in the exchange offer. Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge in the letter of transmittal that it will deliver a prospectus in connection with any resale of the new notes. Please read the section captioned Plan of Distribution for more details regarding the transfer of new notes.

Terms of the Exchange Offer

Subject to the terms and conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any old notes properly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue new notes in principal amount equal to the principal amount of old notes surrendered under the exchange offer. Old notes may be tendered only for new notes and only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

As of the date of this prospectus, $250,000,000 in aggregate principal amount of the old notes are outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the Exchange Act) and the rules and regulations of the Commission. Old notes that the holders thereof do not tender for exchange in the exchange offer will remain outstanding and continue to accrue interest. These old notes will be entitled to the rights and benefits such holders have under the indenture relating to the notes and the registration rights agreement.

We will be deemed to have accepted for exchange properly tendered old notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the provisions of the registration rights agreement.

The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

If you tender old notes in an exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of old notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses for more details regarding fees and expenses incurred in the exchange offer.

We will return any old notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on February 4, 2014, which is the 21st business day following the commencement of the exchange offer, unless, in our sole discretion, we extend it.

Extensions, Delays in Acceptance, Termination or Amendment

We expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. We may delay acceptance of any old notes by giving oral or written notice of such extension to their holders. During any such extensions, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify the registered holders of old notes that are subject to the exchange offer of the extension no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

If any of the conditions described below under Conditions to the Exchange Offer have not been satisfied in relation to the exchange offer, we reserve the right, in our sole discretion

- to delay accepting for exchange any old notes,

- to extend the exchange offer, or

- to terminate the exchange offer,

by giving oral or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreement, we also reserve the right to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the registered holders of old notes that are subject to the exchange offer. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement. The supplement will be distributed to the registered holders of the old notes that are subject to the exchange offer. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we will extend the exchange offer if it would otherwise expire during such period. We are generally required to extend the exchange offer for any material amendment so that at least five business days remain in the exchange offer after the amendment.

Conditions to the Exchange Offer

We will not be required to accept for exchange, or exchange any new notes for, any old notes if the exchange offer, or the making of any exchange by a holder of old notes, would violate applicable law or any applicable interpretation of the staff of the Commission. Similarly, we may terminate the exchange offer as provided in this prospectus before the expiration date in the event of such a potential violation.

In addition, we will not be obligated to accept for exchange the old notes of any holder that has not made to us the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution and such other representations as may be reasonably necessary under applicable Commission rules, regulations or interpretations to allow us to use an appropriate form to register the new notes under the Securities Act.

We expressly reserve the right to amend or terminate the exchange offer, and to reject for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer specified above. We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion before the expiration of the exchange offer. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each such right will be deemed an ongoing right that we may assert at any time or at various times, provided that all conditions to the exchange offer must be satisfied or waived before the expiration of the exchange offer.

In addition, we will not accept for exchange any old notes tendered, and will not issue new notes in exchange for any such old notes, if at such time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

Procedures for Tendering

How to Tender Generally

Only a holder of old notes may tender such old notes in the exchange offer. To tender in the exchange offer, a holder must:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal;
- have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and
- mail or deliver such letter of transmittal or facsimile to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date; or
- comply with the automated tender offer program procedures of The Depository Trust Company, or DTC, described below.

In addition:

- the exchange agent must receive old notes along with the letter of transmittal; or

- the exchange agent must receive, prior to 5:00 p.m., New York City time, on the expiration date, a timely confirmation of book-entry transfer of such old notes into the exchange agent s account at DTC according to the procedure for book-entry transfer described below or a properly transmitted agent s message; or

- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at its address indicated on the cover page of the letter of transmittal. The exchange agent must receive such documents prior to 5:00 p.m., New York City time, on the expiration date.

The tender by a holder that is not withdrawn prior to 5:00 p.m., New York City time, on the expiration date will constitute an agreement between the holder and us in accordance with the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

The method of delivery of old notes, the letters of transmittal and all other required documents to the exchange agent is at your election and risk. Rather than mail these items, we recommend that you use an overnight or hand delivery service. In all cases, you should allow sufficient time to assure delivery to the exchange agent before 5:00 p.m., New York City time, on the expiration date. You should not send the letters of transmittal or old notes to us. You may request your brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for you.

