

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 29, 2014

THE GEO GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

Florida

(State or Other Jurisdiction
of Incorporation)

1-14260

(Commission File Number)

65-0043078

(IRS Employer
Identification No.)

621 NW 53rd Street, Suite 700, Boca Raton, Florida

(Address of Principal Executive Offices)

33487

(Zip Code)

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

N/A

(Former Name or Former Address, if Changed Since Last Report)

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

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

Section 2 Financial Information**Item 2.02. Results of Operations and Financial Condition.**

On April 29, 2014, The GEO Group, Inc. (“GEO” or the “Company”) issued a press release (the “Earnings Press Release”) announcing its financial results for the quarter ended March 31, 2014, updating its financial guidance for full year 2014 and issuing its financial guidance for the second quarter 2014. A copy of the Earnings Press Release is furnished hereto as Exhibit 99.1. GEO also held a conference call on April 29, 2014 to discuss these matters, a transcript of which is furnished hereto as Exhibit 99.3.

In the Earnings Press Release, GEO provided Net Operating Income, EBITDA, Adjusted EBITDA, Funds From Operations, Normalized Funds From Operations and Adjusted Funds From Operations for the quarter ended March 31, 2014 and the comparable prior-year period that were not calculated in accordance with Generally Accepted Accounting Principles (the “Non-GAAP Information”) and are presented as supplemental disclosures. Generally, for purposes of Regulation G under the Securities Exchange Act of 1934, Non-GAAP Information is any numerical measure of a company’s performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The Earnings Press Release presents the financial measure calculated and presented in accordance with GAAP, which is the most directly comparable to the Non-GAAP Information, with a prominence equal to or greater than its presentation of the Non-GAAP Information. The Earnings Press Release also contains a reconciliation of the Non-GAAP Information to the financial measure calculated and presented in accordance with GAAP which is the most directly comparable to the Non-GAAP Information.

Net Operating Income is defined as revenues less operating expenses, excluding depreciation and amortization expense, general and administrative expenses and real estate related operating lease expense. Net Operating Income is calculated as net income adjusted by subtracting equity in earnings of affiliates, net of tax, and by adding income tax provision, interest expense, net of interest income, depreciation and amortization expense, general and administrative expenses, and real estate related operating lease expense.

EBITDA is defined as net operating income adjusted by subtracting general and administrative expenses and real estate related operating lease expense and by adding equity in earnings of affiliates, pre-tax. Adjusted EBITDA is defined as EBITDA adjusted for net income/loss attributable to non-controlling interests, non-cash stock-based compensation expenses, and certain other adjustments as defined from time to time, including for the periods presented REIT conversion related expenses, pre-tax. Given the nature of GEO’s business as a real estate owner and operator, it believes that EBITDA and Adjusted EBITDA are helpful to investors as measures of its operational performance because they provide an indication of its ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into its business. GEO believes that by removing the impact of its asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide its investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs, providing a perspective not immediately apparent from income from continuing operations. The adjustments GEO makes to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in income from continuing operations and which GEO does not consider to be the fundamental attributes or primary drivers of its business plan and they do not affect GEO’s overall long-term operating performance. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by GEO’s management and provide consistency in its financial reporting, facilitate internal and external comparisons of its historical operating performance and its business units and provide continuity to investors for comparability purposes.

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

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

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

GEO may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of GEO's operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other charges that are highly variable from year to year, they provide GEO's investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from income from continuing operations. GEO believes the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of GEO's ability to fund capital expenditures and expand its business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by GEO's management and provide consistency in its financial reporting, facilitate internal and external comparisons of its historical operating performance and its business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in GEO's industry as a real estate investment trust.

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

GEO has presented in the Earnings Press Release certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including, Net Operating Income, Adjusted EBITDA and Adjusted Funds from Operations. The determination of the amounts that are excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. While GEO has provided a high level reconciliation for the guidance ranges for full year 2014, it is unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

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

Section 5 Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

At the 2014 Annual Meeting of Shareholders of GEO held on May 2, 2014, the shareholders of the Company approved The GEO Group, Inc. 2014 Stock Incentive Plan (the "2014 Plan"). The Board of Directors of the Company adopted the 2014 Plan, subject to shareholder approval. The 2014 Plan provides for the awards of incentive and non-qualified options, common stock, performance units, performance shares, performance share units, restricted stock, stock appreciation rights and other equity-based incentives to employees, including officers, and consultants, as well as directors. The 2014 Plan is to be administered by a compensation committee composed of independent directors. The 2014 Plan is replacing the Company's prior equity compensation plan, The GEO Group, Inc. 2006 Stock Incentive Plan (the "2006 Plan").

The following is a brief description of the key features of the 2014 Plan:

Share Usage and Annual Run Rate. The 2014 Plan provides for a reserve of 3,083,353 shares, which consists of 2,000,000 new shares of common stock available for issuance and 1,083,353 shares of common stock that was available for issuance under the 2006 Plan prior to the 2014 Plan replacing it. The 2014 Plan also limits the number of shares awarded annually under the 2014 Plan, or the annual run rate, to a maximum of 3% of GEO's total number of outstanding shares of common stock at any time during a fiscal year. In managing the annual run rate, the compensation committee will consider the potential negative impact on dilution of the granting of awards under the 2014 Plan. Any shares of common stock that the Company may repurchase from time to time will be factored into the compensation committee's determination of awards under the 2014 Plan. Additionally, if any award under the 2006 Plan is cancelled, forfeited or terminated for any reason or is settled in cash, the shares of common stock that were subject to such award shall become available for awards under the 2014 Plan unless such shares were cancelled, forfeited, withheld or terminated in order to pay the exercise price, purchase price or any taxes or tax withholdings on a 2006 award.

Discounted Stock Options and Stock Appreciation Rights Prohibited. The 2014 Plan prohibits stock appreciation rights or stock option awards with an exercise price less than the fair market value of our common stock on the date of grant.

Re-pricing Without Shareholder Approval Prohibited. Without shareholder approval, the 2014 Plan prohibits the re-pricing of options and stock appreciation rights, the cancellation of such awards in exchange for new awards with a lower exercise price, the repurchase of such awards which have an exercise price that is higher than the then current fair market value of GEO's common stock, or the cancellation of such awards and grant of substitution new awards as part of a strategy to materially enhance the position of the holder of such options or stock appreciation rights.

Inclusion of Minimum Vesting Provisions. With respect to awards that are subject only to a future service requirement, unless the compensation committee provides otherwise in an award agreement, (i) options and stock appreciation rights granted pursuant to the 2014 Plan will be subject to a four-year vesting schedule as follows: 20% of such options or stock appreciation rights will vest immediately and the remaining 80% of such options or stock appreciation rights will vest in equal annual increments over a four-year period following the date of grant, and (ii) all other awards that have vesting periods will vest in equal annual increments over a four-year period following the date of grant.

Shares Surrendered to Pay Taxes or Exercise Price for Stock Options Will Not Increase the Plan Reserve. Shares tendered to the Company for taxes or to pay the exercise price will not provide the Company with additional shares for the 2014 Plan.

Stock Appreciation Rights Settled in Shares Will Not be Counted on a Net Basis. Each stock-settled stock appreciation right will count as a full share against the 2014 Plan share reserve limit rather than the net gain realized upon exercise.

Fixed Plan Term. The 2014 Plan will expire ten years after shareholders approved the 2014 Plan. However, awards granted under the 2014 Plan may survive the termination of the 2014 Plan.

Limit on Stock Option Period. Stock appreciation rights and stock options will have a maximum term of ten years.

A copy of the 2014 Plan is attached as Exhibit 10.1 to this report and is incorporated herein by reference.

Item 5.07. Submission of Matters to a Vote of Security Holders.

The GEO 2014 Annual Meeting of Shareholders was held on May 2, 2014. The following matters were voted on at the meeting: (1) the election of six directors for a term of one year and until their successors are duly elected and qualified, (2) the ratification of the appointment of Grant Thornton LLP to serve as GEO's independent registered public accountants for the 2014 fiscal year, (3) the approval, in a non-binding advisory vote, of the compensation paid to GEO's named executive officers, as disclosed in GEO's Proxy Statement for the 2014 Annual Meeting of Shareholders, pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion and (4) the approval of the 2014 Plan. The final voting results for each matter submitted to a vote of shareholders at the meeting are set forth below.

1. All of the Board’s director nominees were elected for a term of one year and until their successors are duly elected and qualified, by the votes set forth in the table below:

	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>
Clarence E. Anthony	55,553,053	76,214	9,569,934
Norman A. Carlson	55,457,709	171,558	9,569,934
Anne N. Foreman	55,124,828	504,439	9,569,934
Richard H. Glanton	55,370,418	258,849	9,569,934
Christopher C. Wheeler	51,473,511	4,155,756	9,569,934
George C. Zoley	55,289,295	339,972	9,569,934

2. The appointment of Grant Thornton LLP as GEO’s independent registered public accountants for the 2014 fiscal year was ratified by the shareholders, by the votes set forth in the table below:

For:	63,911,678
Against:	503,069
Abstain:	24,936
Broker Non-Votes:	—

3. The shareholders approved, in a non-binding advisory vote, the compensation of GEO’s named executive officers, by the votes set forth in the table below:

For:	55,319,090
Against:	259,256
Abstain:	50,921
Broker Non-Votes:	9,569,934

4. The shareholders approved the 2014 Plan, by the votes set forth in the table below:

For:	54,728,010
Against:	858,556
Abstain:	42,701
Broker Non-Votes:	9,569,934

A special meeting of shareholders of GEO was also —held on May 2, 2014. The following matters were voted on at the meeting: (1) the approval of the Agreement and Plan of Merger dated as of March 21, 2014, between the Company and The GEO Group REIT, Inc., a newly formed wholly owned subsidiary of GEO (the “Agreement and Plan of Merger”), which is being implemented in connection with GEO’s conversion to a real estate investment trust, or REIT, effective January 1, 2013 and (2) the adjournment of the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal. The final voting results for each matter submitted to a vote of shareholders at the meeting are set forth below.

1. The shareholders approved the Agreement and Plan of Merger, by the votes set forth in the table below:

For:	56,210,950
Against:	25,741
Abstain:	411,626
Broker Non-Votes:	—

2. The shareholders approved an adjournment of the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal, by the votes set forth in the table below:

For:	52,715,711
Against:	3,581,615
Abstain:	350,991
Broker Non-Votes:	—

It was not necessary to adjourn the special meeting as there were sufficient votes at the originally scheduled time of the special meeting to approve the Agreement and Plan of Merger. GEO expects to complete the merger by June 30, 2014.

Section 8 Other Events

Item 8.01. Other Events.

On April 29, 2014, GEO issued a press release (the “Dividend Press Release”) announcing that its Board of Directors declared a quarterly cash dividend of \$0.57 per share which will be paid on May 27, 2014 to shareholders of record as of the close of business on May 15, 2014. A copy of the Dividend Press Release is attached as Exhibit 99.2.

Section 9 Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
10.1	The GEO Group, Inc. 2014 Stock Incentive Plan.
99.1	Press Release, dated April 29, 2014, announcing GEO’s financial results for the first quarter ended March 31, 2014.
99.2	Press Release, dated April 29, 2014, announcing GEO’s declaration of a quarterly cash dividend.
99.3	Transcript of Conference Call discussing GEO’s financial results for the first quarter ended March 31, 2014.

SIGNATURES

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

THE GEO GROUP, INC.

May 5, 2014
Date

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

EXHIBIT INDEX

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THE GEO GROUP, INC.
2014 STOCK INCENTIVE PLAN

May 2, 2014

1. ESTABLISHMENT, EFFECTIVE DATE AND TERM

The GEO Group, Inc., a Florida corporation (“GEO”) hereby establishes The GEO Group, Inc. 2014 Stock Incentive Plan, effective May 2, 2014, subject to the approval by the shareholders of GEO in accordance with the laws of the State of Florida. Unless earlier terminated pursuant to Section 15(k) hereof, the Plan shall terminate on the tenth anniversary of the Effective Date. Capitalized terms used herein are defined in Annex A attached hereto.

As of the Effective Date no new awards shall be granted under the amended and restated The GEO Group, Inc. 2006 Stock Incentive Plan (the “2006 Plan”); provided, however, that the awards outstanding under the 2006 Plan as of the Effective Date shall continue pursuant to the terms of the 2006 Plan and the applicable award agreements.

2. PURPOSE

The purpose of the Plan is to enable GEO to attract, retain, reward and motivate Eligible Individuals by providing them with an opportunity to acquire or increase a proprietary interest in GEO and to incentivize them to expend maximum effort for the growth and success of the Company, so as to strengthen the mutuality of the interests between the Eligible Individuals and the shareholders of GEO.

3. ELIGIBILITY

Awards may be granted under the Plan to any Eligible Individual, as determined by the Committee from time to time, on the basis of their importance to the business of the Company pursuant to the terms of the Plan.

4. ADMINISTRATION

(a) **Committee**. The Plan shall be administered by the Committee, which shall have the full power and authority to take all actions, and to make all determinations not inconsistent with the specific terms and provisions of the Plan deemed by the Committee to be necessary or appropriate to the administration of the Plan, any Award granted or any Award Agreement entered into hereunder. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award Agreement in the manner and to the extent it shall deem expedient to carry the Plan into effect as it may determine in its sole discretion. The decisions by the Committee shall be final, conclusive and binding with respect to the interpretation and administration of the Plan, any Award or any Award Agreement entered into under the Plan.