How to Tender if You Are a Beneficial Owner

If you beneficially own old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender those notes, you should contact the registered holder promptly and instruct it to tender on your behalf. If you are a beneficial owner and wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either:

- make appropriate arrangements to register ownership of the old notes in your name; or

- obtain a properly completed bond power from the registered holder of the old notes.

The transfer of registered ownership, if permitted under the indenture for the Notes, may take considerable time and may not be completed prior to the expiration date.

Signatures and Signature Guarantees

You must have signatures on a letter of transmittal or a notice of withdrawal (as described below) guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Securities Exchange Act. In addition, such entity must be a member of one of the recognized signature guarantee programs identified in the letter of transmittal. Signature guarantees are not required, however, if the notes are tendered:

- by a registered holder who has not completed the box titled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal;

- for the account of a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondence in the United States, or an eligible guarantor institution.

When You Need Endorsements or Bond Powers

If a letter of transmittal is signed by a person other than the registered holder of any old notes, the old notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the old notes. A member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution must guarantee the signature on the bond power.

If a letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

Tendering Through DTC s Automated Tender Offer Program

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC s system may use DTC s automated tender offer program to tender. Participants in the program may, instead of physically completing and signing a letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the old notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent.

The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

DTC has received an express acknowledgment from a participant in its automated tender offer program that is tendering old notes that are the subject of such book-entry confirmation;

such participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent s message relating to guaranteed delivery, that such participant has received and agrees to be bound by the notice of guaranteed delivery; and

the agreement may be enforced against such participant.

Determinations Under the Exchange Offer

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered old notes and withdrawal of tendered old notes in the exchange offer. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular old notes, provided that we will apply any such waiver equally to all holders of old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of old notes will not be deemed made until such defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

When We Will Issue New Notes

In all cases, we will issue new notes for old notes that we have accepted for exchange under an exchange offer only after the exchange agent timely receives:

old notes or a timely book-entry confirmation of such old notes into the exchange agent s account at DTC; and

a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

Return of Old Notes Not Accepted or Exchanged

If we do not accept any tendered old notes for exchange or if old notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged old notes will be returned without expense to their tendering holder. In the case of old notes tendered by book-entry transfer in the exchange agent s account at DTC according to the procedures described below, such non-exchanged old notes will be credited to an account maintained with DTC. These actions will occur promptly after the expiration or termination of the exchange offer.

Your Representations to Us

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any new notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the new notes;

you are not engaged in and do not intend to engage in the distribution of the new notes;

if you are a broker-dealer that will receive new notes for your own account in exchange for old notes, you acquired those old notes as a result of market-making activities or other trading activities and you will deliver a prospectus, as required by law, in connection with any resale of such new notes; and

you are not our affiliate, as defined in Rule 405 of the Securities Act.

Book-Entry Transfer

The exchange agent will establish an account with respect to the old notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution participating in DTC s system may make book-entry delivery of old notes by causing DTC to transfer such old notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. Holders of old notes who are unable to deliver confirmation of the book-entry tender of their old notes into the exchange agent s account at DTC or all other documents required by the letter of transmittal to the exchange agent on or prior to 5:00 p.m., New York City, time on the expiration date must tender their old notes according to the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

If you wish to tender your old notes but your old notes are not immediately available or you cannot deliver your old notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s automated tender offer program prior to the expiration date, you may tender if:

the tender is made through a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution,

prior to the expiration date, the exchange agent receives from such member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., commercial bank or trust company having an office or correspondent in the United States, or eligible guarantor institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery:

- setting forth your name and address, the registered number(s) of your old notes and the principal amount of old notes tendered,
- stating that the tender is being made thereby, and
- guaranteeing that, within three (3) New York Stock Exchange (NYSE) trading days after the applicable expiration date, the letter of transmittal or facsimile thereof, together with the old notes or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible guarantor institution with the exchange agent, and
- the exchange agent receives such properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered old notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three (3) NYSE trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to you if you wish to tender your old notes according to the guaranteed delivery procedures described above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender under the exchange offer at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective:

- the exchange agent must receive a written notice of withdrawal at the address indicated on the cover page of the letter of transmittal; or
- you must comply with the appropriate procedures of DTC s automated tender offer program system.

Any notice of withdrawal must:

- specify the name of the person who tendered the old notes to be withdrawn; and
- identify the old notes to be withdrawn, including the principal amount of such old notes.

If old notes have been tendered under the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn old notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal. Our determination shall be final and binding on all parties. We will deem any old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any old notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder. In the case of old notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such old notes will be credited to an account maintained with DTC for the old notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn old notes by following one of the procedures described under Procedures for Tendering above on or prior to the expiration date.

Fees and Expenses

We will bear the expenses of soliciting tenders with respect to the exchange offer. The principal solicitation is being made by mail; however, we may make additional solicitation by telegraph, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

- Commission registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing old notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of old notes tendered;

- tendered old notes are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

If satisfactory evidence of payment of any transfer taxes payable by a note holder is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to that tendering holder.

Consequences of Failure to Exchange

If you do not exchange your old notes for new notes under the exchange offer, you will remain subject to the existing restrictions on transfer of the old notes. In general, you may not offer or sell the old notes unless they are registered under the Securities Act, or if the offer or sale is exempt from the registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the old notes under the Securities Act.

Accounting Treatment

We will record the new notes in our accounting records at the same carrying values as the old notes. For each issue of the old notes, this carrying value is the aggregate principal amount of the old notes less any applicable original issue discount, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered old notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any old notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered old notes.

USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the exchange offer. You will receive, in exchange for old notes tendered by you and accepted by us in the exchange offer, new notes in the same principal amount. The old notes surrendered in exchange for the new notes will be retired and cancelled and cannot be reissued. Accordingly, the issuance of the new notes will not result in any increase of our indebtedness.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth the selected historical financial and other data of us and our consolidated subsidiaries at the dates and for the periods indicated. The selected consolidated balance sheet data as of December 31, 2012 and January 1, 2012 and the selected consolidated statements of comprehensive income data and other financial data for each of the years in the three-year period ended December 31, 2012 have been derived from our audited consolidated financial statements incorporated by reference into this prospectus. The selected balance sheet data as of January 2, 2011, January 2, 2010 and December 28, 2008 and the selected consolidated statements of comprehensive income data and other financial data for each of January 3, 2010 and December 28, 2008 have been derived from our audited consolidated financial statements, which are not included or incorporated by reference into this prospectus. The selected consolidated statements of comprehensive income and other financial data for each of the years in the five-year period ended December 31, 2012 reflect the reclassification of certain amounts as discontinued operations. In connection with our conversion to a REIT, we determined to change our fiscal year end from the close of business on the Sunday closest to December 31 of each year to December 31 of each year. This change was effective for the 2012 fiscal year and as a result the 2012 fiscal year ended on December 31, 2012 instead of December 30, 2012. The selected historical financial and other data as of and for the nine months ended September 30, 2013 and September 30, 2012 are derived from our unaudited consolidated financial statements incorporated by reference in this prospectus. In the opinion of management, the presentation of such results includes all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the data for such periods. The financial results for the nine months ended September 30, 2013 may not be indicative of our financial results for the full fiscal year.

The information presented below should be read in conjunction with the historical consolidated financial statements of GEO, including the related notes, with GEO s Management s Discussion and Analysis of Financial Condition and Results of Operations incorporated by reference into this prospectus. All amounts are presented in thousands except operational data.