(b) **Delegation to Officers or Employees**. The Committee may designate officers or employees of the Company to assist the Committee in the administration of the Plan. The Committee may delegate authority to officers or employees of the Company to grant Awards and execute Award Agreements or other documents on behalf of the Committee in connection with the administration of the Plan, subject to whatever limitations or restrictions the Committee may impose and in accordance with applicable law.

(c) **Designation of Advisors**. The Committee may designate professional advisors to assist the Committee in the administration of the Plan. The Committee may employ such legal counsel, consultants, and agents as it may deem desirable for the administration of the Plan and may rely upon any advice and any computation received from any such counsel, consultant, or agent. The Company shall pay all expenses and costs incurred by the Committee for the engagement of any such counsel, consultant, or agent.

(d) **Participants Outside the U.S.** In order to conform with the provisions of local laws and regulations in foreign countries in which the Company operates, the Committee shall have the sole discretion to (i) modify the terms and conditions of the Awards granted under the Plan to Eligible Individuals located outside the United States; (ii) establish subplans with such modifications as may be necessary or advisable under the circumstances present by local laws and regulations; and (iii) take any action which it deems advisable to comply with or otherwise reflect any necessary governmental regulatory procedures, or to obtain any exemptions or approvals necessary with respect to the Plan or any subplan established hereunder.

(e) **Liability and Indemnification.** No Covered Individual shall be liable for any action or determination made in good faith with respect to the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. The Company shall, to the maximum extent permitted by applicable law and the Articles of Incorporation and Bylaws of GEO, indemnify and hold harmless each Covered Individual against any cost or expense (including reasonable attorney fees reasonably acceptable to the Company) or liability (including any amount paid in settlement of a claim with the approval of the Company), and amounts advanced to such Covered Individual necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, any Award granted hereunder or any Award Agreement entered into hereunder. Such indemnification shall be in addition to any rights of indemnification such individuals may have under applicable law or under the Articles of Incorporation or Bylaws of GEO. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by a Covered Individual with regard to Awards granted to such Covered Individual under the Plan or arising out of such Covered Individual's own fraud or bad faith.

5. SHARES OF COMMON STOCK SUBJECT TO PLAN

(a) **Shares Available for Awards.** The Common Stock that may be issued pursuant to Awards granted under the Plan shall be treasury shares or authorized but unissued shares of the Common Stock. The total number of shares of Common Stock that may be issued pursuant to Awards granted under the Plan shall be the sum of three million eighty-three thousand three hundred fifty three (3,083,353) shares. If any 2006 Award is cancelled, forfeited, terminated for any reason or is settled in cash, the shares of Common Stock that were subject to such 2006 Award shall, to the extent cancelled, forfeited, terminated or settled in cash, immediately become available for Awards under this Plan; provided, however, that any shares of Common Stock subject to 2006 Award which are tendered cancelled, forfeited, withheld or terminated in order to pay the exercise price, purchase price or any taxes or tax withholdings on a 2006 Award shall not be available for Awards granted under this Plan.

(b) **Maximum Shares Issuable During a Fiscal Year.** The maximum number of shares of Common Stock that may be issued under all Awards granted in a fiscal year shall not exceed three percent (3%) of GEO's maximum authorized and outstanding shares of Common Stock at any time during said fiscal year; provided, however, that (i) such limitation shall not include any substitute grants made in settlement of any awards under any other plan sponsored by GEO or substitute grants or equity assumed in connection with a corporate transaction, and (ii) any shares of Common Stock repurchased or redeemed by GEO after any Awards have been made which have been authorized by the Board shall nevertheless be deemed to be outstanding for purposes of calculating whether there has been a violation of this Section 5(b).

(c) **Certain Limitations on Specific Types of Awards.** The granting of Awards under this Plan shall be subject to the following limitations:

(i) With respect to the shares of Common Stock reserved pursuant to this Section, a maximum of three million eighty-three thousand three hundred fifty three (3,083,353) of such shares may be subject to grants of Incentive Stock Options;

(ii) With respect to the shares of Common Stock reserved pursuant to this Section, a maximum of three million eighty-three thousand three hundred fifty three (3,083,353) of such shares may be issued in connection with Awards, other than Options and Stock Appreciation Rights, that are settled in Common Stock;

(iii) With respect to the shares of Common Stock reserved pursuant to this Section, a maximum of Four Hundred Fifty Thousand (450,000) of such shares may be subject to grants of Options or Stock Appreciation Rights to any one Eligible Individual during any one fiscal year;

(iv) With respect to the shares of Common Stock reserved pursuant to this Section, a maximum of Four Hundred Fifty Thousand (450,000) of such shares may be subject to grants of Performance Shares or Performance Share Units, to any one Eligible Individual during any one fiscal year; and

(v) The maximum value at Grant Date of grants of Performance Units which may be granted to any one Eligible Individual during any one fiscal year shall be \$2,000,000.

(d) **Reduction of Shares Available for Awards.** Upon the granting of an Award, the number of shares of Common Stock available under this Section hereof for the granting of further Awards shall be reduced as follows:

(i) In connection with the granting of an Option or Stock Appreciation Right, the number of shares of Common Stock shall be reduced by the full number of shares of Common Stock subject to the Option or Stock Appreciation Right; and

(ii) In connection with the granting of an Award that may be settled in Common Stock, other than the granting of an Option or Stock Appreciation Right, the number of shares of Common Stock shall be reduced by the full number of shares of Common Stock subject to the Award.

(e) **Cancelled, Forfeited, or Surrendered Awards.** If any Award that may be settled in Common Stock is cancelled, forfeited, terminated or settled in cash for any reason, the shares of Common Stock that were subject to such Award shall, to the extent cancelled, forfeited, terminated or settled in cash, immediately become available for future Awards granted under the Plan as if said Award had never been granted; provided, however, that any shares of Common Stock subject to an Award which are tendered cancelled, forfeited, withheld or terminated in order to pay the Exercise Price, purchase price or any taxes or tax withholdings on an Award shall not be available for future Awards granted under the Plan. Shares of Common Stock that have been repurchased by the Company using the proceeds from Stock Option exercise shall not be available for future Awards granted under the Plan.

(f) **Recapitalization.** If the outstanding shares of Common Stock are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of GEO by reason of any recapitalization, reclassification, reorganization, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock of GEO or other increase or decrease in such shares effected without receipt of consideration by GEO occurring after the Effective Date, an appropriate and proportionate adjustment shall be made by the Committee to (i) the aggregate number and kind of shares of Common Stock available under the Plan (including, but not limited to, the aggregate limits of the number of shares of Common Stock described in Sections 5(c)(i) and (ii), (ii) the limits on the number of shares of Common Stock that may be granted to an Eligible Employee in any one fiscal year, (iii) the calculation of the reduction of shares of Common Stock available under the Plan, (iv) the number and kind of shares of Common Stock issuable upon exercise (or vesting) of outstanding Awards granted under the Plan; (v) the Exercise Price of outstanding Options granted under the Plan, and/or (vi) the number of shares of Common Stock subject to Awards granted to Non-Employee Directors under Section 10. No fractional shares of Common Stock or units of other securities shall be issued pursuant to any such adjustment under this Section 5(f), and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share or unit. Any adjustments made under this Section 5(f) with respect to any Incentive Stock Options must be made in accordance with Code Section 424.

6. OPTIONS

(a) **Grant of Options.** Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Options to purchase such number of shares of Common Stock and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of an Option shall satisfy the requirements set forth in this Section.

(b) **Type of Options.** Each Option granted under the Plan may be designated by the Committee, in its sole discretion, as either (i) an Incentive Stock Option, or (ii) a Non-Qualified Stock Option. Options designated as Incentive Stock Options that fail to continue to meet the requirements of Code Section 422 shall be re-designated as Non-Qualified Stock Options automatically on the date of such failure to continue to meet such requirements without further action by the Committee. In the absence of any designation, Options granted under the Plan will be deemed to be Non-Qualified Stock Options.

(c) **Exercise Price.** Subject to the limitations set forth in the Plan relating to Incentive Stock Options, the Exercise Price of an Option shall be fixed by the Committee and stated in the respective Award Agreement, provided that the Exercise Price of the shares of Common Stock subject to such Option may not be less than Fair Market Value of such Common Stock on the Grant Date, or if greater, the par value of the Common Stock.

(d) **Limitation on Option Period.** Subject to the limitations set forth in the Plan relating to Incentive Stock Options, Options granted under the Plan and all rights to purchase Common Stock thereunder shall terminate no later than the tenth anniversary of the Grant Date of such Options, or on such earlier date as may be stated in the Award Agreement relating to such Option. In the case of Options expiring prior to the tenth anniversary of the Grant Date, the Committee may in its discretion, at any time prior to the expiration or termination of said Options, extend the term of any such Options for such additional period as it may determine, but in no event beyond the tenth anniversary of the Grant Date thereof.

(e) **Limitations on Incentive Stock Options.** Notwithstanding any other provisions of the Plan, the following provisions shall apply with respect to Incentive Stock Options granted pursuant to the Plan.

(i) **Limitation on Grants.** Incentive Stock Options may only be granted to Section 424 Employees. The aggregate Fair Market Value (determined at the time such Incentive Stock Option is granted) of the shares of Common Stock for which any individual may have Incentive Stock Options which first become vested and exercisable in any calendar year (under all incentive stock option plans of the Company) shall not exceed \$100,000. Options granted to such individual in excess of the \$100,000 limitation, and any Options issued subsequently which first become vested and exercisable in the same calendar year, shall automatically be treated as Non-Qualified Stock Options.

(ii) **Minimum Exercise Price.** In no event may the Exercise Price of a share of Common Stock subject an Incentive Stock Option be less than 100% of the Fair Market Value of such share of Common Stock on the Grant Date.

(iii) **Ten Percent Shareholder.** Notwithstanding any other provision of the Plan to the contrary, in the case of Incentive Stock Options granted to a Section 424 Employee who, at the time the Option is granted, owns (after application of the rules set forth in Code Section 424(d)) stock possessing more than ten percent of the total combined voting power of all classes of stock of GEO, such Incentive Stock Options (i) must have an Exercise Price per share of Common Stock that is at least 110% of the Fair Market Value as of the Grant Date of a share of Common Stock, and (ii) must not be exercisable after the fifth anniversary of the Grant Date.

(f) **Vesting Schedule and Conditions.** No Options may be exercised prior to the satisfaction of the conditions and vesting schedule provided for in the Award Agreement relating thereto. Except as otherwise provided by the Committee in an Award Agreement in its sole and absolute discretion, subject to Sections 10, 12 and 13 of the Plan, Options covered by any Award under this Plan that are subject solely to a future service requirement shall vest as follows: (i) 20% of the Options subject to an Award shall vest immediately upon the

Grant Date; and (ii) the remaining 80% of the Options subject to an Award shall vest over the four-year period immediately following the Grant Date in equal annual increments of 20%, with one increment vesting on each anniversary date of the Grant Date.

(g) **Exercise.** When the conditions to the exercise of an Option have been satisfied, the Participant may exercise the Option only in accordance with the following provisions. The Participant shall deliver to GEO a written notice stating that the Participant is exercising the Option and specifying the number of shares of Common Stock which are to be purchased pursuant to the Option, and such notice shall be accompanied by payment in full of the Exercise Price of the shares for which the Option is being exercised, by one or more of the methods provided for in the Plan. Said notice must be delivered to GEO at its principal office and addressed to the attention of John J. Bulfin, General Counsel, The GEO Group Inc., 621 NW 53rd Street, Suite 700, Boca Raton, Florida 33487. An attempt to exercise any Option granted hereunder other than as set forth in the Plan shall be invalid and of no force and effect.

(h) **Payment.** Payment of the Exercise Price for the shares of Common Stock purchased pursuant to the exercise of an Option shall be made by one of the following methods:

(i) by cash, certified or cashier's check, bank draft or money order;

(ii) through the delivery to GEO of shares of Common Stock which have been previously owned by the Participant for the requisite period necessary to avoid a charge to GEO's earnings for financial reporting purposes; such shares shall be valued, for purposes of determining the extent to which the Exercise Price has been paid thereby, at their Fair Market Value on the date of exercise; without limiting the foregoing, the Committee may require the Participant to furnish an opinion of counsel acceptable to the Committee to the effect that such delivery would not result in GEO incurring any liability under Section 16(b) of the Exchange Act; or

(iii) by any other method which the Committee, in its sole and absolute discretion and to the extent permitted by applicable law, may permit, including, but not limited to, any of the following: (A) through a "cashless exercise sale and remittance procedure" pursuant to which the Participant shall concurrently provide irrevocable instructions (1) to a brokerage firm approved by the Committee to effect the immediate sale of the purchased shares and remit to GEO, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable federal, state and local income, employment, excise, foreign and other taxes required to be withheld by the Company by reason of such exercise and (2) to GEO to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale; or (B) by any other method as may be permitted by the Committee.