	Fiscal Year Ended					Nine Months Ended	
	December 28, 2008	**January 3, 2010**	**January 2, 2011**	**January 1, 2012**	**December 31, 2012**	**September 30, 2012**	**September 30, 2013**
Consolidated Statements of Comprehensive Income:							
Revenues	$ 885,840	$ 976,504	$ 1,084,592	$ 1,407,172	$ 1,479,062	$ 1,100,331	$ 1,138,526
Operating costs and expenses							
Operating expenses	681,457	753,258	811,767	1,036,010	1,089,232	808,003	843,946
Depreciation and amortization	35,025	37,022	44,365	81,548	91,685	68,145	70,480
General and administrative expenses	64,384	62,619	101,558	110,015	113,792	79,143	86,625
Total operating costs and expenses	$ 780,866	$ 852,899	$ 957,690	$ 1,227,573	$ 1,294,709	$ 955,291	$ 1,001,051
Operating income	104,974	123,605	126,902	179,599	184,353	145,040	137,475
Interest income	7,045	4,943	6,242	7,032	6,716	5,219	3,433

Interest expense(1)	(30,202)	(28,518)	(40,694)	(75,378)	(82,189)	(62,029)	(62,013)
Loss on extinguishment of debt		(6,839)	(7,933)		(8,462)	(8,462)	(6,978)
Income before income taxes, equity in earnings of affiliates, and discontinued operations	$ 81,817	$ 93,191	$ 84,517	$ 111,253	$ 100,418	$ 79,768	$ 71,917
Provision (benefit) for income taxes	30,668	37,649	34,364	43,172	(40,562)	32,275	(14,142)
Equity in earnings of affiliates, net of income tax	4,623	3,517	4,218	1,563	3,578	1,652	3,772
Income from continuing operations	55,772	59,059	54,371	69,644	144,558	49,145	89,831
Income (loss) from discontinued operations, net of income tax	3,506	7,064	8,419	7,819	(10,660)	3,117	(2,265)
Net income	59,278	66,123	62,790	77,463	133,898	52,262	87,566
Less: (Income) loss attributable to noncontrolling interests	(376)	(169)	678	1,162	852	881	(42)
Net income attributable to The GEO Group, Inc.	$ 58,902	$ 65,954	$ 63,468	$ 78,625	$ 134,750	$ 53,143	$ 87,524

	Fiscal Year Ended					Nine Months Ended	
	December 28, 2008	January 3, 2010	January 2, 2011	January 1, 2012	December 31, 2012	September 30, 2012	September 30, 2013
Other comprehensive income (loss), net of tax:							
Net income	$ 59,278	$ 66,123	$ 62,790	$ 77,463	$ 133,898	$ 52,262	$ 87,566
Total other comprehensive income (loss), net of tax	(14,361)	12,174	4,645	(8,253)	624	(380)	(5,791)
Total comprehensive income	44,917	78,297	67,435	69,210	134,522	51,882	81,775
Comprehensive (income) loss attributable to noncontrolling interests	(210)	428	608	1,274	968	900	38
Comprehensive income attributable to The GEO Group, Inc.	$ 44,707	$ 78,725	$ 68,043	$ 70,484	$ 135,490	$ 52,782	$ 81,813
Weighted Average Common Shares Outstanding:							
Basic	50,539	50,879	55,379	63,425	60,934	60,838	71,046
Diluted	51,830	51,922	55,989	63,740	61,265	61,083	71,557

	Fiscal Year Ended					Nine Months Ended	
	December 28, 2008	January 3, 2010	January 2, 2011	January 1, 2012	December 31, 2012	September 30, 2012	September 30, 2013
Income per Common Share Attributable to The GEO Group, Inc.							
Basic:							
Income from continuing operations	$ 1.09	$ 1.15	$ 0.99	$ 1.12	$ 2.39	$ 0.82	$ 1.26
Income (loss) from discontinued operations	0.07	0.14	0.15	0.12	(0.17)	0.05	(0.03)
Net income per share basic	1.17	1.30	1.15	1.24	2.21	0.87	1.23
Diluted:							
Income from continuing operations	$ 1.06	$ 1.13	$ 0.98	$ 1.11	$ 2.37	$ 0.82	$ 1.25
Income (loss) from discontinued	0.08	0.14	0.15	0.12	(0.17)	0.05	(0.03)