(i) **Termination of Employment, Disability or Death.** Unless otherwise provided in an Award Agreement, upon the termination of the employment or other service of a Participant with Company for any reason, all of the Participant's outstanding Options (whether vested or unvested) shall be subject to the rules of this paragraph. Upon such termination, the Participant's unvested Options shall expire. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason (i) any unvested Options held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service, and or (ii) a Participant or the Participant's estate, devisee or heir at law (whichever is applicable), may exercise an Option, in whole or in part, at any time subsequent to such termination of employment or other service and prior to the termination of the Option pursuant to its terms. Unless otherwise determined by the Committee, temporary absence from employment because of illness, vacation, approved leaves of absence or military service shall not constitute a termination of employment or other service.

(i) **Termination for Reason Other Than Cause, Disability or Death.** If a Participant's termination of employment or other service is for any reason other than death, Disability, Cause or a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or

other service by the Company for Cause, any Option held by such Participant, may be exercised, to the extent exercisable at termination, by the Participant at any time within a period not to exceed ninety (90) days from the date of such termination, but in no event after the termination of the Option pursuant to its terms.

(ii) **Disability.** If a Participant's termination of employment or other service with the Company is by reason of a Disability of such Participant, the Participant shall have the right at any time within a period not to exceed one (1) year after such termination, but in no event after the termination of the Option pursuant to its terms, to exercise, in whole or in part, any vested portion of the Option held by such Participant at the date of such termination; provided, however, that if the Participant dies within such period, any vested Option held by such Participant upon death shall be exercisable by the Participant's estate, devisee or heir at law (whichever is applicable) for a period not to exceed one (1) year after the Participant's death, but in no event after the termination of the Option pursuant to its terms.

(iii) **Death.** If a Participant dies while in the employment or other service of the Company, the Participant's estate or the devisee named in the Participant's valid last will and testament or the Participant's heir at law who inherits the Option has the right, at any time within a period not to exceed one (1) year after the date of such Participant's death, but in no event after the termination of the Option pursuant to its terms, to exercise, in whole or in part, any portion of the vested Option held by such Participant at the date of such Participant's death.

(iv) **Termination for Cause.** In the event the termination is for Cause or is a voluntary termination within ninety (90) days after occurrence of an event which would be grounds for termination of employment or other service by the Company for Cause (without regard to any notice or cure period requirement), any Option held by the Participant at the time of such termination shall be deemed to have terminated and expired upon the date of such termination.

7. STOCK APPRECIATION RIGHTS

(a) **Grant of Stock Appreciation Rights.** Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Stock Appreciation Rights, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of a Stock Appreciation Right shall satisfy the requirements as set forth in this Section.

(b) **Terms and Conditions of Stock Appreciation Rights.** The terms and conditions (including, without limitation, the limitations on the Exercise Price, exercise period, repricing and termination) of the Stock Appreciation Right shall be substantially identical (to the extent possible taking into account the differences related to the character of the Stock Appreciation Right) to the terms and conditions that would have been applicable under Section 6 above were the grant of the Stock Appreciation Rights a grant of an Option.

(c) **Exercise of Stock Appreciation Rights.** Stock Appreciation Rights shall be exercised by a Participant only by written notice delivered to the General Counsel of GEO, specifying the number of shares of Common Stock with respect to which the Stock Appreciation Right is being exercised.

(d) **Payment of Stock Appreciation Right.** Unless otherwise provided in an Award Agreement, upon exercise of a Stock Appreciation Right, the Participant or Participant's estate, devisee or heir at law (whichever is applicable) shall be entitled to receive payment, in cash, in shares of Common Stock, or in a combination thereof, as determined by the Committee in its sole and absolute discretion. The amount of such payment shall be determined by multiplying the excess, if any, of the Fair Market Value of a share of Common Stock on the date of exercise over the Fair Market Value of a share of Common Stock on the Grant Date, by the number of shares of Common Stock with respect to which the Stock Appreciation Rights are then being exercised. Notwithstanding the foregoing, the Committee may limit in any manner the amount payable with respect to a Stock Appreciation Right by including such limitation in the Award Agreement.

8. RESTRICTED STOCK

(a) **Grant of Restricted Stock.** Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Restricted Stock, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of Restricted Stock shall satisfy the requirements as set forth in this Section.

(b) **Restrictions.** The Committee shall impose such restrictions on any Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation; time based vesting restrictions, or the attainment of Performance Goals. Except as otherwise provided by the Committee in an Award Agreement in its sole and absolute discretion, subject to Sections 10, 12 and 13 of the Plan, Restricted Stock covered by any Award under this Plan that are subject solely to a future service requirement shall vest over the four-year period immediately following the Grant Date in equal annual increments of 25%, with one increment vesting on each anniversary date of the Grant Date. Shares of Restricted Stock subject to the attainment of Performance Goals will be released from restrictions only after the attainment of such Performance Goals has been certified by the Committee in accordance with Section 9(c).

(c) **Certificates and Certificate Legend.** With respect to a grant of Restricted Stock, the Company may issue a certificate evidencing such Restricted Stock to the Participant or issue and hold such shares of Restricted Stock for the benefit of the Participant until the applicable restrictions expire. The Company may legend the certificate representing Restricted Stock to give appropriate notice of such restrictions. In addition to any such legends, each certificate representing shares of Restricted Stock granted pursuant to the Plan shall bear the following legend:

“The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, are subject to certain terms, conditions, and restrictions on transfer as set forth in The GEO Group, Inc. 2014 Stock Incentive Plan (the “Plan”), and in an Agreement entered into by and between the registered owner of such shares and The GEO Group, Inc. (the “Company”), dated _____, 20____ (the “Award Agreement”). A copy of the Plan and the Award Agreement may be obtained from the Secretary of the Company.”

(d) **Removal of Restrictions.** Except as otherwise provided in the Plan, shares of Restricted Stock shall become freely transferable by the Participant upon the lapse of the applicable restrictions. Once the shares of Restricted Stock are released from the restrictions, the Participant shall be entitled to have the legend required by paragraph (c) above removed from the share certificate evidencing such Restricted Stock and the Company shall pay or distribute to the Participant all dividends and distributions held in escrow by the Company with respect to such Restricted Stock.

(e) **Shareholder Rights.** Unless otherwise provided in an Award Agreement, until the expiration of all applicable restrictions, (i) the Restricted Stock shall be treated as outstanding, (ii) the Participant holding shares of Restricted Stock may exercise full voting rights with respect to such shares, and (iii) the Participant holding shares of Restricted Stock shall be entitled to receive all dividends and other distributions paid with respect to such shares while they are so held. If any such dividends or distributions are paid in shares of Common Stock, such shares shall be subject to the same restrictions on transferability and forfeitability as the shares of Restricted Stock with respect to which they were paid. Notwithstanding anything to the contrary, at the discretion of the Committee, all such dividends and distributions may be held in escrow by the Company (subject to the same restrictions on forfeitability) until all restrictions on the respective Restricted Stock have lapsed.

(f) **Termination of Service.** Unless otherwise provided in an Award Agreement, if a Participant’s employment or other service with the Company terminates for any reason, all unvested shares of Restricted Stock held by the Participant and any dividends or distributions held in escrow by GEO with respect to such Restricted Stock shall be forfeited immediately and returned to the Company. Notwithstanding anything in this Plan to the contrary, the Committee may provide, in its sole and absolute discretion, that following the termination of employment or other service of a Participant with the Company for any reason, any unvested shares of Restricted

Stock held by the Participant that vest solely upon a future service requirement shall vest in whole or in part, at any time subsequent to such termination of employment or other service.

9. PERFORMANCE AWARDS

(a) **Grant of Performance Awards.** Subject to the terms and conditions of the Plan, the Committee may grant to such Eligible Individuals as the Committee may determine, Performance Shares, Performance Share Units and Performance Units, in such amounts and on such terms and conditions as the Committee shall determine in its sole and absolute discretion. Each grant of a Performance Award shall satisfy the requirements as set forth in this Section.

(b) **Performance Goals.** Performance Goals will be based on one or more of the following criteria, as determined by the Committee in its absolute and sole discretion: (i) the attainment of certain target levels of, or a specified increase in, GEO's enterprise value or value creation targets; (ii) the attainment of certain target levels of, or a percentage increase in, GEO's after-tax or pre-tax profits including, without limitation, that attributable to GEO's continuing and/or other operations; (iii) the attainment of certain target levels of, or a specified increase relating to, GEO's operational cash flow or working capital, or a component thereof; (iv) the attainment of certain target levels of, or a specified decrease relating to, GEO's operational costs, or a component thereof (v) the attainment of a certain level of reduction of, or other specified objectives with regard to limiting the level of increase in all or a portion of bank debt or other of GEO's long-term or short-term public or private debt or other similar financial obligations of GEO, which may be calculated net of cash balances and/or other offsets and adjustments as may be established by the Committee; (vi) the attainment of a specified percentage increase in earnings per share or earnings per share from GEO's continuing operations; (vii) the attainment of certain target levels of, or a specified percentage increase in, GEO's net sales, revenues, net income or earnings before income tax or other exclusions; (viii) the attainment of certain target levels of, or a specified increase in, GEO's return on capital employed or return on invested capital; (ix) the attainment of certain target levels of, or a percentage increase in, GEO's after-tax or pre-tax return on shareholder equity; (x) the attainment of certain target levels in the fair market value of GEO's Common Stock; (xi) the growth in the value of an investment in the Common Stock assuming the reinvestment of dividends; and/or (xii) the attainment of certain target levels of, or a specified increase in, EBITDA (earnings before income tax, depreciation and amortization). In addition, Performance Goals may be based upon the attainment by a subsidiary, division or other operational unit of GEO of specified levels of performance under one or more of the measures described above. Further, the Performance Goals may be based upon the attainment by GEO (or a subsidiary, division, facility or other operational unit of GEO) of specified levels of performance under one or more of the foregoing measures relative to the performance of other corporations. To the extent permitted under Code Section 162(m) of the Code (including, without limitation, compliance with any requirements for shareholder approval), the Committee may, in its sole and absolute discretion: (i) designate additional business criteria upon which the Performance Goals may be based; (ii) modify, amend or adjust the business criteria described herein; or (iii) incorporate in the Performance Goals provisions regarding changes in accounting methods, corporate transactions (including, without limitation, dispositions or acquisitions) and similar events or circumstances. Performance Goals may include a threshold level of performance below which no Performance Award will be earned, levels of performance at which a Performance Award will become partially earned and a level at which a Performance Award will be fully earned.

(c) **Terms and Conditions of Performance Awards.** The applicable Award Agreement shall set forth the number and type of Performance Awards; (ii) the Performance Period; and the Performance Goals with respect to each such Performance Award; (iii) the maximum shares of Common Stock that may be issued pursuant to a Performance Award and (iv) any other terms and conditions as the Committee determines in its sole and absolute discretion. The Committee shall establish, in its sole and absolute discretion, the Performance Goals for the applicable Performance Period for each Performance Award granted hereunder. Performance Goals for different Participants and for different grants of Performance Awards need not be identical. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with Performance Awards, but may not exercise discretion to increase any amount payable in respect of a Performance Award. A holder of a Performance Award is not entitled to the rights of a holder of Common Stock.

(d) ***Determination and Payment of Performance Awards.*** As soon as practicable after the end of a Performance Period, the Committee shall determine the extent to which Performance Awards have been earned on the basis of the Company's actual performance in relation to the established Performance Goals as set forth in the applicable Award Agreement and shall certify these results in writing. As soon as practicable after the Committee has determined that an amount is payable or should be distributed with respect to a Performance Share Unit or Performance Unit, but in any event no later than 70 days following the end of the applicable Performance Period, the Committee shall cause the amount of such Performance Share Unit or Performance Unit to be paid or distributed to the Participant or the Participant's estate, devisee or heir at law (whichever is applicable). For purposes of making payment or a distribution with respect to a Performance Cash Unit, the value of a share of Common Stock shall be determined by the Fair Market Value of the Common Stock on the day the Committee designates the Performance Cash Units to be payable.

(e) ***Termination of Employment.*** Unless otherwise provided in an Award Agreement, if a Participant's employment or other service with the Company terminates for any reason, all of the Participant's outstanding Performance Awards shall be subject to the rules of this Section.

(i) ***Termination for Reason Other Than Death or Disability.*** If a Participant's employment or other service with the Company terminates prior to the expiration of a Performance Period with respect to any Performance Awards held by such Participant for any reason other than death or Disability, the outstanding Performance Awards held by such Participant for which the Performance Period has not yet expired shall terminate upon such termination and the Participant shall have no further rights pursuant to such Performance Awards.

(ii) ***Termination of Employment for Death or Disability.*** If a Participant's employment or other service with the Company terminates by reason of the Participant's death or Disability prior to the end of a Performance Period, the Participant, or the Participant's estate, devisee or heir at law (whichever is applicable) shall be entitled to a payment or vesting, as the case may be, of the Participant's outstanding Performance Awards at the end of the applicable Performance Period, pursuant to the terms of the Plan and the Participant's Award Agreement; provided, however, that the Participant shall be deemed to have earned only that proportion (to the nearest whole unit or share) of the Performance Awards granted to the Participant under such Performance Award as the number of full months of the Performance Period which have elapsed since the first day of the Performance Period for which the Performance Award was granted to the end of the month in which the Participant's termination of employment or other service, bears to the total number of months in the Performance Period, subject to the attainment of the Performance Goals associated with the Award as certified by the Committee. The right to any remaining Performance Awards shall be canceled and forfeited.