operations							
Net income per share basic	1.14	1.27	1.13	1.23	2.20	0.87	1.22
Cash and Stock Dividends Per Common Share:							
Quarterly Cash Dividends					0.40	0.20	1.50
Special Dividend Cash and Stock					5.68		
Business Segment Data:							
Revenues:							
U.S. Corrections & Detention	$ 674,621	$ 740,451	$ 805,857	$ 925,695	$ 975,445	$ 724,665	$ 756,229
GEO Community Services(2)	8,647	11,569	76,913	280,080	291,891	217,682	225,892
International Services	116,675	126,449	178,567	201,397	211,726	157,984	156,405
Facility Construction & Design	85,897	98,035	23,255				
Total revenues	$ 885,840	$ 976,504	$ 1,084,592	$ 1,407,172	$ 1,479,062	$ 1,100,331	$ 1,138,526
Operating income							
U.S. Corrections & Detention	$ 153,993	$ 173,325	$ 198,837	$ 215,406	$ 222,703	$ 165,675	$ 161,550
GEO Community Services(2)	5,606	5,522	15,877	61,270	65,401	49,620	53,387
International Services	9,433	6,996	11,364	12,938	10,041	8,888	9,163
Facility Construction & Design	326	381	2,382				
Unallocated G&A expenses	(64,384)	(62,619)	(101,558)	(110,015)	(113,792)	(79,143)	(86,625)
Total operating income	$ 104,974	$ 123,605	$ 126,902	$ 179,599	$ 184,353	$ 145,040	$ 137,475

	Fiscal Year Ended					Nine Months Ended	
	December 28, 2008	January 3, 2010	January 2, 2011	January 1, 2012	December 31, 2012	September 30, 2012	September 30, 2013
Balance Sheet Data (at period end):							
Cash and cash equivalents	$ 30,862	$ 28,592	$ 38,088	$ 43,378	$ 31,755	$ 69,085	$ 53,161
Restricted cash and investments	32,400	33,651	89,977	99,459	48,410	15,530	9,337
Accounts receivable, net	178,994	175,796	247,630	265,250	246,635	251,459	244,558
Property and equipment, net	875,659	979,867	1,493,389	1,688,356	1,687,159	1,709,628	1,729,407
Total assets	1,288,622	1,447,818	2,412,373	3,049,923	2,839,194	2,967,569	2,895,405
Total debt	512,133	584,694	1,044,942	1,594,317	1,488,173	1,498,070	1,557,078
Total shareholders equity	579,597	665,098	1,039,490	1,038,521	1,047,304	1,051,839	1,034,373
Other Financial Data:							
Depreciation and amortization expense	35,025	37,022	44,365	81,548	91,685	68,145	70,480
Non-GAAP Financial Data:							
EBITDA(3)	143,187	158,673	169,764	265,116	272,814	207,233	206,221
Adjusted EBITDA(3)	155,342	174,730	208,083	301,415	318,896	222,588	226,363
Funds From Operations(4)	82,025	86,814	86,914	114,313	196,592	87,941	128,163
Normalized Funds From Operations(4)(5)	82,025	93,653	120,228	120,621	143,162	93,523	125,669
Adjusted Funds From Operations (AFFO)(4)(5)	87,412	101,673	124,929	132,723	163,338	110,918	153,716
Financial Ratios:							
Ratio of earnings to fixed charges	2.8x	2.8x	2.3x	2.2x	1.9x	2.0x	1.9x
Other Operational Data (end of period):							
Facilities in operation(6)	53	50	98	90	87	87	87
Operations capacity of contracts(6)	48,402	49,388	70,552	65,787	65,949	66,754	67,178

Compensated mandays(7)	14,688,262	15,888,828	17,203,880	19,884,802	20,476,153	15,241,623	15,612,429

(1) Interest expense excludes the following capitalized interest amounts for the periods presented:

Fiscal Year Ended					Nine Months Ended	
December 28, 2008	**January 3, 2010**	**January 2, 2011**	**January 1, 2012**	**December 31, 2012**	**September 30, 2012**	**September 30, 2013**
$4,343	$ 4,942	$ 4,144	$ 3,060	$ 1,244	$ 1,244	$ 2

(2) Our GEO Care reporting segment previously consisted of four aggregated operating segments including Residential Treatment Services, Community Based Services, Youth Services and B.I. Incorporated. The GEO Care reporting segment was renamed concurrent with the divestiture of the Company s Residential Treatment Services operating segment to GEO Community Services. All current and prior year financial position and results of operations amounts presented for this reporting segment are referred to as GEO Community Services. The operating results of the Residential Treatment Services operating segment and the loss on disposal have been classified in discontinued operations.