10. VESTING OF AWARD GRANTS TO NON-EMPLOYEE DIRECTORS

Notwithstanding the minimum vesting provisions in Section 6(f) and 8(b) of the Plan, any Award granted to a Non-Employee Director in lieu of cash compensation shall not be subject to any minimum vesting requirements.

11. OTHER AWARDS

Awards of shares of Common Stock, phantom stock, restricted stock units and other awards that are valued in whole or in part by reference to, or otherwise based on, Common Stock, may also be made, from time to time, to Eligible Individuals as may be selected by the Committee. Such Common Stock may be issued in satisfaction of awards granted under any other plan sponsored by the Company or compensation payable to an Eligible Individual. In addition, such awards may be made alone or in addition to or in connection with any other Award granted hereunder. The Committee may determine the terms and conditions of any such award. Each such award shall be evidenced by an Award Agreement between the Eligible Individual and the Company which shall specify the number of shares of Common Stock subject to the award, any consideration therefore, any vesting or performance requirements and such other terms and conditions as the Committee shall determine in its sole and

absolute discretion. With respect to the Awards that may be issued solely pursuant to this Section 11 and not pursuant to any other provision of the Plan, a maximum number of shares of Common Stock with respect to which such Awards may be issued, shall not exceed five percent (5%) of the total number of shares of Common Stock that may be issued under the Plan, as described in Section 5(a).

12. CHANGE IN CONTROL

Unless otherwise provided in an Award Agreement, upon the occurrence of a Change in Control of GEO, the Committee may in its sole and absolute discretion, provide on a case by case basis that (i) some or all outstanding Awards may become immediately exercisable or vested, without regard to any limitation imposed pursuant to this Plan, (ii) that all Awards shall terminate, provided that Participants shall have the right, immediately prior to the occurrence of such Change in Control and during such reasonable period as the Committee in its sole discretion shall determine and designate, to exercise any vested Award in whole or in part, (iii) that all Awards shall terminate, provided that Participants shall be entitled to a cash payment equal to the Change in Control Price with respect to shares subject to the vested portion of the Award net of the Exercise Price thereof (if applicable), (iv) provide that, in connection with a liquidation or dissolution of GEO, Awards shall convert into the right to receive liquidation proceeds net of the Exercise Price (if applicable) and (v) any combination of the foregoing. In the event that the Committee does not terminate or convert an Award upon a Change in Control of GEO, then the Award shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring, or succeeding corporation (or an affiliate thereof).

13. CHANGE IN STATUS OF PARENT OR SUBSIDIARY

Unless otherwise provided in an Award Agreement or otherwise determined by the Committee, in the event that an entity or business unit which was previously a part of the Company is no longer a part of the Company, as determined by the Committee in its sole discretion, the Committee may, in its sole and absolute discretion: (i) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may become immediately exercisable or vested, without regard to any limitation imposed pursuant to this Plan; (ii) provide on a case by case basis that some or all outstanding Awards held by a Participant employed by or performing service for such entity or business unit may remain outstanding, may continue to vest, and/or may remain exercisable for a period not exceeding one (1) year, subject to the terms of the Award Agreement and this Plan; and/or (iii) treat the employment or other services of a Participant employed by such entity or business unit as terminated if such Participant is not employed by GEO or any entity that is a part of the Company immediately after such event.

14. REQUIREMENTS OF LAW

(a) **Violations of Law.** The Company shall not be required to sell or issue any shares of Common Stock under any Award if the sale or issuance of such shares would constitute a violation by the individual exercising the Award, the Participant or the Company of any provisions of any law or regulation of any governmental authority, including without limitation any provisions of the Sarbanes-Oxley Act, and any other federal or state securities laws or regulations. Any determination in this connection by the Committee shall be final, binding, and conclusive. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Award, the issuance of shares pursuant thereto or the grant of an Award to comply with any law or regulation of any governmental authority.

(b) **Registration.** At the time of any exercise or receipt of any Award, the Company may, if it shall determine it necessary or desirable for any reason, require the Participant (or Participant's heirs, legatees or legal representative, as the case may be), as a condition to the exercise or grant thereof, to deliver to the Company a written representation of present intention to hold the shares for their own account as an investment and not with a view to, or for sale in connection with, the distribution of such shares, except in compliance with applicable federal and state securities laws with respect thereto. In the event such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the Participant (or Participant's heirs,

legatees or legal representative, as the case may be) upon the Participant's exercise of part or all of the Award or receipt of an Award and a stop transfer order may be placed with the transfer agent. Each Award shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that the listing, registration or qualification of the shares subject to the Award upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with, the issuance or purchase of the shares thereunder, the Award may not be exercised in whole or in part and the restrictions on an Award may not be removed unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company in its sole discretion. The Participant shall provide the Company with any certificates, representations and information that the Company requests and shall otherwise cooperate with the Company in obtaining any listing, registration, qualification, consent or approval that the Company deems necessary or appropriate. The Company shall not be obligated to take any affirmative action in order to cause the exercisability or vesting of an Award, to cause the exercise of an Award or the issuance of shares pursuant thereto, or to cause the grant of Award to comply with any law or regulation of any governmental authority.

(c) ***Withholding.*** The Committee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes that the Company is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with the grant or exercise of an Award, or the removal of restrictions on an Award including, but not limited to: (i) the withholding of delivery of shares of Common Stock until the holder reimburses the Company for the amount the Company is required to withhold with respect to such taxes; (ii) the canceling of any number of shares of Common Stock issuable in an amount sufficient to reimburse the Company for the amount it is required to so withhold; (iii) withholding the amount due from any such person's wages or compensation due to such person; or (iv) requiring the Participant to pay the Company cash in the amount the Company is required to withhold with respect to such taxes.

(d) ***Governing Law.*** The Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Florida.

15. GENERAL PROVISIONS

(a) ***Award Agreements.*** All Awards granted pursuant to the Plan shall be evidenced by an Award Agreement. Each Award Agreement shall specify the terms and conditions of the Award granted and shall contain any additional provisions as the Committee shall deem appropriate, in its sole and absolute discretion (including, to the extent that the Committee deems appropriate, provisions relating to confidentiality, non-competition, non-solicitation and similar matters). The terms of each Award Agreement need not be identical for Eligible Individuals provided that all Award Agreements comply with the terms of the Plan.

(b) ***Purchase Price.*** To the extent the purchase price of any Award granted hereunder is less than par value of a share of Common Stock and such purchase price is not permitted by applicable law, the per share purchase price shall be deemed to be equal to the par value of a share of Common Stock.

(c) ***Dividends and Dividend Equivalents.*** Except as provided by Section 5(f) or 8(e) of the Plan, a Participant shall not be entitled to receive, currently or on a deferred basis, cash or stock dividends, Dividend Equivalents, or cash payments in amounts equivalent to cash or stock dividends on shares of Common Stock covered by an Award which has not vested, an Option, a Stock Appreciation Right or a Performance Award. To the extent that dividends and distributions relating to an Award are held in escrow by the Company, or Dividend Equivalents are credited to an Award, a Participant shall not be entitled to any interest on any such amounts. The Committee may not grant Dividend Equivalents to an Award subject to performance-based vesting to the extent that the grant of such Dividend Equivalents would limit the Company's deduction of the compensation payable under such Award for federal tax purposes pursuant to Code Section 162(m).

(d) **Deferral of Awards.** The Committee may from time to time establish procedures pursuant to which a Participant may elect to defer, until a time or times later than the vesting of an Award, receipt of all or a portion of the shares of Common Stock or cash subject to such Award and to receive Common Stock or cash at such later time or times, all on such terms and conditions as the Committee shall determine. The Committee shall not permit the deferral of an Award unless counsel for GEO determines that such action will not result in adverse tax consequences to a Participant under Section 409A of the Code. If any such deferrals are permitted, then notwithstanding anything to the contrary herein, a Participant who elects to defer receipt of Common Stock shall not have any rights as a shareholder with respect to deferred shares of Common Stock unless and until shares of Common Stock are actually delivered to the Participant with respect thereto, except to the extent otherwise determined by the Committee.

(e) **Prospective Employees.** Notwithstanding anything to the contrary, any Award granted to a Prospective Employee shall not become vested prior to the date the Prospective Employee first becomes an employee of the Company.

(f) **Issuance of Certificates; Shareholder Rights.** GEO shall deliver to the Participant a certificate evidencing the Participant's ownership of shares of Common Stock issued pursuant to the exercise of an Award as soon as administratively practicable after satisfaction of all conditions relating to the issuance of such shares. A Participant shall not have any of the rights of a shareholder with respect to such Common Stock prior to satisfaction of all conditions relating to the issuance of such Common Stock, and, except as expressly provided in the Plan, no adjustment shall be made for dividends, distributions or other rights of any kind for which the record date is prior to the date on which all such conditions have been satisfied.

(g) **Transferability of Awards.** A Participant may not Transfer an Award other than by will or the laws of descent and distribution. Awards may be exercised during the Participant's lifetime only by the Participant. No Award shall be liable for or subject to the debts, contracts, or liabilities of any Participant, nor shall any Award be subject to legal process or attachment for or against such person. Any purported Transfer of an Award in contravention of the provisions of the Plan shall have no force or effect and shall be null and void, and the purported transferee of such Award shall not acquire any rights with respect to such Award. Notwithstanding anything to the contrary, the Committee may in its sole and absolute discretion permit the Transfer of an Award to a Participant's "family member" as such term is defined in the Form 8 Registration Statement under the Securities Act of 1933, as amended, under such terms and conditions as specified by the Committee. In such case, such Award shall be exercisable only by the transferee approved of by the Committee. To the extent that the Committee permits the Transfer of an Incentive Stock Option to a "family member", so that such Option fails to continue to satisfy the requirements of an incentive stock option under the Code such Option shall automatically be re-designated as a Non-Qualified Stock Option.

(h) **Buyout and Settlement Provisions.** Except as prohibited in Section 15(j)(ii) of the Plan, the Committee may at any time on behalf of GEO offer to buy out any Awards previously granted based on such terms and conditions as the Committee shall determine which shall be communicated to the Participants at the time such offer is made.

(i) **Use of Proceeds.** The proceeds received by GEO from the sale of Common Stock pursuant to Awards granted under the Plan shall constitute general funds of GEO.

(j) **Modification or Substitution of an Award.**

(i) **Generally.** Subject to the terms and conditions of the Plan, the Committee may modify outstanding Awards. Notwithstanding the following, no modification of an Award shall adversely affect any rights or obligations of the Participant under the applicable Award Agreement without the Participant's consent. The Committee in its sole and absolute discretion may rescind, modify, or waive any vesting requirements or other conditions applicable to an Award.

(ii) **Limitation on Repricing.** Unless such action is approved by GEO's shareholders in accordance with applicable law: (i) no outstanding Option or Stock Appreciation Right granted under the Plan may be amended to provide an Exercise Price that is lower than the then-current Exercise Price of such outstanding Option or Stock Appreciation Right (other than adjustments to the Exercise Price pursuant to Sections 5(f) and 12); (ii) the Committee may not cancel any outstanding Option or Stock Appreciation Right and grant in substitution therefore new Awards under the Plan covering the same or a different number of shares of Common Stock and having an Exercise Price lower than the then-current Exercise Price of the cancelled Option or Stock Appreciation Right (other than adjustments to the Exercise Price pursuant to Sections 5(f) and 12); (iii) the Committee may not authorize the repurchase of an outstanding Option or Stock Appreciation Right which has an Exercise Price that is higher than the then-current fair market value of the Common Stock (other than adjustments to the Exercise Price pursuant to Sections 5(f) and 12); and (iv) the Committee may not cancel any outstanding Option or Stock Appreciation Right and grant in substitution therefore new Awards as part of a strategy to materially enhance the position of the holder of such Options or Stock Appreciation Rights with respect to their value as of the time of such substitution (other than adjustments pursuant to Sections 5(f) and 12).

(k) **Amendment and Termination of Plan.** The Board may, at any time and from time to time, amend, suspend or terminate the Plan as to any shares of Common Stock as to which Awards have not been granted; *provided, however*, that the approval of the shareholders of GEO in accordance with applicable law and the Articles of Incorporation and Bylaws of GEO shall be required for any amendment: (i) that changes the class of individuals eligible to receive Awards under the Plan; (ii) that increases the maximum number of shares of Common Stock in the aggregate that may be subject to Awards that are granted under the Plan (except as permitted under Section 5 or Section 12 hereof); (iii) the approval of which is necessary to comply with federal or state law (including without limitation Section 162(m) of the Code and Rule 16b-3 under the Exchange Act) or with the rules of any stock exchange or automated quotation system on which the Common Stock may be listed or traded; or (iv) that proposes to eliminate a requirement provided herein that the shareholders of GEO must approve an action to be undertaken under the Plan. Except as permitted under Section 5 or Section 12 hereof, no amendment, suspension or termination of the Plan shall, without the consent of the holder of an Award, alter or impair rights or obligations under any Award theretofore granted under the Plan. Awards granted prior to the termination of the Plan may extend beyond the date the Plan is terminated and shall continue subject to the terms of the Plan as in effect on the date the Plan is terminated.

(l) **Section 409A of the Code.** With respect to Awards subject to Section 409A of the Code, this Plan is intended to comply with the requirements of such Section, and the provisions hereof shall be interpreted in a manner that satisfies the requirements of such Section and the related regulations, and the Plan shall be operated accordingly. If any provision of this Plan or any term or condition of any Award would otherwise frustrate or conflict with this intent, the provision, term or condition will be interpreted and deemed amended so as to avoid this conflict.

(m) **Notification of 83(b) Election.** If in connection with the grant of any Award, any Participant makes an election permitted under Code Section 83(b), such Participant must notify GEO in writing of such election within ten (10) days of filing such election with the Internal Revenue Service.

(n) **Detrimental Activity.** All Awards shall be subject to cancellation by the Committee in accordance with the terms of this Section 15(n) if the Participant engages in any Detrimental Activity. To the extent that a Participant engages in any Detrimental Activity at any time prior to, or during the one year period after, any exercise or vesting of an Award but prior to a Change in Control, the Company shall, upon the recommendation of the Committee, in its sole and absolute discretion, be entitled to (i) immediately terminate and cancel any Awards held by the Participant that have not yet been exercised, and/or (ii) with respect to Awards of the Participant that have been previously exercised, recover from the Participant at any time within two (2) years after such exercise but prior to a Change in Control (and the Participant shall be obligated to pay over to the Company with respect to any such Award previously held by such Participant): (A) with respect to any Options exercised, an amount equal to the excess of the Fair Market Value of the Common Stock for which any Option was exercised over the Exercise Price paid (regardless of the form by which payment was made) with respect to

such Option; (B) with respect to any Award other than an Option, any shares of Common Stock granted and vested pursuant to such Award, and if such shares are not still owned by the Participant, the Fair Market Value of such shares on the date they were issued, or if later, the date all vesting restrictions were satisfied; and (C) any cash or other property (other than Common Stock) received by the Participant from the Company pursuant to an Award. Without limiting the generality of the foregoing, in the event that a Participant engages in any Detrimental Activity at any time prior to any exercise of an Award and the Company exercises its remedies pursuant to this Section 15(n) following the exercise of such Award, such exercise shall be treated as having been null and void, provided that the Company will nevertheless be entitled to recover the amounts referenced above.

(o) **Disclaimer of Rights.** No provision in the Plan, any Award granted hereunder, or any Award Agreement entered into pursuant to the Plan shall be construed to confer upon any individual the right to remain in the employ of or other service with the Company or to interfere in any way with the right and authority of the Company either to increase or decrease the compensation of any individual, including any holder of an Award, at any time, or to terminate any employment or other relationship between any individual and the Company. The grant of an Award pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

(p) **Unfunded Status of Plan.** The Plan is intended to constitute an “unfunded” plan for incentive and deferred compensation. With respect to any payments as to which a Participant has a fixed and vested interest but which are not yet made to such Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company.

(q) **Nonexclusivity of Plan.** The adoption of the Plan shall not be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or individuals) as the Board in its sole and absolute discretion determines desirable.

(r) **Other Benefits.** No Award payment under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Company or any agreement between a Participant and the Company, nor affect any benefits under any other benefit plan of the Company now or subsequently in effect under which benefits are based upon a Participant’s level of compensation.

(s) **Headings.** The section headings in the Plan are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

(t) **Pronouns.** The use of any gender in the Plan shall be deemed to include all genders, and the use of the singular shall be deemed to include the plural and vice versa, wherever it appears appropriate from the context.

(u) **Successors and Assigns.** The Plan shall be binding on all successors of the Company and all successors and permitted assigns of a Participant, including, but not limited to, a Participant’s estate, devisee, or heir at law.

(v) **Severability.** If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

(w) **Notices.** Any communication or notice required or permitted to be given under the Plan shall be in writing, and mailed by registered or certified mail or delivered by hand, to GEO, to its principal place of business, attention: John J. Bulfin, General Counsel, The GEO Group Inc., and if to the holder of an Award, to the address as appearing on the records of the Company.

ANNEX A DEFINITIONS

“2006 Award” means any outstanding award under the 2006 Plan that can be settled in Common Stock.

“2006 Plan” means the amended and restated The GEO Group, Inc. 2006 Stock Incentive Plan, effective May 4, 2006.

“Award” means any Common Stock, Option, Performance Unit, Performance Share, Performance Share Unit, Restricted Stock, Stock Appreciation Right or any other award granted pursuant to the Plan.

“Award Agreement” means a written agreement entered into by GEO and a Participant setting forth the terms and conditions of the grant of an Award to such Participant.

“Board” means the board of directors of GEO.

“Cause” means, with respect to a termination of employment or other service with the Company, a termination of employment or other service due to a Participant’s dishonesty, fraud, insubordination, willful misconduct, refusal to perform services (for any reason other than illness or incapacity) or materially unsatisfactory performance of the Participant’s duties for the Company; *provided, however*, that if the Participant and the Company have entered into an employment agreement or consulting agreement which defines the term Cause, the term Cause shall be defined in accordance with such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether Cause exists for purposes of the Plan.

“Change in Control” shall be deemed to occur upon:

(a) any “person” as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than GEO, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of GEO in substantially the same proportions as their ownership of common stock of GEO), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of GEO representing thirty percent (30%) or more of the combined voting power of GEO’s then outstanding securities;

(b) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section) whose election by the Board or nomination for election by GEO’s shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(c) consummation of a merger, consolidation, reorganization, or other business combination of GEO with any other entity, other than a merger or consolidation which would result in the voting securities of GEO outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of GEO or such surviving entity outstanding immediately after such merger or consolidation; *provided, however*, that a merger or consolidation effected to implement a recapitalization of GEO (or similar transaction) in which no person acquires more than twenty-five percent (25%) of the combined voting power of GEO’s then outstanding securities shall not constitute a Change in Control; or

(d) the shareholders of GEO approve a plan of complete liquidation of GEO, and such liquidation occurs, or the consummation of the sale or disposition by GEO of all or substantially all of GEO’s assets other than (x) the sale or disposition of all or substantially all of the assets of GEO to a person or persons who

beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of GEO at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the shareholders of GEO.

However, to the extent that Section 409A of the Code would cause an adverse tax consequence to a Participant using the above definition, the term “Change in Control” shall have the meaning ascribed to the phrase “Change in the Ownership or Effective Control of a Corporation or in the Ownership of a Substantial Portion of the Assets of a Corporation” under Treasury Department Proposed Regulation 1.409A-3(g)(5), as revised from time to time in either subsequent proposed or final regulations, and in the event that such regulations are withdrawn or such phrase (or a substantially similar phrase) ceases to be defined, as determined by the Committee.

“**Change in Control Price**” means the price per share of Common Stock paid in any transaction related to a Change in Control of GEO.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“**Committee**” means a committee or sub-committee of the Board consisting of two or more members of the Board, none of whom shall be an officer or other salaried employee of the Company, and each of whom shall qualify in all respects as a “non-employee director” as defined in Rule 16b-3 under the Exchange Act, and as an “outside director” for purposes of Code Section 162(m). If no Committee exists, the functions of the Committee will be exercised by the Board; *provided, however*, that a Committee shall be created prior to the grant of Awards to a Covered Employee and that grants of Awards to a Covered Employee shall be made only by such Committee. Notwithstanding the foregoing, with respect to the grant of Awards to non-employee directors, the Committee shall be the Board.

“**Common Stock**” means the common stock, par value \$0.01 per share, of GEO.

“**Company**” means The GEO Group, Inc., a Florida corporation, the subsidiaries of The GEO Group, Inc., and all other entities whose financial statements are required to be consolidated with the financial statements of The GEO Group, Inc. pursuant to United States generally accepted accounting principles, and any other entity determined to be an affiliate of The GEO Group, Inc. as determined by the Committee in its sole and absolute discretion.

“**Covered Employee**” means “covered employee” as defined in Code Section 162(m)(3).

“**Covered Individual**” means any current or former member of the Committee, any current or former officer or director of the Company, or any individual designated pursuant to Section 4(c).

“**Detrimental Activity**” means any of the following: (i) the disclosure to anyone outside the Company, or the use in other than the Company’s business, without written authorization from the Company, of any confidential information or proprietary information, relating to the business of the Company, acquired by a Participant prior to a termination of the Participant’s employment or service with the Company; (ii) activity while employed or providing services that is classified by the Company as a basis for a termination for Cause; (iii) the Participant’s Disparagement, or inducement of others to do so, of the Company or its past or present officers, directors, employees or services; or (iv) any other conduct or act determined by the Committee, in its sole discretion, to be injurious, detrimental or prejudicial to the interests of the Company. For purposes of subparagraph (i) above, the Chief Executive Officer and the General Counsel of the Company shall each have authority to provide the Participant with written authorization to engage in the activities contemplated thereby and no other person shall have authority to provide the Participant with such authorization.

“**Disability**” means a “permanent and total disability” within the meaning of Code Section 22(e)(3); *provided, however*, that if a Participant and the Company have entered into an employment or consulting

agreement which defines the term Disability for purposes of such agreement, Disability shall be defined pursuant to the definition in such agreement with respect to any Award granted to the Participant on or after the effective date of the respective employment or consulting agreement. The Committee shall determine in its sole and absolute discretion whether a Disability exists for purposes of the Plan.

“Disparagement” means making any comments or statements to the press, the Company’s employees, clients or any other individuals or entities with whom the Company has a business relationship, which could adversely affect in any manner: (i) the conduct of the business of the Company (including, without limitation, any products or business plans or prospects), or (ii) the business reputation of the Company or any of its products, or its past or present officers, directors or employees.

“Dividend Equivalents” means an amount equal to the cash dividends paid by the Company upon one share of Common Stock subject to an Award granted to a Participant under the Plan.

“Effective Date” shall mean May 2, 2014.

“Eligible Individual” means any employee, officer, director (employee or non-employee director) or consultant of the Company and any Prospective Employee to whom Awards are granted in connection with an offer of future employment with the Company.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exercise Price” means the purchase price per share of each share of Common Stock subject to an Award.

“Fair Market Value” means, unless otherwise required by the Code, as of any date, the last sales price reported for the Common Stock on the day immediately prior to such date (i) as reported by the national securities exchange in the United States on which it is then traded, or (ii) if not traded on any such national securities exchange, as quoted on an automated quotation system sponsored by the National Association of Securities Dealers, Inc., or if the Common Stock shall not have been reported or quoted on such date, on the first day prior thereto on which the Common Stock was reported or quoted; *provided, however*, that the Committee may modify the definition of Fair Market Value to reflect any changes in the trading practices of any exchange or automated system sponsored by the National Association of Securities Dealers, Inc. on which the Common Stock is listed or traded. If the Common Stock is not readily traded on a national securities exchange or any system sponsored by the National Association of Securities Dealers, Inc., the Fair Market Value shall be determined in good faith by the Committee.

“GEO” means The GEO Group, Inc., a Florida corporation.

“Grant Date” means the date on which the Committee approves the grant of an Award or such later date as is specified by the Committee and set forth in the applicable Award Agreement.

“Incentive Stock Option” means an “incentive stock option” within the meaning of Code Section 422.

“Non-Employee Director” means a director of GEO who is not an active employee of the Company.

“Non-Qualified Stock Option” means an Option which is not an Incentive Stock Option.

“Option” means an option to purchase Common Stock granted pursuant to Sections 6 of the Plan.

“Participant” means any Eligible Individual who holds an Award under the Plan and any of such individual’s successors or permitted assigns.

“Performance Award” means an award of Performance Shares, Performance Share Units or Performance Units.

“Performance Goals” means the specified performance goals which have been established by the Committee in connection with an Award.

“Performance Period” means the period during which Performance Goals must be achieved in connection with an Award granted under the Plan.

“Performance Shares” means Restricted Stock which is subject to the achievement of certain Performance Goals being attained during a Performance Period pursuant to Section 9 hereunder.

“Performance Share Unit” means a right to receive a fixed number of shares of Common Stock, or the cash equivalent, which is contingent on the achievement of certain Performance Goals during a Performance Period.

“Performance Unit” means a right to receive a designated dollar value, or shares of Common Stock of the equivalent value, which is contingent on the achievement of certain Performance Goals during a Performance Period.

“Person” shall mean any person, corporation, partnership, joint venture or other entity or any group (as such term is defined for purposes of Section 13(d) of the Exchange Act), other than a parent or subsidiary.

“Plan” means this The GEO Group, Inc. 2014 Stock Incentive Plan.

“Prospective Employee” means any individual who has committed to become an employee of the Company within sixty (60) days from the date an Award is granted to such individual.

“Restricted Stock” means Common Stock subject to certain restrictions, as determined by the Committee, and granted pursuant to Section 8 hereunder.

“Section 424 Employee” means an employee of GEO or any “subsidiary corporation” or “parent corporation” as such terms are defined in and in accordance with Code Section 424. The term “Section 424 Employee” also includes employees of a corporation issuing or assuming any Options in a transaction to which Code Section 424(a) applies.

“Stock Appreciation Right” means the right to receive all or some portion of the increase in value of a fixed number of shares of Common Stock granted pursuant to Section 7 hereunder.

“Transfer” means, as a noun, any direct or indirect, voluntary or involuntary, exchange, sale, bequeath, pledge, mortgage, hypothecation, encumbrance, distribution, transfer, gift, assignment or other disposition or attempted disposition of, and, as a verb, directly or indirectly, voluntarily or involuntarily, to exchange, sell, bequeath, pledge, mortgage, hypothecate, encumber, distribute, transfer, give, assign or in any other manner whatsoever dispose or attempt to dispose of.



NEWS RELEASE

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

THE GEO GROUP REPORTS FIRST QUARTER 2014 RESULTS

- **1Q14 Net Income per Diluted Share of \$0.39**
- **1Q14 Normalized FFO of \$0.58 per Diluted Share; 1Q14 AFFO of \$0.71 per Diluted Share**
- **Increased 2014 AFFO Guidance to \$216-\$222 million or \$3.00 to \$3.08 per Diluted Share**
- **Quarterly Dividend of \$0.57 per Share, In-line with Approximately 75% Payout of AFFO**

Boca Raton, Fla. – April 29, 2014 — The GEO Group, Inc. (NYSE: GEO) (“GEO”), the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of correctional, detention, and community reentry facilities around the globe, reported today its financial results for the first quarter 2014.

First Quarter 2014 Highlights

- **Net Income per Diluted Share of \$0.39**
- **Net Operating Income of \$107.5 million**
- **Normalized FFO of \$0.58 per Diluted Share**
- **AFFO of \$0.71 per Diluted Share**

For the first quarter 2014, Normalized Funds From Operations (“Normalized FFO”) increased to \$41.4 million, or \$0.58 per diluted share, from \$39.2 million, or \$0.55 per diluted share, for the first quarter 2013. First quarter 2014 Adjusted Funds From Operations (“AFFO”) increased to \$51.4 million, or \$0.71 per diluted share, from \$49.6 million, or \$0.69 per diluted share, for the first quarter 2013. For the first quarter 2014, Net Operating Income increased to \$107.5 million from \$102.3 million for the first quarter 2013.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said: “We are very pleased with our strong first quarter results and improved outlook for 2014, which continue to reflect robust operational and financial performance from our diversified business units. During the first quarter of 2014, we achieved a number of important milestones with the activation of several projects totaling more than 5,000 beds. We continue to be optimistic regarding the growth opportunities in our industry which we expect will continue to create value for our shareholders.”

GEO reported total revenues for the first quarter 2014 of \$393.1 million up from total revenues of \$377.0 million for the first quarter 2013. GEO reported first quarter 2014 net income of \$28.0 million, or \$0.39 per diluted share, compared to \$23.4 million, or \$0.33 per diluted share for the first quarter 2013.

Net Operating Income, Funds From Operations (“FFO”), Normalized FFO, and AFFO are widely used non-GAAP supplemental financial measures of REIT performance. Please see the section of this press release below entitled “Note to Reconciliation Tables and Supplemental Disclosure - Important Information on GEO’s Non-GAAP Financial Measures” for information on how GEO defines these supplemental Non-GAAP financial measures.

—More—

Contact: Pablo E. Paez
Vice President, Corporate Relations

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2014 Financial Guidance

GEO updated its financial guidance for the full-year 2014 and issued guidance for the second quarter 2014. GEO increased its full-year 2014 AFFO guidance to a range of \$3.00 to \$3.08 per diluted share, or \$216 million to \$222 million. On a GAAP basis, GEO expects its net income for the full year 2014 to be in a range of \$1.78 to \$1.86 per diluted share.

GEO expects full-year 2014 revenues to be in a range of \$1.60 billion to \$1.62 billion. GEO increased its full-year 2014 Net Operating Income guidance to a range of \$452 million to \$458 million. GEO increased its full-year 2014 Adjusted EBITDA guidance to a range of \$325 million to \$331 million.

For the second quarter 2014, GEO expects AFFO to be in a range of \$0.76 to \$0.79 per diluted share, or \$55 million to \$57 million. On a GAAP basis, GEO expects second quarter 2014 net income per diluted share to be in a range of \$0.46 to \$0.48 and second quarter 2014 revenues to be in a range of \$404 million to \$409 million.

Quarterly Dividend

On April 28, 2014, GEO's Board of Directors declared a quarterly cash dividend of \$0.57 per share. The quarterly cash dividend will be paid on May 27, 2014 to shareholders of record as of the close of business on May 15, 2014. The declaration of future quarterly cash dividends is subject to approval by GEO's Board of Directors and to meeting the requirements of all applicable laws and regulations. GEO's Board of Directors retains the power to modify its dividend policy as it may deem necessary or appropriate in the future.

Reconciliation Tables and Supplemental Disclosure

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

—More—

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Conference Call Information

GEO has scheduled a conference call and simultaneous webcast for today at 11:00 AM (Eastern Time) to discuss GEO's first quarter 2014 financial results as well as its progress and outlook. The call-in number for the U.S. is 1-888-713-4217 and the international call-in number is 1-617-213-4869. The conference call participant passcode is 20651645. In addition, a live audio webcast of the conference call may be accessed on the Conference Calls/Webcasts section of GEO's investor relations webpage at www.geogroup.com. A replay of the audio webcast will be available on the website for one year. A telephonic replay of the conference call will be available until May 29, 2014 at 1-888-286-8010 (U.S.) and 1-617-801-6888 (International). The conference call participant passcode for the telephonic replay is 39399118.

About The GEO Group

The GEO Group, Inc. (NYSE: GEO) is the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of correctional, detention, and community reentry facilities around the globe. GEO is the world's leading provider of diversified correctional, detention, community reentry, and electronic monitoring services to government agencies worldwide with operations in the United States, Australia, South Africa, and the United Kingdom. GEO's worldwide operations include the ownership and/or management of 98 facilities totaling approximately 77,000 beds, including projects under development, with a growing workforce of approximately 18,000 professionals.

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

Net Operating Income, EBITDA, Adjusted EBITDA, Funds from Operations, Normalized Funds from Operations and Adjusted Funds from Operations are non-GAAP financial measures that are presented as supplemental disclosures.

GEO has presented herein certain forward-looking statements about GEO's future financial performance that include non-GAAP financial measures, including, Net Operating Income, EBITDA, Adjusted EBITDA, FFO, Normalized FFO, and AFFO. The determination of the amounts that are excluded from these non-GAAP financial measures is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period. While we have provided a high level reconciliation for the guidance ranges for full year 2014, we are unable to present a more detailed quantitative reconciliation of the forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because management cannot reliably predict all of the necessary components of such GAAP measures. The quantitative reconciliation of the forward-looking GAAP financial measures will be provided for completed annual and quarterly periods, as applicable, calculated in a consistent manner with the quantitative reconciliation of non-GAAP financial measures previously reported for completed annual and quarterly periods.

Net Operating Income is defined as revenues less operating expenses, excluding depreciation and amortization expense, general and administrative expenses, and real estate related operating lease expense. Net Operating Income is calculated as net income adjusted by subtracting equity in earnings of affiliates, net of tax, and by adding income tax provision, interest expense, net of interest income, depreciation and amortization expense, general and administrative expenses, and real estate related operating lease expense.

—More—

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EBITDA is defined as net operating income adjusted by subtracting general and administrative expenses and real estate related operating lease expense and by adding equity in earnings of affiliates, pre-tax. Adjusted EBITDA is defined as EBITDA adjusted for net income/loss attributable to non-controlling interests, non-cash stock-based compensation expenses, and certain other adjustments as defined from time to time, including for the periods presented REIT conversion related expenses, pre-tax. Given the nature of our business as a real estate owner and operator, we believe that EBITDA and Adjusted EBITDA are helpful to investors as measures of our operational performance because they provide an indication of our ability to incur and service debt, to satisfy general operating expenses, to make capital expenditures and to fund other cash needs or reinvest cash into our business. We believe that by removing the impact of our asset base (primarily depreciation and amortization) and excluding certain non-cash charges, amounts spent on interest and taxes, and certain other charges that are highly variable from year to year, EBITDA and Adjusted EBITDA provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates and operating costs, providing a perspective not immediately apparent from income from continuing operations. The adjustments we make to derive the non-GAAP measures of EBITDA and Adjusted EBITDA exclude items which may cause short-term fluctuations in income from continuing operations and which we do not consider to be the fundamental attributes or primary drivers of our business plan and they do not affect our overall long-term operating performance. EBITDA and Adjusted EBITDA provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes.

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

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

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

—More—

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We may make adjustments to FFO from time to time for certain other income and expenses that do not reflect a necessary component of our operational performance on the basis discussed above, even though such items may require cash settlement. Because FFO, Normalized FFO and AFFO exclude depreciation and amortization unique to real estate as well as non-operational items and certain other charges that are highly variable from year to year, they provide our investors with performance measures that reflect the impact to operations from trends in occupancy rates, per diem rates, operating costs and interest costs, providing a perspective not immediately apparent from income from continuing operations. We believe the presentation of FFO, Normalized FFO and AFFO provide useful information to investors as they provide an indication of our ability to fund capital expenditures and expand our business. FFO, Normalized FFO and AFFO provide disclosure on the same basis as that used by our management and provide consistency in our financial reporting, facilitate internal and external comparisons of our historical operating performance and our business units and provide continuity to investors for comparability purposes. Additionally, FFO, Normalized FFO and AFFO are widely recognized measures in our industry as a real estate investment trust.

Safe-Harbor Statement

This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding financial guidance for the second quarter 2014 and full year 2014 and growth opportunities. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO's ability to meet its financial guidance for 2014 given the various risks to which its business is exposed; (2) GEO's ability to declare future quarterly cash dividends and the timing and amount of such future cash dividends; (3) GEO's ability to successfully pursue further growth and continue to create shareholder value; (4) risks associated with GEO's ability to control operating costs associated with contract start-ups; (5) GEO's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO's operations without substantial costs; (6) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (7) GEO's ability to obtain future financing on acceptable terms; (8) GEO's ability to sustain company-wide occupancy rates at its facilities; (9) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (10) GEO's ability to remain qualified as a REIT; (11) the incurrence of REIT related expenses; and (12) other factors contained in GEO's Securities and Exchange Commission periodic filings, including its form 10-K, 10-Q and 8-K reports.

Contact: Pablo E. Paez
Vice President, Corporate Relations

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First quarter 2014 financial tables to follow:

Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

	<u>Q1 2014</u>	<u>Q1 2013</u>
Revenues	\$393,137	\$377,031
Operating Expenses	291,923	280,797
Depreciation and Amortization	24,142	22,935
General and Administrative Expenses	28,502	32,040
Operating Income	48,570	41,259
Interest Income and other	732	1,184
Interest Expense	(20,652)	(19,341)
Income Before Income Taxes and Equity in Earnings of Affiliates	28,650	23,102
Provision for Income Taxes	2,138	881
Equity in Earnings of Affiliates, net of income tax provision	1,484	1,217
Net Income	27,996	23,438
Less: Net Income Attributable to Noncontrolling Interests	(6)	(18)
Net Income Attributable to The GEO Group, Inc.	<u>\$ 27,990</u>	<u>\$ 23,420</u>
Weighted Average Common Shares Outstanding:		
Basic	71,449	70,850
Diluted	71,895	71,412
Income per Common Share Attributable to The GEO Group, Inc.:		
Net income per share — basic	<u>\$ 0.39</u>	<u>\$ 0.33</u>
Net income per share — diluted	<u>\$ 0.39</u>	<u>\$ 0.33</u>

—More—

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Consolidated Balance Sheets(In thousands)
(Unaudited)

	As of March 31, 2014	As of December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 38,063	\$ 52,125
Restricted cash and investments	14,094	11,518
Accounts receivable, less allowance for doubtful accounts	275,764	250,530
Current deferred income tax assets	20,936	20,936
Prepaid expenses and other current assets	39,877	49,236
Total current assets	388,734	384,345
Restricted Cash and Investments	19,328	18,349
Property and Equipment, Net	1,726,869	1,727,798
Direct Finance Lease Receivable	15,869	16,944
Non-Current Deferred Income Tax Assets	4,821	4,821
Intangible Assets, Net (including goodwill)	661,044	653,596
Other Non-Current Assets	84,123	83,511
Total Assets	\$ 2,900,788	\$ 2,889,364
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 52,397	\$ 47,286
Accrued payroll and related taxes	49,113	38,726
Accrued expenses	116,520	114,950
Current portion of capital lease obligation, long-term debt, and non-recourse debt	22,527	22,163
Total current liabilities	240,557	223,125
Non-Current Deferred Income Tax Liabilities	14,689	14,689
Other Non-Current Liabilities	71,450	64,961
Capital Lease Obligations	10,665	10,924
Long-Term Debt	1,479,788	1,485,536
Non-Recourse Debt	65,377	66,153
Shareholders Equity	1,018,262	1,023,976
Total Liabilities and Shareholders' Equity	\$ 2,900,788	\$ 2,889,364

—More—

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Reconciliation of Net Income to FFO, Normalized FFO, and AFFO

(In thousands, except per share data)

(Unaudited)

	<u>Q1 2014</u>	<u>Q1 2013</u>
Net Income attributable to GEO Group	\$27,990	\$23,420
Add:		
Real Estate Related Depreciation and Amortization	13,381	12,141
Equals: NAREIT defined FFO	<u>\$41,371</u>	<u>\$35,561</u>
Add:		
REIT conversion related expenses, net of tax	—	3,667
Equals: FFO, normalized	<u>\$41,371</u>	<u>\$39,228</u>
Add:		
Non-Real Estate Related Depreciation & Amortization	10,761	10,794
Consolidated Maintenance Capital Expenditures	(4,420)	(3,617)
Stock Based Compensation Expenses	2,466	1,685
Amortization of Debt Costs and Other Non-Cash Interest	1,224	1,537
Equals: AFFO	<u>\$51,402</u>	<u>\$49,627</u>
Weighted average common shares outstanding - Diluted	71,895	71,412
FFO/AFFO per Share - Diluted		
Normalized FFO Per Diluted Share	<u>\$ 0.58</u>	<u>\$ 0.55</u>
AFFO Per Diluted Share	<u>\$ 0.71</u>	<u>\$ 0.69</u>

—More—

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Reconciliation of Net Income to Net Operating Income and Adjusted EBITDA

(In thousands)

(Unaudited)

	<u>Q1 2014</u>	<u>Q1 2013</u>
Net income attributable to GEO Group	\$ 27,990	\$ 23,420
Less		
Net (income)/loss attributable to noncontrolling interests	(6)	(18)
Net Income	\$ 27,996	\$ 23,438
Add		
Equity in earnings of affiliates, net of income tax provision	(1,484)	(1,217)
Income tax (benefit)/provision	2,138	881
Interest expense, net of interest income	19,920	18,157
Depreciation and amortization	24,142	22,935
General and administrative expenses	28,502	32,040
Net Operating Income, net of operating lease obligations	<u>\$ 101,214</u>	<u>\$ 96,234</u>
Add: Operating lease expense, real estate	6,295	6,074
Net Operating Income (NOI)	<u>\$ 107,509</u>	<u>\$ 102,308</u>
Less:		
General and administrative expenses	28,502	32,040
Operating lease expense, real estate	6,295	6,074
Equity in earnings of affiliates, pre-tax	(2,033)	(1,694)
EBITDA	<u>\$ 74,745</u>	<u>\$ 65,888</u>
Adjustments		
Net (income) loss attributable to non-controlling interests	(6)	(18)
Stock based compensation expenses, pre-tax	2,466	1,685
REIT conversion related expenses, pre-tax	—	5,972
Adjusted EBITDA	<u>\$ 77,205</u>	<u>\$ 73,527</u>

—More—

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2014 Outlook/Reconciliation

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

	Full-Year 2014		
Net Income	\$128,000	to	\$ 134,000
Real Estate Related Depreciation and Amortization	53,000		53,000
Funds from Operations (FFO)	\$181,000	to	\$ 187,000
Adjustments	—		
Normalized Funds from Operations	\$181,000	to	\$ 187,000
Non-Real Estate Related Depreciation and Amortization	43,000		43,000
Consolidated Maintenance Capex	(22,000)		(22,000)
Non-Cash Stock Based Compensation and Non-Cash Interest Expense	14,000		14,000
Adjusted Funds From Operations (AFFO)	\$216,000	to	\$ 222,000
Net Cash Interest Expense	74,000		74,000
Consolidated Maintenance Capex	22,000		22,000
Income Taxes	13,000		13,000
Adjusted EBITDA	\$325,000	to	\$ 331,000
G&A Expenses	111,000		111,000
Non-Cash Stock Based Compensation	(9,000)		(9,000)
Real Estate Related Operating Lease Expense	25,000		25,000
Net Operating Income	\$452,000	to	\$ 458,000
FFO Per Share (Normalized)	\$ 2.51	to	\$ 2.60
AFFO Per Share	\$ 3.00	to	\$ 3.08
Weighted Average Common Shares Outstanding-Diluted	72,000		72,000

- End -

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NEWS RELEASE

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

**THE GEO GROUP DECLARES QUARTERLY
CASH DIVIDEND OF \$0.57 PER SHARE**

Boca Raton, Fla. – April 29, 2014 — The GEO Group, Inc. (NYSE: GEO) (“GEO”) announced that on April 28, 2014, its Board of Directors declared a quarterly cash dividend of \$0.57 per share. The quarterly cash dividend will be paid on May 27, 2014 to shareholders of record as of the close of business on May 15, 2014.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said: “We are pleased to declare our quarterly cash dividend of \$0.57 per share, which is indicative of our continued commitment to return value to our shareholders.”

The GEO Group, Inc. (NYSE: GEO) is the first fully integrated equity real estate investment trust specializing in the design, financing, development, and operation of correctional, detention, and community reentry facilities around the globe. GEO is the world’s leading provider of diversified correctional, detention, community reentry, and electronic monitoring services to government agencies worldwide with operations in the United States, Australia, South Africa, and the United Kingdom. GEO’s worldwide operations include the ownership and/or management of 98 facilities totaling approximately 77,000 beds, including projects under development, with a growing workforce of approximately 18,000 professionals.

This press release contains forward-looking statements regarding future events and the future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding the timing and amount of dividends. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO’s ability to declare future quarterly cash dividends and the timing and amount of such future dividends; (2) GEO’s ability to successfully pursue further growth and continue to enhance shareholder value; (3) GEO’s ability to access the capital markets in the future on satisfactory terms or at all; (4) risks associated with GEO’s ability to control operating costs associated with contract start-ups; (5) GEO’s ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO’s operations without substantial costs; (6) GEO’s ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (7) GEO’s ability to obtain future financing on acceptable terms; (8) GEO’s ability to sustain company-wide occupancy rates at its facilities; and (9) other factors contained in GEO’s Securities and Exchange Commission filings, including its form 10-K, 10-Q and 8-K reports.

-End-

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CORPORATE PARTICIPANTS

Pablo Paez *The GEO Group, Inc. - VP of Corporate Relations*
George Zoley *The GEO Group, Inc. - Chairman & CEO*
Brian Evans *The GEO Group, Inc. - SVP & CFO*
John Hurley *The GEO Group, Inc. - President, GEO Corrections & Detention*

CONFERENCE CALL PARTICIPANTS

Brian Ruttenbur *CRT Capital - Analyst*
Tobey Sommer *Suntrust - Analyst*
Brian Hoffman *Avondale Partners - Analyst*

PRESENTATION**Operator**

Good day, ladies and gentlemen, and welcome to the first-quarter 2014 The GEO Group earnings conference call. My name is Brittany and I'll be the operator at this time. (Operator Instructions). As a reminder, this conference is being recorded for replay purposes.

At this time, I would now like to turn the presentation over to your host for today, Pablo Paez, Vice President of Corporate Relations. Please proceed.

Pablo Paez - The GEO Group, Inc. - VP of Corporate Relations

Thank you, operator. Good morning, everyone, and thank you for joining us for today's discussion of The GEO Group's first-quarter 2014 earnings results. With us today is George Zoley, Chairman and Chief Executive Officer; Brian Evans, Chief Financial Officer; and John Hurley, President of GEO Corrections & Detention.

This morning we will discuss our first-quarter performance and current business development activities. We will conclude the call with a question-and-answer session. This conference call is also being webcast live on our website at www.geogroup.com

Today we will discuss non-GAAP basis information. A reconciliation from non-GAAP basis information to GAAP basis results is included in the press release and supplemental disclosure we issued this morning. Additionally, much of the information we will discuss today, including the answers we give in response to your questions, may include forward-looking statements regarding our beliefs and current expectations with respect to various matters.

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

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

George Zoley - The GEO Group, Inc. - Chairman & CEO

Thanks, Pablo, and good morning to everyone, and thank you for joining us as we review our first-quarter results and provide an update on our efforts to pursue quality growth opportunities and return value to our shareholders. We are very pleased with our strong first-quarter results, as well as our outlook for 2014, which are representative of the continued growth in our earnings and cash flows.

Our strong financial performance continues to be driven by sound operational and financial performance from our diversified business units in the US and internationally. During the first quarter of this year we achieved a number of milestones, including the activation of several important projects.

In early February, we assumed management of the Graceville, Moore Haven and Bay correctional facilities in the State of Florida. These managed only agreements which total 3854 beds are expected to generate more than \$56 million in annualized revenues.

In Texas, we expanded the contract capacity at our company-owned Rio Grande Detention Center from 1500 beds to 1900 beds. The center will house detainees for both the US Marshals Service and ICE, and is expected to generate combined annual revenues of \$38 million.

In California, we completed the intake of inmates at our Central Valley and Desert View facilities totaling 1400 beds, which began in the fourth quarter of last year under 5-year agreements.

We also expanded the contract capacity at our Golden State facility by 100 beds under a new long-term agreement. The activation of these 1500 company-owned beds in California is expected to generate approximately \$33 million in annualized revenues.

Additionally, earlier this month we announced the reactivation of our company-owned McFarland facility under a new contract with the California Department of Corrections & Rehabilitation, effective through June 30, 2018. The 260-bed facility will house female inmates and will provide enhanced rehabilitation and recidivism reductions programs. The facility is expected to generate approximately \$9 million in annualized revenues, and the contract includes provision for a 260-bed expansion which can be exercised at the state's option.

This new contract is indicative of the continued need for correctional beds in the state of California, as well as our Company's ability to grow by delivering enhanced rehabilitation programs. All of these important milestones have positioned us to continue to return value to our shareholders.

As we announced this morning, we have declared our quarterly dividend of \$0.57 per share, which is consistent with our stated guidance to pay at least 75% of our AFFO in dividends, with the goal to increase our dividend payout ratio over time. As we have expressed to you in the past, our board and our management team remain focused on the careful evaluation of our allocation of capital to enhance shareholder value.

With respect to our outlook, we continue to be optimistic regarding several new opportunities we are currently pursuing. We continue to actively market our current inventory of vital facilities with approximately 5800 beds. As we have previously discussed, we estimate that the reactivation of our idle beds would add in excess of \$0.65 per share in annualized AFFO.

There are a number of publicly-known opportunities at the federal and state level we are currently pursuing, totaling several thousand beds. But further, we are exploring a number of nonpublic opportunities that relate to both new project development as well as potential asset purchases.

We believe that our Company is well positioned to benefit from these important opportunities. We also believe that our Company has attractive investment characteristics which are underpinned by our robust real estate portfolio of Company-owned and leased facilities. Our total real estate portfolio encompasses more than 16 million square feet in owned, leased and managed facilities, and we own more than 4000 acres of land across the United States.

We currently own or lease approximately 70% of our facilities and 60% of our beds worldwide. And more than 70% of our net operating income is generated by our Company-owned and Company-leased facilities. We believe we have stable and sustainable income through increasingly longer contract terms.

We have a diversified base of investment grade government customers with multiple individual contract arrangements, with no single customer contract representing more than 5% of our revenues. We have historically enjoyed solid occupancy rates in the mid to high 90%, and strong customer retention rates in excess of 90%.

Our long-term assets have a physical useful life of 75 plus years and require relatively low levels of maintenance CapEx estimated at approximately 5% of our net operating income.

Now I would like to turn the call over to Brian Evans to review our financial performance and outlook.

Brian Evans - The GEO Group, Inc. - SVP & CFO

Thank you, George. Good morning, everyone. We are pleased with our first-quarter results and outlook for 2014. As disclosed in our press release today, our adjusted funds from operations for the first-quarter 2014 increased to \$0.71 per share from \$0.69 per share last year. On a GAAP basis, we reported first-quarter 2014 net income of \$0.39 per share compared to \$0.33 per share a year ago.

Our revenues for the quarter, first-quarter 2014, increased to approximately \$393 million from \$377 million a year ago. Approximately 60% of our revenues are generated by our owned and Company-leased properties. For the first-quarter 2014, we reported net operating income of \$107.5 million, up from approximately \$102 million in the first-quarter 2013.

More than 70% of our net operating income was generated by our Company-owned and Company-leased properties. Our first-quarter 2014 results reflect the reactivation of our Central Valley and Desert View facilities and the contract expansions at our Golden State facility in California, and at our Rio Grande Detention Center in Texas, as well as the assumption of management at the Graceville, Bay and Moore Haven correctional facilities in Florida in February of this year.

Faster than expected normalized contribution for the activation of these projects resulted in our better-than-expected performance during the first quarter.

Moving to our outlook for 2014, which is reflective of the continued growth in our earnings and cash flows. We expect 2014 revenues to be in a range of \$1.6 billion to \$1.62 billion, and have increased our AFFO per share guidance to a range of \$3.00 to \$3.08, or \$216 million to \$222 million. On a GAAP basis, we expect our 2014 net income to be in a range of \$1.78 to \$1.86 per share.

We have also increased our 2014 net operating income guidance to a range of \$452 million to \$458 million, and have increased our 2014 adjusted EBITDA guidance to a range of \$325 million to \$331 million. We expect our second-quarter revenues to be in a range of \$404 million to \$409 million, and our AFFO per share is expected to be in a range of \$0.76 to \$0.79 per share or \$55 million to \$57 million.

On a GAAP basis, we expect our net income for the second-quarter 2014 to be between \$0.46 and \$0.48 per share. Compared to our first-quarter results, our second-quarter AFFO guidance reflects lower employment tax expense of \$0.04 to \$0.05 per share, as well as normalized contribution from our recently activated beds in California and Florida and Texas.

For the second half of the year, our guidance incorporates the expected reactivation of our McFarland, California facility, which is expected to result in positive earnings contribution during the fourth quarter, offset by projected startup expenses during the ramp-up in the third quarter.

Our guidance did not assume the potential reactivation of our remaining available facilities totaling approximately 5800 beds or any new projects, both of which would represent significant upside to our financial performance.

With respect to our liquidity position, as of the end of the first quarter we had \$38 million in cash on hand and approximately \$304 million in available capacity under our revolving credit facility, exclusive of \$335 million in outstanding borrowings and approximately \$61 million set aside for letters of credit.

With respect to our uses of cash, we expect our project and growth CapEx to be approximately \$19 million in 2014, and we have approximately \$20 million in scheduled annual principal payments of debt.

With that, I will turn the call to John Hurley to do a review of our market opportunities. John?

John Hurley - The CEO Group, Inc. - President, GEO Corrections & Detention

Thanks, Brian, and good morning, everyone. I would like to address select, publicly known business development opportunities in our key segments, starting with the federal market and the three federal government agencies we serve. We have a long-standing partnership with the Federal Bureau of Prisons, the United States Marshals Service, and US Immigration and Customs Enforcement or ICE, and we provide cost-effective solutions for them at a number of facilities across the country.

We continue to see meaningful opportunities for us to partner with all three of these federal agencies. The Federal Bureau of Prisons continues to face capacity constraints coupled with the growing offender population, and ICE and the US Marshals Service continues to consolidate existing populations into larger, more modern facilities, which has driven the need for additional private beds.

With respect to recent project activations and contract awards, we recently announced a 400-bed contract capacity expansion at our Company-owned Rio Grande Detention Center to 1900 beds under our existing contract with the US Marshals Service. Under the expanded contract, the US Marshals will house up to 1228 offenders at the center, with 672 beds reserved for use by ICE. The 1900 bed center is expected to generate approximately \$38 million in annual revenues.

Additionally, late last year we signed a contract with ICE for the development and operation of a new \$20 million 400-bed transfer center in Alexandria, Louisiana, as an annex to our LaSalle Detention Facility. We expect that the new Company-owned center will be completed in the fourth quarter of 2014, and will generate an additional \$8.5 million in annual revenues.

With regards to pending procurements, the Bureau of Prisons has issued a solicitation with two requirements. Each requirement is to house approximately 1500 to 2000 low security adult males. This RFP is limited to existing facilities with no expansions permitted. One facility must be located in Ohio, Michigan, Pennsylvania, New Jersey or in New York. The other proposed facility may be located anywhere in the continental United States.

This procurement will include the rebid of our Company-owned facility in Pennsylvania whose contract expires in April 2016, and the rebid of another BOP privately operated facility in Ohio, whose contract expires in May 2015. Proposals for this RFP were submitted last August with awards expected in the second half of 2014.

Additionally, ICE has issued requests for information for several Company-owned and operated detention facilities, ranging from 800 to 2000 beds.

Turning to our state market segment, as states across the country continue to face budgetary pressures, their ability to achieve cost savings becomes an even more important priority, which leads to increased interest in privatization projects.

Several states across the country continue to face capacity constraints and inmate population growth. Many of our state clients require additional beds as inmate populations continue to increase, and aging, inefficient prisons need to be replaced with new, more cost-effective facilities.

For instance, in the states where we currently operate, the average age of state prisons ranges from approximately 30 to 60 years. With respect to recent contract activations we have completed the intake of California inmates at our company-owned Central Valley and Desert View facilities which began in October of last year. The two facilities which total 1400 beds are expected to generate approximately \$31 million in annualized revenues.

We also expanded the contract capacity at our Golden State facility by 100 beds under a new long-term agreement with the State of California. This contract capacity expansion is expected to generate an additional \$2.2 million in annual revenues.

Additionally, in early April we announced the reactivation of our Company-owned McFarland facility under a new contract with the California Department of Corrections & Rehabilitation effective through June 30, 2018. The 260-bed McFarland facility will house female inmates and will provide enhanced, offender rehabilitation and recidivism reduction programs.

The contract has a provision for a 260-bed expansion which can be exercised at the state's option and would require us to complete the expansion within 12 months, once that option is exercised. We expect to begin the intake of inmates in the third quarter, and the facility is expected to generate approximately \$9 million in annualized revenues.

We believe this important contract is indicative of the continued need for correctional beds and rehabilitation services in the State of California, and it is a representation of how our Company is positioned to pursue incremental growth opportunities through the delivery of enhanced rehabilitation services, both in prison as well as through an unmatched network of community reentry facilities in California and elsewhere.

In Florida, we assumed management of 3854 beds at the Graceville, Moore Haven and Bay correctional facilities in early February. These managed-only agreements are expected to generate approximately \$56 million dollars in annualized revenues. We believe these important awards strengthen our long-standing partnership with the State of Florida, which has generated significant savings for Florida's taxpayers and has provided significant inmate rehabilitation and treatment programs since the 1990s.

With respect to new and pending procurements, the State of Oklahoma has issued a request for a proposal for up to 2000 beds at existing in-state facilities. Proposals under this procurement were submitted in February, and an award is expected before the middle of the year. We believe that our 2000-bed Great Plains Facility in Hinton, Oklahoma is an excellent fit for this important opportunity.

Additionally, we believe there are several states considering public/private partnerships for the development and operation of new and replacement correctional facilities, including the State of Utah which is currently evaluating options for the private development ownership and potential operation of new replacement facilities totaling approximately 5000 beds.

Finally, in our international markets we have been shortlisted by the State of Victoria in Australia for the development and management of a new 1300-bed prison. An award under this procurement is expected to be made in the second half of 2014.

At this time, I'll turn the call over to George for a review of our GEO community segment and his closing remarks. George?

George Zoley - The GEO Group, Inc. - Chairman & CEO

Thank you, John. Turning to our GEO community services segment, each of our community services divisions continues to pursue several new growth opportunities. Our reentry services division is competing for a number of formal solicitations for residential community-based reentry centers across the United States.

Additionally, we are working with our existing local and state correctional clients to leverage new opportunities in the provision of community-based reentry services in both residential facilities as well as non-residential day reporting centers.

During the first quarter, we activated 6 new day reporting centers in Pennsylvania, which are expected to generate more than \$5 million in annualized revenues. Additionally, earlier this month we received a notice of intent of award for more than 200 residential reentry beds in the State of New Jersey.

Our youth services division continues to work towards maximizing the utilization of our existing asset base. We have continued to undertake a number of marketing and consolidation initiatives to increase the overall utilization of our existing youth services facilities in the states of Pennsylvania, Ohio, Illinois, Texas and Colorado.

Finally, our BI subsidiary continues to market its supervision and electronic monitoring services to local, state and federal correctional agencies nationwide. BI is also currently participating in the rebid process for its contracts with ICE for the provision of community supervision and electronic monitoring services under the Intensive Supervision Appearance Program, as well as the Administrative Office of the US Courts for the provision of electronic monitoring services for federal parolees and probationers.

Overall, BI has continued to grow its market share of electronic monitoring market in the United States. Since the middle of last year, BI has added approximately \$6 million in annualized revenues through new organic wins, and we expect to compete on additional opportunities, as correctional agencies across US increase their use of electronic monitoring technologies to track offenders who have been placed under community supervision.

In closing, we are very pleased with our first-quarter results and our 2014 outlook, which continue to be driven by solid operational and financial performance from our core operations in the US and internationally. During this first quarter, we achieved a number of important milestones with several project activations and contract awards, which are indicative of the need for correctional and detention beds, as well as diversified rehabilitation and reentry services.

We are actively marketing our 5800 idle beds in inventory, which we estimate would add more than \$0.65 per share to our AFFO. We are also pursuing several publicly-known opportunities totaling several thousand beds, and we are exploring a number of other growth opportunities for the development of new projects and the potential purchase of assets.

We expect that all these efforts will continue to drive growth for our Company, and we remain focused on effectively allocating capital to enhance value for our shareholders.

We also believe that our diversified growth and investment strategies have positioned GEO as the leading provider of correctional, detention and community reentry services through a GEO continuum of care that can deliver performance-based rehabilitation programs and significant cost savings for our customers worldwide.

As I have expressed to you in the past, we view all of these different initiatives to enhance shareholder value as complementary, and none our pursued to the detriment of the others.

This concludes our presentations. We would now like to open the call to your questions.

QUESTION AND ANSWER

Operator

(Operator Instructions) Brian Ruttenbur, CRT Capital.

Brian Ruttenbur - CRT Capital - Analyst

Great, thank you very much. Thank you and congratulations, Brian and George. Great quarter. The questions I have that have been coming up have been about the dividend plan going forward.

What is the plan to increase this year and next year and the long-term?

Brian Evans - The GEO Group, Inc. - SVP & CFO

Brian, this is Brian. We will continue to monitor, as we've said. Over time, we will look to increase the payout ratio. We want to connect that with the appropriate catalyst, so I think growth in the business, growth in the AFFO will certainly drive the dividend up, drive increases and then potentially drive the payout ratio up over time as well.

Brian Ruttenbur - CRT Capital - Analyst

Okay. And then in terms of tax rate, the 8% to 9% is the norm going forward, as I understand. Is there anything we should be looking at and in the future that would lower that or raise that beyond that range?

Brian Evans - The GEO Group, Inc. - SVP & CFO

No, I think where we are right now is consistent with where we would expect to be, absent some sort of deduction or one-off type event, but we are really past those items. We had some issues last year with some deductions that we had taken and they were under IRS review, and that is why there were some of those one-off adjustments last year. But those items have been for the most part cleared out.

Brian Ruttenbur - CRT Capital - Analyst

Okay. And then the last question. Over the next 90 days, what do you anticipate getting awarded in the corrections market that is publicly known? And is Mesa Verde in that mix in your California facility?

George Zoley - The GEO Group, Inc. - Chairman & CEO

I don't believe there is a publicly-known procurement that will result in an award in the next 90 days.

Brian Ruttenbur - CRT Capital - Analyst

Okay, is Mesa Verde one of the ones that is just being a negotiated deal, and what is the status of that?

George Zoley - The GEO Group, Inc. - Chairman & CEO

I can't really comment on that, Brian.

Brian Ruttenbur - CRT Capital - Analyst

Okay, very good. Thank you very much.

Operator

Tobey Sommer, SunTrust.

Tobey Sommer - Suntrust - Analyst

I was wondering if the potential purchase of assets or maybe the emergence of landlord type opportunities has changed your expectation for returns for the business. You know, given that perhaps in a landlord type situation, you don't have the operational risk. I'd love to get your updated thoughts on how you view those kind of opportunities.

George Zoley - The GEO Group, Inc. - Chairman & CEO

I think our views have changed somewhat where I think they've had been broadened to encompass the idea of just being the landlord and not necessarily having to be the operator as well. I think increasingly, we are becoming more of a real estate company with our revenues and profits derived primarily from that. And with our improved access to capital and I think increasing number of ownership opportunities in our market, we have responded in our thinking to broaden our view that being the landlord is quite acceptable within our revised business model.

Tobey Sommer - Suntrust - Analyst

Thank you. George, when you think of these opportunities, particularly the new landlord type opportunity, do you see that as being something that would involve more new construction or asset purchases of existing facilities that would then kind of be converted to your real estate? How might that unfold?

George Zoley - The GEO Group, Inc. - Chairman & CEO

Well, I think both types are happening simultaneously. There are certain existing facilities that are being marketed that we are contacted about that are available for purchase. But we are also aware of new projects, particularly criminal justice type projects, that would require new construction, and we are interested in both.

Tobey Sommer - Suntrust - Analyst

One last question on this front. Are the competitors for these kind of landlord opportunities similar to historic competition, or is the new nature of those opportunities presenting a different set of competitors?

George Zoley - The GEO Group, Inc. - Chairman & CEO

The type that involves new construction particularly, new criminal justice projects, would involve new types of competitors that are in effect developers and real estate owners. The ownership of existing facilities is probably more restricted to existing operators than competitors.

Tobey Sommer - Suntrust - Analyst

And then just one kind of numbers question as we head into 2Q. How should we think about the seasonality of occupancy as we move throughout 2Q? Are there any discernible trends that you would like to highlight in terms of our modeling? Thanks.

George Zoley - The GEO Group, Inc. - Chairman & CEO

I think we are in very much of a steady state right now. We have gone through our seasonality, and I think it is pretty much steady state for the next couple of quarters. And having looked at my midnight census report this morning, our occupancies are very healthy and I expect them to stay that way for some time.

So we are through the seasonality and we are in a steady state.

Tobey Sommer - Suntrust - Analyst

Thank you very much.

Operator

(Operator Instructions) Brian Hoffman.

Brian Hoffman - Avondale Partners - Analyst

Good morning, thanks. I wanted to ask you guys about California. So besides the McFarland Facility, which we know has the opportunity for expansion, and the recent expansion at Golden State, are there any other facilities in California that could be expanded to accommodate more capacity? And is that a conversation that you are having with the state?

George Zoley - The GEO Group, Inc. - Chairman & CEO

We have additional capacity in California, and we have made our capabilities known to the state.

Brian Hoffman - Avondale Partners - Analyst

Okay, thank you.

Operator

At this time, I would now like to turn the presentation over to George Zoley for further remarks.

George Zoley - The GEO Group, Inc. - Chairman & CEO

Thank you, everyone, for joining us today. Look forward to addressing you on our next conference call. Thank you.

Operator

Ladies and gentlemen, that concludes the presentation for today's conference. You may now all disconnect, and have a wonderful day.