(3) We define EBITDA as income from continuing operations before net interest expense, income tax provision (benefit), depreciation and amortization, and tax provision on equity in earnings of affiliates. We define Adjusted EBITDA as EBITDA further adjusted for net income/loss attributable to non-controlling interests, non-cash stock-based compensation expenses, and certain other adjustments as defined from time to time, including for the periods presented start-up transition expenses, pre-tax; international bid related costs, pre-tax; REIT conversion related expenses, pre-tax; M&A related expenses, pre-tax; early extinguishment of debt, pre-tax; gain on land sale; and IRS settlement. 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 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.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to income from continuing operations computed in accordance with GAAP:

	Fiscal Year Ended					Nine Months Ended	
	December 28, 2008	**January 3, 2010**	**January 2, 2011**	**January 1, 2012**	**December 31, 2012**	**September 30, 2012**	**September 30, 2013**
Income from continuing operations	$ 55,772	$ 59,059	$ 54,371	$ 69,644	$ 144,558	$ 49,145	$ 89,831
Interest expense, net	23,157	23,575	34,452	68,346	75,473	56,810	58,580
Income tax provision (benefit)	30,668	37,649	34,364	43,172	(40,562)	32,275	(14,142)
Depreciation and amortization expense	35,025	37,022	44,365	81,548	91,685	68,145	70,480
Tax provision on equity in earnings of affiliates	(805)	1,368	2,212	2,406	1,660	858	1,472
EBITDA	143,817	158,673	169,764	265,116	272,814	207,233	206,221
Net (income) loss attributable to noncontrolling interests	(376)	(169)	678	1,162	852	881	(42)
Stock based compensation expenses, pre-tax	4,469	5,321	4,639	6,113	6,543	5,012	5,768
Start-up transition expenses, pre-tax(a)	7,432	4,066	3,812	21,625	9,027		
International bid related costs, pre-tax(b)				1,091	4,057		
REIT conversion related expenses and other expenses, pre-tax(c)					15,670	1,000	7,438
M&A related expenses, pre-tax			25,381	6,308	1,471		
Early extinguishment of debt, pre-tax		6,839	7,933		8,462	8,462	6,978
Gain on land sale			(801)				
IRS Settlement(d)			(3,323)				
Adjusted EBITDA	$ 155,342	$ 174,730	$ 208,083	$ 301,415	$ 318,896	$ 222,588	$ 226,363

(a) Represents start-up/transition expenses of certain domestic facilities and our transportation contract in the U.K.
(b) Represents international bid and proposal costs incurred in connection with potential opportunities in the U.K. and Australia.
(c) Represents expenses related to our REIT conversion.
(d) Represents a gain related to the settlement of a claim with the Internal Revenue Service.

(4) We define Funds From Operations, or FFO, 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 GAAP), 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. FFO as presented in Summary Summary Historical Financial and Other Data is defined differently than Funds From Operations as used in the Description of Notes. We define Normalized Funds From Operations, or Normalized FFO, as FFO adjusted for certain items which by their nature are not comparable from period to period or that tend to obscure our actual operating performance, including for the periods presented M&A related expenses, REIT conversion related expenses and early extinguishment of debt, pre-tax. We define Adjusted Funds From Operations, or AFFO, as Normalized Funds From Operations adjusted by adding non-cash items such as non-real estate related depreciation and amortization, stock based compensation and the amortization of debt costs and other non-cash interest and by subtracting recurring real estate expenditures that are capitalized and then amortized, but which are required to maintain REIT properties and their revenue stream. Because of the unique design, structure and use of our correctional facilities, we believe that assessing 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. Normalized FFO and AFFO have been adjusted in prior periods to be reported consistently with our disclosure for the nine months ended September 30, 2013.

The following table provides a reconciliation of Funds From Operations, Normalized Funds From Operations and Adjusted Funds From Operations to income from continuing operations computed in accordance with GAAP: