
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): **May 2, 2011**

THE GEO GROUP, INC.

(Exact Name of Registrant as Specified in 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)

(561) 893-0101

(Registrant's Telephone Number, Including Area Code)

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 Instruction 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))
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Section 1 — Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On May 2, 2011, The GEO Group, Inc. ("GEO") entered into Amendment No. 2, dated as of May 2, 2011, to the Credit Agreement dated as of August 4, 2010, by and among GEO, the Guarantors party thereto, the lenders party thereto and BNP Paribas, as administrative agent, as previously amended by Amendment No. 1, dated as of February 8, 2011 ("Amendment No. 2"). Amendment No. 2, among other things, reduced the interest rate margin applicable to the Tranche B term loans. Specifically, the amendment reduces the "Applicable Rate" for Tranche B term loans to: (i) 2.75% per annum in the case of Eurodollar loans from 3.25% per annum; and (ii) 1.75% per annum in the case of ABR Loans from 2.25% per annum. Amendment No. 2 also reduces the floor applicable to the "LIBOR Rate" in respect of Tranche B term loans to 1.00% from 1.50%.

The foregoing summary is qualified in its entirety by reference to Amendment No. 2, a copy of which is filed herewith as Exhibit 10.1.

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2011, GEO issued a press release (the "Press Release") announcing its financial results for the fiscal quarter ended April 3, 2011, confirming its financial guidance for full year 2011 and announcing its second quarter 2011 financial guidance, a copy of which is furnished hereto as Exhibit 99.1. GEO also held a conference call on May 4, 2011 to discuss its financial results for the quarter, its confirmed financial guidance for full year 2011 and its financial guidance for second quarter 2011, a transcript of which is furnished hereto as Exhibit 99.2.

In the Press Release, GEO provided Pro Forma Net Income, Adjusted EBITDA and Adjusted Funds from Operations for the fiscal quarter ended April 3, 2011 and the comparable prior-year periods that were not calculated in accordance with Generally Accepted Accounting Principles (the "Non-GAAP Information") and are presented as supplemental disclosures. Generally, for purposes of Regulation G under the Securities Exchange Act of 1934, as amended, 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 Press Release presents the financial measure calculated and presented in accordance with GAAP which is most directly comparable to the Non-GAAP Information with a prominence equal to or greater than its presentation of the Non-GAAP Information. The Press Release also contains a reconciliation of the Non-GAAP Information to the financial measure calculated and presented in accordance with GAAP which is most directly comparable to the Non-GAAP Information.

Pro Forma Net Income is defined as net income adjusted for net (income) loss attributable to non-controlling interests, start-up/transition expenses, international bid and proposal expenses, and M&A related expenses, net of tax as set forth in Table 1 of the Press Release. GEO believes that Pro Forma Net Income is useful to investors as it provides information about the performance of GEO's overall business because such measure eliminates the effects of certain unusual or non-recurring charges that are not directly attributable to GEO's underlying operating performance, it provides disclosure on the same basis as that used by GEO's management and it provides consistency in GEO's financial reporting and therefore continuity to investors for comparability purposes. GEO's management uses Pro Forma Net Income to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units.

Adjusted EBITDA is defined as net income before net interest expense, income tax, depreciation and amortization, and tax provision on equity in earnings of affiliates, adjusted for net (income) loss attributable to non-controlling interests, stock-based compensation, start-up/transition expenses, international bid and proposal expenses, and M&A related expenses, net of tax as set forth in Table 3 of the Press Release. GEO believes that Adjusted EBITDA is useful to investors as it provides information about the performance of GEO's overall business because such measure eliminates the effects of certain unusual or non-recurring charges that are not directly attributable to GEO's underlying operating performance, it provides disclosure on the same basis as that used by GEO's management and it provides consistency in GEO's financial reporting and therefore continuity to investors for comparability purposes. GEO's management uses Adjusted EBITDA to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units.

Adjusted Funds From Operations is defined as net income excluding depreciation and amortization, income taxes, stock-based compensation, maintenance capital expenditures, equity in earnings of affiliates and amortization of debt costs and other non-cash interest, net (income) loss attributable to non-controlling interests, and M&A related expenses, net of tax as set forth in Table 4 of the Press Release. GEO believes that Adjusted Funds From Operations is useful to investors as it provides information regarding cash that GEO's operating business generates before taking into account certain cash and non-cash items that are non-operational or infrequent in nature, it provides disclosure on the same basis as that used by GEO's management and it provides consistency in GEO's financial reporting and therefore continuity to investors for comparability purposes. GEO's management uses Adjusted Funds From Operations to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units.

The Non-GAAP Financial Information should be considered in addition to results that are prepared under current accounting standards but should not be considered a substitute for, or superior to, financial information prepared in accordance with GAAP. The Non-GAAP Financial Information may differ from similarly titled measures presented by other companies. The Non-GAAP Financial Information, as well as other information in the 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.

Safe-Harbor Statement

This Form 8-K 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 estimated earnings, revenues, costs, and cost synergies, GEO's ability to maintain growth and strengthen contract relationships, and GEO's ability to meet the increasing demand for correctional, detention, and residential treatment services, and long-term growth prospects in its industry. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this Form 8-K include, but are not limited to those factors contained in GEO's Securities and Exchange Commission filings, including the Form 10-K, 10-Q and 8-K reports.

Section 5 — Corporate Governance and Management

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On May 4, 2011, the board of directors (the "Board") of GEO approved an amendment to GEO's bylaws (as amended and restated, the "Restated Bylaws") to revise Article V, Section 7 of the bylaws to raise the mandatory retirement age from 73 to 75. The Restated Bylaws are effective immediately.

The above summary of the amendment to GEO's bylaws is qualified in its entirety by reference to the Restated Bylaws, a copy of which is filed with this report as Exhibit 3.1, and incorporated by reference herein.

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

The 2011 Annual Meeting of Shareholders of The GEO Group, Inc. was held on May 4, 2011. 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 2011 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 2011 Annual Meeting of Shareholders, pursuant to Item 402 of Regulation S-K, including Compensation Discussion and Analysis, compensation tables and narrative discussion and (4) the determination, in a non-binding advisory vote, of whether a shareholder vote to approve the compensation of GEO's named executive officers should occur every one, two or three years. 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:

	Votes For	Votes Withheld	Broker Non-Votes
Clarence E. Anthony	58,171,660	894,833	3,121,905
Norman A. Carlson	58,114,067	952,426	3,121,905
Anne N. Foreman	57,624,269	1,442,224	3,121,905
Richard H. Glanton	57,625,965	1,440,528	3,121,905
Christopher C. Wheeler	57,628,937	1,437,556	3,121,905
George C. Zoley	57,653,068	1,413,425	3,121,905

2. The appointment of Grant Thornton LLP as GEO's independent registered public accountants for the 2011 fiscal year was ratified by the shareholders, by the votes set forth in the table below:

For:	62,055,970
Against:	127,154
Abstain:	5,274
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:	46,463,419
Against:	12,597,553
Abstain:	5,521
Broker Non-Votes:	3,121,905

4. The shareholders indicated their preference, in a non-binding advisory vote, that the non-binding advisory vote on executive compensation be held annually, by the votes set forth in the table below:

Every Year:	46,020,839
Every 2 Years:	285,070
Every 3 Years:	12,754,266
Abstain:	6,317
Broker Non-Votes:	3,121,905

The Compensation Committee of the Board will take into account the outcome of the vote on this proposal when considering how frequently to seek an advisory vote on executive compensation in future years.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Bylaws of The GEO Group, Inc.
10.1	Amendment No. 2, dated as of May 2, 2011, to the Credit Agreement dated as of August 4, 2010 between the Company, as Borrower, certain of GEO's subsidiaries, as Grantors and BNP Paribas, as Lender and as Administrative Agent.
99.1	Press Release, dated May 4, 2011, announcing GEO's financial results for the fiscal quarter ended April 3, 2011.
99.2	Transcript of Conference Call discussing GEO's financial results for the fiscal quarter ended April 3, 2011.

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 6, 2011

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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AMENDED AND RESTATED
BYLAWS
OF
THE GEO GROUP, INC.
May 4, 2011

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AMENDED AND RESTATED

BYLAWS

OF

THE GEO GROUP, INC.

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation shall be located in the County of Palm Beach, State of Florida, or at such place as may be fixed from time to time by the board of directors.

Section 2. Other Offices. The corporation may also have offices at such other places, both within and without the State of Florida, as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. Place of Meeting. All meetings of shareholders for the election of directors shall be held in the City of Boca Raton, State of Florida, at such place as may be fixed from time to time by the board of directors, or at such other place, either within or without the State of Florida, as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. Date and Hour of Meeting. Annual meetings of shareholders shall be held on a business day during the month of May, or on such other date and at such hour as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Only such business shall be conducted as shall have been brought before the meeting by or at the direction of the Presiding Officer (as such term is defined below).

Section 3. Notice of Meeting. Written notice of the annual meeting, stating the place, date and hour of the meeting, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the chairman of the board, the secretary or any other duly authorized officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. Purpose of Meeting. At the annual meeting, the shareholders shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 5. Matters to be Considered at Annual Meeting. At an annual meeting of shareholders, only such new business shall be conducted, and only such proposals shall be acted upon as shall have been brought before the annual meeting (a) by, or at the direction of, the board of directors, or (b) by any shareholder of record of the corporation who is such a shareholder at the time of giving of notice pursuant to this Article II, Section 5, who is entitled to vote at such meeting and with respect to such proposal and who complies with the notice procedures set forth in this Article II, Section 5. For a proposal to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a shareholder's notice must be delivered to, or mailed and received at, the principal executive offices of the corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the meeting is changed by more than 30 days from such anniversary date, notice by the shareholder to be timely must be received no later than the close of business of the 10th day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made. A shareholder's notice to the secretary of the corporation shall set forth as to each matter the shareholder proposes to bring before that annual meeting (a) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the shareholder proposing such business and any other shareholders known by such shareholder to be supporting such proposal, (c) the class and number of shares of the corporation's capital stock which are beneficially owned by (i) the shareholder; (ii) any other person who beneficially owns, or shares beneficial ownership, of any shares owned of record or beneficially owned by such shareholder; (iii) any group of which the shareholder is a member; (iv) any

person acting in concert with such shareholder or group; (v) any affiliates or associates of the foregoing persons; and (vi) any other shareholders known by such shareholder to be supporting such proposal on the date of such shareholder notice and (d) any financial interest of the persons referred to in clauses (i) through (v) of the foregoing clause (c) in, or with respect to, the proposal which is to be made. Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with this Article II, Section 5. As used in this paragraph: the term "beneficial ownership" (or derivations thereof) shall include, without limitation, "beneficial ownership" as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any successor regulation thereto, and a person shall be deemed, without limitation, to beneficially own any shares which such person is deemed to beneficially own under such Rule 13d-3 or any such successor regulation; the terms "affiliate" and "associate" mean persons defined as such "affiliates" or "associates" in accordance with Rule 12b-2 under the Exchange Act, or any successor regulation thereto; and the term "group" means a "group" as defined in Rule 13d-5 under the Exchange Act, or any successor regulation thereto.

A shareholder's notice to the secretary of the corporation shall be submitted to the board of directors for review. The board of directors, or a designated committee thereof, may determine whether a notice has complied with the requirements of this Article II, Section 5, and may reject as invalid any shareholder proposal which was not the subject of a notice timely made in accordance with, and containing all information required by, the terms of this Article II, Section 5. If neither the board of directors nor such committee makes a determination as to the compliance with the requirements of this Article II, Section 5, the chairman of the board, or, if he is not available, such other person as may be designated by the chairman of the board or the board of directors (the "Presiding Officer") of the annual meeting shall determine and declare at the annual meeting whether such notice has so complied and whether the shareholder proposal described in such notice may be made in accordance with the terms of this Article II, Section 5. If the board of directors or a designated committee thereof or the Presiding Officer determines that a shareholder proposal was the subject of a notice made in accordance with the terms of this Article II, Section 5, and if the shareholder giving such notice shall make such proposal at the annual meeting, the Presiding Officer shall so declare at the annual meeting and ballots shall be provided for use at the meeting with respect to any such proposal. If the board of directors or a designated committee thereof or the Presiding Officer determines that a shareholder proposal was not the subject of a notice made in accordance with the terms of this Article II, Section 5, and if the shareholder giving such notice shall make such proposal at the annual meeting, the Presiding Officer shall so declare at the annual meeting and any such proposal shall not be acted upon at the annual meeting.

This Article II, Section 5 shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, the board of directors and committees of the board of directors, but in connection with such reports, no new business shall be acted upon at such annual meeting unless it is presented in the form of a proposal made in accordance with this Article II, Section 5.

Section 6. Conduct of Meetings of Shareholders by Presiding Officer. The Presiding Officer shall have the power to make all decisions regarding any matters which may arise at any annual or special meeting of the shareholders of the corporation. Without limiting the foregoing, the Presiding Officer shall have the power (A) to determine the procedure to be followed in presenting and voting upon all business that may be transacted at the meeting and to adopt, to the extent he deems appropriate, rules for such purpose and (B) to adjourn a meeting, duly called and noticed, at which a quorum is present in person or by proxy if a matter to be considered and acted upon at the meeting requires the affirmative vote of more than a majority of a quorum at the meeting voting in person or by proxy and at the meeting as originally duly called and noticed (i) the number of shares voted in person or by proxy in favor of such matter is insufficient to approve it, and (ii) the number of shares voted in person or by proxy against such matter is insufficient to disapprove it. Shares which are voted in person or by proxy as abstaining from voting on any such matter shall be deemed not to have voted on such matter for the purposes of this Article II, Section 6. At any adjourned meeting which has been adjourned by the Presiding Officer as provided in this Article II, Section 6, any business may be transacted which could have been transacted at the meeting as originally called if a quorum is present.

ARTICLE III

SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Time and Place of Meeting. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place, within or without the State of Florida, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Purpose of Meeting: Persons Entitled to Call. Special meetings of shareholders for any purpose or purposes, unless otherwise prescribed by Florida law or by the articles of incorporation, may be called at any time by the chairman of the board and shall be called by the chairman of the board or the secretary at the request in writing of a majority of the board of

directors or of the holders of not less than ten percent (10%) of all the shares entitled to vote at the meeting. Any such request shall state the purpose or purposes of the proposed meeting. Only such business shall be conducted as shall have been brought before the meeting by or at the direction of the Presiding Officer.

Section 3. Notice of Meeting. Written notice of a special meeting, stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the chairman of the board, the secretary or such other duly authorized officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. Business Transacted at Meeting. Business transacted at any special meeting of shareholders shall be limited to the purpose or purposes stated in the notice of the meeting.

ARTICLE IV

SHAREHOLDER LIST, QUORUM AND VOTING OF STOCK

Section 1. Shareholder List. For a period of ten days prior to each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, with the address and number of shares held by each shareholder, shall be made available for inspection upon reasonable notice by any shareholder at the principal place of business of the corporation or at the office of the transfer agent or registrar of the corporation during usual business hours. The list shall also be made available at the time and place of the meeting and shall be subject to inspection by any shareholder at any time during the meeting.

Section 2. Quorum. A majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business at all meetings of shareholders, except as otherwise provided by Florida law or by the articles of incorporation. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. If a quorum shall not be present or represented at any meeting of shareholders, the shareholders present in person or represented by proxy shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of the meeting unless a new record date is or must be set for that adjourned meeting.

Section 3. Vote Required for Shareholders' Action. Except in elections for directors, if a quorum is present, a vote shall be the act of the shareholders if the affirmative vote of shares of stock represented at the meeting and entitled to vote on the subject matter exceed the votes cast opposing the action, unless the vote of a greater number of shares of stock is required by Florida law or by the articles of incorporation. In elections for directors, if a quorum is present, directors are elected by a plurality of the votes cast by the shares of stock represented and entitled to vote at the meeting, unless the vote of a greater number of shares of stock is required by Florida law or by the articles of incorporation. The candidates for directors receiving the highest number of votes, up to the number of directors to be elected, are elected.

Section 4. Voting of Shares. Each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided by Florida law or by the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. In all elections for directors, every shareholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock owned by him for as many persons as there are directors to be elected at that time and for whose election he has a right to vote.

ARTICLE V

DIRECTORS

Section 1. Number: Term. The number of directors which shall constitute the whole board shall be determined from time to time by resolution adopted by the affirmative vote of a majority of the board; provided, however, that the number of directors shall not be less than three (3) and shall not be more than nineteen (19). Any such resolution, when so adopted, shall effect an amendment of this section and constitute a determination of the exact number of persons constituting the board of directors. Any such resolution increasing or decreasing the number of directors shall have the effect of creating or eliminating a vacancy or vacancies, as the case may be; provided, however, that no such resolution shall reduce the number of directors below the number then holding

office. Directors need not be residents of the State of Florida or shareholders of the corporation. Unless otherwise provided by Florida law or by the articles of incorporation, the directors shall be elected at the annual meeting of shareholders and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been duly elected and shall have qualified or until his earlier resignation, removal from office or death.

Section 2. Vacancies. Any vacancy occurring in the board, including any vacancy created by reason of death, resignation, expiration of term of office or increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum, and any director so chosen shall hold office until the next annual election and until his successor shall have been duly elected and shall have qualified.

Section 3. Management of Business and Affairs. The business and affairs of the corporation shall be managed under the direction of the board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by Florida law or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. Compensation of Directors. Subject to any limitations contained in the articles of incorporation, directors of the corporation shall be eligible to receive reasonable compensation for their services, as shall be determined by the board of directors upon the recommendation of the compensation committee, including, but not limited to, a fixed sum and expenses for attendance at each regular or special meeting of a standing or special committee or of the executive committee; provided, however, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 5. Director Nominations; Qualifications. Nominations of candidates for election as directors at any meeting of shareholders called for an election of directors may be made by, or at the direction of, the nominating and corporate governance committee of the board of directors, or, if there is no such nominating and corporate governance committee, by, or at the direction of, a majority of the board of directors. Qualifications for members of the board of directors shall be determined by the board of directors upon consultation with the nominating and corporate governance committee.

Section 6. Removal of Directors. The shareholders may remove one or more directors with or without cause by a vote of a majority of the shares of stock issued and outstanding and entitled to vote.

Section 7. Mandatory Retirement. Unless otherwise provided by the articles of incorporation or by Florida law, all members of the board of directors shall retire upon attaining the age of seventy-five (75). The resignation of a member of the board of directors pursuant to this Article V, Section 7 shall take effect at the annual meeting following said individual's seventy-fifth birthday. Exceptions to the mandatory retirement described in this Article V, Section 7 shall be permitted only if approved by the unanimous vote of the nominating and corporate governance committee of the board of directors.

ARTICLE VI

MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Time and Place. Meetings of the board of directors, regular or special, may be held either within or without the State of Florida, at such times and places as may be designated by the chairman of the board. At meetings of the board of directors, the chairman of the board shall preside.

Section 2. First Meeting. The first meeting of each newly elected board shall be held at the place fixed for the annual meeting of shareholders, and promptly following the same, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or the meeting may convene at such place and time as shall be specified in a notice given as hereinafter provided for special meetings of the board or as shall be fixed by the written consent of all the directors.

Section 3. Regular Meetings; Notice. Unless otherwise provided by Florida law, regular meetings of the board may be held upon such notice, or without notice, as shall from time to time be determined by the chairman of the board.

Section 4. Special Meetings; Notice. Special meetings of the board may be called by the chairman of the board on two days notice, or sooner with the consent of a majority of the board, to each director, delivered personally or by first-class mail, telegram

or cablegram. Special meetings shall be called by the chairman of the board, the secretary or any other duly authorized officer in like manner and on like notice upon the written request of two or more directors.

Section 5. Waiver of Notice. Notice of a meeting of the board need not be given to any director who signs a waiver of notice either before or after the meeting. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all objections to the place or time of the meeting or the manner in which it has been called or convened, except when a director states, at the beginning of the meeting, any objection to the transaction of business because the meeting is not lawfully called or convened.

Section 6. Quorum. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by Florida law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board, unless the act of a greater number is required by Florida law or by the articles of incorporation. Members of the board of directors may participate in a meeting of the board by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting. If a quorum shall not be present at any meeting of directors, a majority of the directors present thereat may adjourn the meeting, without notice other than announcement at the meeting, to another time and place.

Section 7. Action by Directors Without a Meeting. Any action required or permitted by Florida law or by the articles of incorporation to be taken at a meeting of the board, or any action which may be taken at a meeting of the board or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action to be so taken, signed by all the directors or all the members of the committee, as the case may be, is filed in the minutes of the proceedings of the board or of the committee. Such consent shall have the same effect as a unanimous vote.

Section 8. Director-Emeritus Attendance at Meetings. The board of directors may name retiring directors as director-emeritus having the right to attend, but not vote at, meetings of the board of directors. The expenses of such director-emeritus, including transportation, meals and lodging, may, in the discretion of the board of directors, be paid by the corporation.

ARTICLE VII

EXECUTIVE AND OTHER COMMITTEES

Section 1. Designation: Authority of the Executive Committee. The board of directors may, by resolution, appoint an executive committee to consist of up to five (5) directors, which executive committee shall have and may exercise, during the intervals between meeting of the board of directors, all the powers vested in the board of directors under any statute, the articles of incorporation or these bylaws, except the power to: (a) determine the number of directors constituting the board; (b) remove any director for cause; (c) fill any vacancies in the board of directors; (d) change the membership or fill vacancies in the executive committee; (e) approve amendments to the articles of incorporation; or (f) amend or repeal these bylaws. The board of directors shall have the exclusive power at any time and from time to time to change the membership of and fill vacancies in the executive committee. The executive committee may make rules for the conduct of its business. The executive committee shall keep and preserve minutes and/or other records reflecting its actions. A majority of the members of the executive committee shall be a quorum. After at least three hours notice, with good faith effort to contact each member by telephone or electronic mail, all actions may be taken without additional notice of any kind by the majority of the members of the executive committee. However, if one of the members of the executive committee dissents, action can only be taken upon the approval of a majority of the members of the executive committee after due notice as provided for in this Article VII. All actions of the executive committee shall be reported to the board of directors at its next regularly scheduled meeting following such action.

Section 2. Designation: Authority of the Other Committees. The board of directors, by resolution adopted by a majority of the board, may designate from among its members such other committees as it deems appropriate, each of which, to the extent provided in such resolution, shall have and may exercise all the power and authority of the board in the management of the corporation as designated in such resolution, except as otherwise prohibited by Florida law. Each such committee shall consist of the number of directors as the board of directors deems appropriate. Vacancies in the membership of any such committee shall be filled by the board of directors at a regular or special meeting of the board. Each such committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII

NOTICES

Section 1. How and When Given. Whenever, under the provisions of Florida law or of the articles of incorporation or of these bylaws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given when deposited in the United States mail. Notice to directors may also be given by telegram, cablegram or email (return receipt requested).

Section 2. Waiver. Whenever any notice is required to be given under the provisions of Florida law or the articles of incorporation or of these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. This provision of these bylaws shall be liberally construed.

ARTICLE IX

OFFICERS, AGENTS AND EMPLOYEES

Section 1. Titles. The officers of the corporation shall consist of a chairman of the board, a chief executive officer, a president, one or more senior vice presidents, a secretary and a treasurer. In addition, the chief executive officer may create such additional officers as the chief executive officer deems necessary for the conduct of the corporation's business, including additional vice presidents (including senior vice presidents) and one or more assistant secretaries and assistant treasurers. In its discretion, the board of directors may also appoint a vice-chairman of the board. Any person may hold two or more offices. No person holding two or more offices shall sign any instrument on behalf of the corporation in the capacity of more than one office.

Section 2. Manner of Appointment. At its first meeting immediately after each annual meeting of shareholders, the board of directors shall (1) appoint the chairman of the board and the chief executive officer and (2) at the recommendation of the chief executive officer, appoint a president, one or more senior vice presidents, a secretary and a treasurer. None of the above officers need be a member of the board except the chairman of the board. The chief executive officer may also appoint such additional officers as the chief executive officer may deem necessary for the conduct of the corporation's business, including additional vice presidents (including senior vice presidents) and one or more assistant secretaries and assistant treasurers, who shall hold their offices for such terms and shall exercise such powers and perform such duties as the chief executive officer shall determine from time to time.

Section 3. Compensation. At the recommendation of the compensation committee and the chief executive officer, the salaries of all officers of the corporation at the level of senior vice president and above shall be fixed by the board of directors. Salaries of all officers of the corporation below the level of senior vice president and all employees of the corporation shall be fixed by the chief executive officer, except that the chief executive officer may delegate such powers to other officers or agents as to employees under their immediate control.

Section 4. Term of Office. The officers of the corporation shall hold office until the next annual meeting of the board of directors, unless otherwise provided in these bylaws, and until their successors are chosen and qualified. Any officer elected or appointed by the board of directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the board. Any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer. Any vacancy occurring in any office of the corporation may be filled by the board of directors or the chief executive officer.

Section 5. The Chairman of the Board of Directors. There shall be a chairman of the board who shall be elected by the board of directors from its members. The chairman of the board shall serve as the Presiding Officer at all meetings of the shareholders and the board of directors. The chairman of the board shall see that all orders and resolutions of the board of directors are implemented and shall perform such other functions as the board of directors may require from time to time. The chairman of the board shall be responsible to the board of directors and shall consult the board of directors on major corporation strategies, policies, and objectives, including long-range planning, mergers, acquisitions, consolidations and liquidations.

Section 6. The Chief Executive Officer. The chief executive officer shall be responsible for the day-to-day management of the corporation. The chief executive officer shall have the general powers and duties of supervision and management usually vested in the office of the chief executive officer of a corporation and shall exercise such powers and perform such duties as generally pertain or are necessarily incidental to the chief executive officer's office and shall have such other powers and perform such

other duties as may be specifically assigned to the chief executive officer from time to time by the board of directors. In addition, the chief executive officer shall have general charge of, and shall direct, and supervise the operations of the corporation's subsidiaries, subject to the control and direction of the board of directors, and the presidents of each of the corporation's subsidiaries will report directly to the chief executive officer. The chief executive officer shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board to some other officer or agent of the corporation.

Section 7. The President. Unless otherwise provided by any succession plan adopted by the board of directors of the corporation, the president shall, in the absence or disability of the chief executive officer, perform the duties and exercise the powers of the chief executive officer and shall perform such other duties and have such other powers as the board may from time to time prescribe.

Section 8. The Senior Vice President. Unless otherwise provided by any succession plan adopted by the board of directors of the corporation, the senior vice-president, or if there shall be more than one, the senior vice-presidents, in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board may from time to time prescribe.

Section 9. The Secretary. The secretary shall attend, or designate an agent to attend, all meetings of the board of directors and all meetings of the shareholders and shall maintain as permanent records minutes of all the proceedings of the meetings of the corporation and of the board, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors in place of the board of directors in a book to be kept for that purpose. The records shall be maintained in written form or in any other form capable of being converted into written form within a reasonable time. The secretary shall give, or cause to be given, notice of all meetings of the shareholders and of special meetings of the board of directors and shall perform such other duties as may be prescribed by the board of directors or the chief executive officer, under whose supervision he shall be. The secretary shall have custody of the corporate seal of the corporation and he, or another duly authorized agent, shall have authority to affix the same to any instrument requiring it, and when so affixed it may be attested by his signature or by the signature of such duly authorized agent. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The Treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. The treasurer shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and, upon request, shall render to the chairman of the board and the board of directors, at its regular meetings, an account of all his transactions as treasurer and of the financial condition of the corporation.

ARTICLE X

SHARES

Section 1. Shares Represented by Certificates or Uncertificated Shares. The shares of the corporation may be represented by certificates or may be uncertificated. Shares represented by certificates shall be signed by the chairman of the board, the chief executive officer or the president of the corporation and by the secretary or another duly authorized officer of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. Every shareholder shall be entitled to have a certificate representing all shares to which the shareholder is entitled or uncertificated shares recorded in accordance with these bylaws and Florida law. With respect to certificated shares, when the corporation is authorized to issue shares of more than one class or more than one series of any class, there shall be set forth or fairly summarized upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of, the designations, preferences, limitations, and relative rights of the shares of each class or series authorized to be issued. With respect to uncertificated shares, within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner of the uncertificated shares a written notice that sets forth the information required by Section 607.0626 of the Florida Business Corporation Law.

Section 2. Signatures. The signatures of the officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issuance.

Section 3. Lost Certificates. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed. Upon surrender to the corporation or to the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto and the old certificate shall be canceled and the transaction recorded upon the books of the corporation.

Section 4. Transfers of Shares. Stock of the corporation shall be transferable in the manner prescribed by law and in these bylaws. Transfers of stock shall be made on the books of the corporation, and (i) in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be canceled before a new certificate shall be issued, or (ii) in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however that such surrender, payment of taxes or compliance shall not be required in any case in which the officers of the corporation shall determine to waive such requirement.

Section 5. Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in the case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken.

Section 6. Registered Shareholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not the corporation shall have express or other notice thereof, except as otherwise provided by Florida law.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Dividends. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, in accordance with Florida law. Dividends may be paid in cash, in property or in shares of the corporation's capital stock, subject to any provisions of Florida law or of the articles of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the corporation shall terminate at the close of business on the Sunday closest to December 31 of each year.

Section 4. Seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its incorporation, and the words "Corporate Seal, Florida." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XII
INDEMNIFICATION

Section 1. Corporation to Indemnify. To the full extent permitted by Florida law and these bylaws, the corporation shall indemnify any person who was or is made a party to any proceeding by reason of the fact that he or she was or is a director or an officer of the corporation, or a director or an officer of the corporation serving as a trustee or fiduciary of an employee benefit plan of the corporation, and the board of directors may indemnify any employee of the corporation with respect to such circumstances by resolution, against any liability incurred in connection with such proceeding, including an appeal thereof. This obligation to indemnify shall not apply, however, to any person against whom the corporation has commenced any proceeding (other than as a nominal plaintiff in a shareholder's derivative suit), including such proceeding by way of counterclaim, cross-claim or third-party complaint; nor shall it apply to any person who has commenced any proceeding against the corporation or who has solicited such proceeding or who, in furtherance thereof, has actively assisted, participated or intervened, or who may derive a financial or other benefit from such proceeding.

(a) A "proceeding" includes any threatened, pending or completed action, suit or other type of proceeding, formal or informal, whether civil, criminal, administrative or investigative, at all stages thereof, including appeals.

(b) The term "liability" includes obligations to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to any employee benefit plan), and reasonable expenses, including legal and other professional fees, actually and reasonably incurred in defending a proceeding.

Section 2. Advancement of Reasonable Expenses.

(a) The corporation shall pay reasonable expenses, including legal and other professional fees, actually and reasonably incurred by a person with respect to a proceeding for which he or she is entitled to be indemnified under Section 1 of this Article XII in advance of the final disposition thereof ("Advance Expenses").

(b) The payment of Advance Expenses shall be on a conditional basis only and the person's acceptance of such Advance Expenses or the benefits thereof constitutes his or her agreement to repay such Advance Expenses in the event and to the extent that he or she is ultimately prohibited from being indemnified by the corporation by reason of Florida law or by these bylaws. No security shall be required with respect to the obligation to repay and payment shall be made without reference to the person's ability to make repayment.

Section 3. Application for Indemnification and Advance Expenses (a) A person's application for payment of indemnification pursuant to Section 1 of this Article XII or for payment of Advance Expenses pursuant to Section 2 of this Article XII shall be in writing and shall be submitted to the chairman of the board. The corporation may, but shall not be required to, make payment pursuant to such application directly to the person or entity whom the applicant is obliged to pay. An application for Advance Expenses shall include such documents and other information as are reasonably available to the applicant and as may be necessary to determine both the reasonableness of the expenses and whether they have been actually and reasonably incurred.

(b) If the applicant for Advance Expenses and his or her attorney certify to the corporation that the production of any documents or other information as may be necessary to determine the reasonableness of the expenses or the reasonableness of their being incurred may have the effect of impairing or destroying the applicant's attorney-client privilege or attorney work product protection, or both, the corporation shall make the payment applied for without such documents or information. Such payment, however, shall be without prejudice to the corporation's right to, upon the final disposition of the related proceeding, obtain the documents and information which would have been required by the corporation had the certification not been made. If such documents and information are not promptly produced or to the extent the production does not support the reasonableness of the expenses or that they were reasonably incurred, the applicant shall immediately upon demand by the corporation reimburse the corporation for the Advance Expenses paid.

Section 4. Contractual Nature of Indemnity. The provisions of this Article XII shall continue as to a person who has ceased to be a director or an officer of the corporation, or an employee in the case of such employee being entitled to indemnification hereunder by reason of a resolution of the board of directors, and shall inure to the benefit of the heirs, personal representatives and administrators of such person. This Article XII shall be deemed to be a contract between the corporation and each person who, at any time that this Article XII is in effect, serves or served in any capacity which entitles him or her to indemnification hereunder and any repeal or other modification of this Article XII or any repeal or modification of Florida law, or any other applicable law, shall not limit

any rights of indemnification with respect to proceedings then existing or arising out of events, acts or omissions occurring prior to such repeal or modification, including without limitation, the right to indemnification for proceedings commenced after such repeal or modification to enforce this Article XII with regard to proceedings arising out of acts, omissions or events arising prior to such repeal or modification. This Article XII applies with respect to acts or omissions occurring on, before and after the date these bylaws are adopted.

Section 5. Insurance Contracts and Funding. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation, or person serving in any capacity with another corporation, partnership, joint venture, trust or other entity (including serving as a trustee or fiduciary of any employee benefit plan) against any expenses, liabilities or losses, whether or not the corporation would have the power to indemnify such person against such expenses, liabilities or losses under applicable law. The corporation may enter into contracts with any director, officer, employee or agent of the corporation in furtherance of the provisions of this Article XII, and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to insure the payment of such amounts as may be necessary to effect the advancing of expenses and indemnification as provided in this Article XII.

Section 6. Rights Not Exclusive. The rights conferred on any person by this Article XII shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the articles of incorporation, bylaws, agreement, vote of shareholders or disinterested directors or otherwise. The corporation may, except as may be prohibited under Florida law or these bylaws, by agreement in writing, grant indemnification to a director, officer, employee or agent of the corporation or to any person serving at the request of the corporation in any capacity with another corporation, partnership, joint venture, trust or other entity (including serving as a trustee or fiduciary of any employee benefit plan).

Section 7. Protection of Rights. If a written application for payment of indemnification under Section 1 of this Article XII or for payment of Advance Expenses payable under Section 2 of this Article XII is not paid by the corporation in a reasonably prompt manner, the applicant may bring an action against the corporation for the payment thereof. If successful, in whole or in part, in such action, the applicant shall also be entitled to be paid his or her reasonable expenses, including attorneys' fees, thereby incurred. It shall be a defense to any such action (other than an action brought to enforce an application for expenses incurred in defending any proceeding in advance of its final disposition) that indemnification of the applicant is prohibited by law or by these bylaws, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its board of directors or its shareholders) to have made a determination, if required, prior to the commencement of such action that indemnification of the applicant is proper in these circumstances, nor an actual determination by the corporation (including its board of directors or its shareholders) that indemnification of the applicant is prohibited or not authorized, shall be a defense to the action or create a presumption that indemnification of the applicant is prohibited or not authorized.

Section 8. Savings Clause. If this Article XII or any portion hereof shall be invalidated or held to be unenforceable on any ground by any court of competent jurisdiction, the decision of which shall not have been reversed on appeal, the corporation shall nevertheless indemnify each person entitled to be indemnified under Section 1 of this Article XII from liability with respect to any proceeding to the fullest extent permitted by any applicable portion of this Article XII that shall not have been invalidated and to the extent not prohibited by Florida law.

Section 9. Secondary Obligation. The corporation's indemnification of any person who was or is serving at its request with another corporation, partnership, joint venture, trust or other entity (including serving as a trustee or fiduciary of any employee benefit plan), shall be reduced by any amounts such person may collect as indemnification from such other party.

Section 10. Subrogation. In the event of payment made to a person pursuant to this Article XII, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of such person, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the corporation effectively to bring an action to enforce such rights.

Section 11. No Duplication of Payments. The corporation shall not be liable under these bylaws to make any payment with respect to the liability of a person to the extent such person has otherwise actually received payment.

ARTICLE XIII

AMENDMENTS

Section 1. Alteration, Amendment and Repeal. These bylaws may be altered, amended or repealed or new bylaws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

AMENDMENT NO. 2

AMENDMENT NO. 2 dated as of May 2, 2011 among The GEO Group, Inc., a Florida corporation (the "Borrower"), its Subsidiaries listed on the signature pages hereto as Guarantors, and BNP Paribas, in its capacity as Administrative Agent under the Credit Agreement referred to below (the "Administrative Agent") pursuant to authority granted to it by the Required Lenders and by all Tranche B Term Lenders (after giving effect to any replacement of Tranche B Term Lenders in connection with this Amendment No. 2 pursuant to Section 2.18(b) of the Credit Agreement referred to below).

The Borrower, the Lenders party thereto and the Administrative Agent are parties to a Credit Agreement dated as of August 4, 2010 (as amended by Amendment No. 1, dated as of February 8, 2011, and as may be further amended, restated or otherwise modified from time to time, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit (by means of loans and letters of credit) to be made by the Lenders to the Borrower in an aggregate principal or face amount not exceeding \$1,000,000,000.

The Borrower has requested, and the Lenders party hereto have agreed, that the Credit Agreement be amended in certain respects on the terms and conditions hereof, and accordingly the parties hereto hereby agree as follows:

Section 1. Definitions; Section References. Except as otherwise defined in this Amendment No. 2 or as the context requires, terms defined in the Credit Agreement are used herein as defined therein, and references to Sections mean the respective Sections of the Credit Agreement.

Section 2. Amendments.

2.01. References Generally. References in the Loan Documents to the Credit Agreement shall be deemed to be references to the Credit Agreement as amended hereby.

2.02. Amendments to the Credit Agreement. Subject to the satisfaction of the conditions precedent specified in Section 4 below, but effective as of the date hereof, the Credit Agreement shall be amended as follows:

(a) Definitions.

(i) The following new defined terms shall be inserted into Section 1.01 in the appropriate alphabetical order:

"Amendment No. 2" means Amendment No. 2 to this Agreement dated as of May 2, 2011.

"Amendment No. 2 Effective Date" means the date on which the amendments set forth in Amendment No. 2 become effective.

(ii) Clause (b) of the definition of "Applicable Rate" in Section 1.01 shall be amended to read as follows: "(b) for Tranche B Term Loans, (i) 2.75% per annum in the case of Eurodollar Loans and (ii) 1.75% in the case of ABR Loans".

(iii) The definition of "LIBO Rate" in Section 1.01 shall be amended by replacing all references to "1.50%" with "1.00%" in the last sentence thereof.

(b) Section 2.10(a) shall be amended by inserting a new sentence at the end thereof reading as follows:

“If, on or before the date falling three months after the Amendment No. 2 Effective Date, all or any portion of the Tranche B Term Loans held by any Tranche B Term Lender are prepaid with the Net Available Proceeds of any Indebtedness pursuant to Section 2.10(b)(v), then, without limiting any of its other obligations hereunder, the Borrower shall pay to such Tranche B Term Lender on the date of such prepayment an amount equal to 1.00% of the principal amount of such Tranche B Term Loan so prepaid.”

Section 3. Representations and Warranties. The Borrower represents and warrants to the Lenders and the Administrative Agent, that: (a) the representations and warranties set forth in Article III (as hereby amended) of the Credit Agreement, and in each of the other Loan Documents, are true and complete on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct as of such specific date), and as if each reference in said Article III to “this Agreement” included reference to this Amendment No. 2 and (b) no Default has occurred and is continuing. All references herein to “the date hereof” mean references to the date of the Credit Agreement.

Section 4. Conditions Precedent. The amendments set forth in Section 2 hereof shall become effective on the date that each of the following conditions shall have been satisfied:

(a) the Administrative Agent shall have received counterparts of this Amendment No. 2 executed by the Borrower, the Guarantors and the Administrative Agent; and

(b) the Borrower shall have paid to each Lender that executed and delivered a counterpart hereof on or before April 13, 2011 a consent fee equal to 0.125% of the aggregate principal amount of its Tranche B Term Loans outstanding on such date.

Section 5. Security Documents. The Borrower and the Guarantors hereby ratify and confirm their respective obligations, and the Liens respectively granted by them, under the Loan Documents.

Section 6. Miscellaneous. Except as herein provided, the Loan Documents shall remain unchanged and in full force and effect. This Amendment No. 2 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 2 by signing any such counterpart. This Amendment No. 2 shall be governed by, and construed in accordance with, the law of the State of New York.

[Signature pages follow]

Amendment No. 2

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed and delivered as of the day and year first above written.

THE GEO GROUP, INC.,
as Borrower

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Senior Vice President and CFO

Amendment No. 2

GUARANTORS :

CORRECTIONAL SERVICES CORPORATION

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and Treasurer

CORRECTIONAL PROPERTIES PRISON FINANCE LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President—Finance

CPT LIMITED PARTNER, LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President

CPT OPERATING PARTNERSHIP L.P.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President—Finance

GEO ACQUISITION II, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President—Finance

GEO CARE, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Treasurer

GEO HOLDINGS I, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President—Finance

Amendment No. 2

GEO RE HOLDINGS LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Senior Vice President & Treasurer

GEO TRANSPORT, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and Treasurer

JUST CARE, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and Treasurer

PUBLIC PROPERTIES DEVELOPMENT AND LEASING LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President — Finance

CORNELL COMPANIES, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CCG I CORPORATION

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL ABRAXAS GROUP, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

Amendment No. 2

CORNELL COMPANIES ADMINISTRATION, LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL COMPANIES MANAGEMENT
HOLDINGS, LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL COMPANIES MANAGEMENT, LP

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL COMPANIES MANAGEMENT SERVICES,
LIMITED PARTNERSHIP

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL CORRECTIONS MANAGEMENT, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL CORRECTIONS OF ALASKA, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL CORRECTIONS OF CALIFORNIA, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

Amendment No. 2

CORNELL CORRECTIONS OF RHODE ISLAND, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL CORRECTIONS OF TEXAS, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORNELL INTERVENTIONS, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

CORRECTIONAL SYSTEMS, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President & Treasurer

WBP LEASING, INC.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

WBP LEASING, LLC

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President and CFO

BII HOLDING CORPORATION

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President — Finance

Amendment No. 2

BII HOLDING I CORPORATION

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President — Finance

BEHAVIORAL HOLDING CORP.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President — Finance

BEHAVIORAL ACQUISITION CORP.

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President — Finance

B.I. INCORPORATED

By: /s/ Brian R. Evans
Name: Brian R. Evans
Title: Vice President — Finance

Amendment No. 2

BNP PARIBAS,
as Administrative Agent

By: /s/ Robbin Park
Name: Robbin Park
Title: Managing Director

By: /s/ Aashish Mohan
Name: Aashish Mohan
Title: Managing Director
Loan Syndication & Trading — Americas

BNP PARIBAS,
as Lender

By: /s/ Robbin Park
Name: Robbin Park
Title: Managing Director

By: /s/ Laleh Bashirrad
Name: Laleh Bashirrad
Title: Director

Amendment No. 2



NEWS RELEASE

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

CR-11-13

THE GEO GROUP REPORTS FIRST QUARTER 2011 RESULTS

- **1Q11 Net Income of \$16.4 Million — \$0.25 Earnings Per Share**
- **1Q11 Pro Forma Net Income increased to \$22.7 Million — \$0.35 Earnings Per Share**
- **Confirmed 2011 Pro Forma EPS Guidance of \$1.55 to \$1.65; 2011 Adjusted EBITDA of \$320 to \$330 Million and Adjusted Funds from Operations of \$2.70 to \$2.85 per share**
- **Issued 2Q11 Pro Forma EPS Guidance of \$0.38 to \$0.40**

Boca Raton, Fla. — May 4, 2011 — The GEO Group (NYSE: GEO) (“GEO”) today reported first quarter 2011 financial results. GEO reported net income for the first quarter 2011 of \$16.4 million, or \$0.25 per diluted share, compared to net income of \$17.7 million, or \$0.34 per diluted share for the first quarter of 2010. GEO’s first quarter 2011 net income includes \$3.7 million, after-tax, in one-time M&A transaction related expenses, which are reported in GEO’s general and administrative expenses; a \$0.4 million after-tax income effect related to the loss attributable to non-controlling interests; and \$2.2 million, after-tax, in start-up/transition expenses.

Excluding these items, GEO reported Pro Forma net income of \$22.7 million, or \$0.35 per diluted share, for the first quarter of 2011 compared to Pro Forma net income of \$17.7 million, or \$0.34 per diluted share for the first quarter of 2010.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said: “We are pleased with our strong first quarter earnings results and our confirmed outlook for the remainder of the year. Our strong financial performance continues to be driven by sound operational results from our diversified business units of U.S. Detention & Corrections, GEO Care, and International Services. We continue to be optimistic about the demand for our diversified services, and we believe that GEO is uniquely positioned to provide comprehensive, turnkey solutions across a continuum of care for correctional, detention, and treatment services worldwide.”

Pro forma net income excludes start-up/transition expenses, and other items as set forth in the table below, which presents a reconciliation of pro forma net income to net income for the first quarter 2011 and 2010. Please see the section of this press release below entitled “Important Information on GEO’s Non-GAAP Financial Measures” for information on how GEO defines pro forma net income.

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Vice President, Corporate Relations

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—More—

Table 1. Reconciliation of Pro Forma Net Income to Net Income*(In thousands except per share data)*

	13 Weeks Ended 3-Apr-11	13 Weeks Ended 4-Apr-10
Net income	\$ 16,380	\$ 17,708
M&A-related Expenses, net of tax	3,735	—
Start-up/transition expenses, net of tax	2,189	—
Net (income) loss attributable to non-controlling interests	410	(36)
Pro forma net income	<u>\$ 22,714</u>	<u>\$ 17,672</u>
Diluted earnings per share	\$ 0.25	\$ 0.34
M&A-related Expenses, net of tax	0.06	—
Start-up/transition expenses, net of tax	0.03	—
Net (income) loss attributable to non-controlling interests	0.01	—
Diluted pro forma earnings per share	<u>\$ 0.35</u>	<u>\$ 0.34</u>
Weighted average common shares outstanding-diluted	64,731	51,640

Business Segment Results

The following table presents a summary of GEO's segment results for the first quarter 2011 and 2010.

Table 2. Business Segment Results

	13 Weeks Ended 3-Apr-11	13 Weeks Ended 4-Apr-10
Revenues		
U.S. Detention & Corrections	\$ 240,504	\$ 189,709
GEO Care	98,015	37,502
International Services	53,128	45,880
Facility Construction & Design	119	14,451
	<u>\$ 391,766</u>	<u>\$ 287,542</u>
Operating Expenses		
U.S. Detention & Corrections	\$ 171,801	\$ 136,860
GEO Care	78,820	32,365
International Services	48,649	43,604
Facility Construction & Design	16	13,503
	<u>\$ 299,286</u>	<u>\$ 226,332</u>
Depreciation & Amortization Expense		
U.S. Detention & Corrections	\$ 12,930	\$ 7,905
GEO Care	5,345	898
International Services	527	435
Facility Construction & Design	—	—
	<u>\$ 18,802</u>	<u>\$ 9,238</u>

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Table 2. Business Segment Results (Continued)

	13 Weeks Ended 3-Apr-11	13 Weeks Ended 4-Apr-10
Compensated Mandays		
U.S. Detention & Corrections	4,307,644	3,456,399
GEO Care	482,773	189,407
International Services	650,377	623,178
	<u>5,440,794</u>	<u>4,268,984</u>
Revenue Producing Beds		
U.S. Detention & Corrections	51,187	40,685
GEO Care	6,219	2,157
International Services	7,147	6,854
	<u>64,553</u>	<u>49,696</u>
Average Occupancy		
U.S. Detention & Corrections	93.3%	93.4%
GEO Care	86.6%	96.5%
International Services	100.0%	100.0%
	<u>93.4%</u>	<u>94.4%</u>

U.S. Detention & Corrections

For the first quarter of 2011, U.S. Detention & Corrections revenue increased by approximately \$50.8 million year-over-year. This revenue increase was driven primarily by GEO's acquisition of Cornell Companies ("Cornell") in August 2010; the fourth quarter 2010 opening of the Blackwater Correctional Facility in Florida; and the activation of a new contract with the Federal Bureau of Prisons at the D. Ray James Correctional Facility in Georgia. These factors were offset by the transition of managed-only contracts for the Graceville Correctional Facility and the Moore Haven Correctional Facility in Florida and the Bridgeport Correctional Center, North Texas Intermediate Sanction Facility, and South Texas Intermediate Sanction Facility in Texas.

GEO Care

For the first quarter of 2011, GEO Care revenue increased by approximately \$60.5 million year-over-year. This revenue increase was driven primarily by GEO's acquisitions of Cornell in August 2010 and BI Incorporated ("BI") in February 2011.

International Services

For the first quarter of 2011, International Services revenue increased by approximately \$7.2 million year-over-year driven primarily by the activation of the Parklea Correctional Centre in Australia; the opening of a 360-bed expansion at the Harmondsworth Immigration Removal Centre in the United Kingdom; and positive foreign exchange rate fluctuations.

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Adjusted EBITDA

First quarter 2011 Adjusted EBITDA increased to \$73.1 million from \$46.3 million in the first quarter of 2010.

Please see the section of this press release below entitled "Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines Adjusted EBITDA. The following table presents a reconciliation from Adjusted EBITDA to net income for the first quarter 2011 and 2010.

Table 3. Reconciliation from Adjusted EBITDA to Net Income

(In thousands)

	13 Weeks Ended 3-Apr-11	13 Weeks Ended 4-Apr-10
Net income	\$ 16,380	\$ 17,708
Interest expense, net	15,392	6,585
Income tax provision	9,780	10,821
Depreciation and amortization	18,802	9,238
Tax provision on equity in earnings of affiliate	1,024	786
EBITDA	\$ 61,378	\$ 45,138
Adjustments, pre-tax		
M&A-related Expenses	5,657	—
Stock Based Compensation	2,061	1,192
Start-up/transition expenses	3,567	—
(Income) loss attributable to non-controlling interests	410	(36)
Adjusted EBITDA	<u>\$ 73,073</u>	<u>\$ 46,294</u>

Adjusted Funds from Operations

Adjusted Funds from Operations for the first quarter of 2011 increased to \$43.4 million compared to \$35.7 million for the first quarter of 2010.

Please see the section of this press release below entitled "Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines Adjusted Funds from Operations. The following table presents a reconciliation from Adjusted Funds from Operations to net income for the first quarter 2011 and 2010.

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—More—

Table 4. Reconciliation of Adjusted Funds from Operations to Net Income*(In thousands)*

	13 Weeks Ended 3-Apr-11	13 Weeks Ended 4-Apr-10
Net income	\$ 16,380	\$ 17,708
(Income) loss attributable to non-controlling interests	410	(36)
Depreciation and Amortization	18,802	9,238
Income Tax Provision	9,780	10,821
Income Taxes Paid	(940)	(993)
Stock Based Compensation	2,061	1,192
Maintenance Capital Expenditures	(8,319)	(2,959)
Equity in Earnings of Affiliates, Net of Income Tax	(662)	(590)
Amortization of Debt Costs and Other Non-Cash Interest	226	1,272
M&A-related Expenses	5,657	—
Adjusted Funds from Operations	<u>\$ 43,395</u>	<u>\$ 35,653</u>

2011 Financial Guidance

GEO confirmed its financial guidance for 2011. GEO expects 2011 total revenues to be in the range of \$1.62 billion to \$1.64 billion, including approximately \$115 million in revenues from BI. GEO expects 2011 pro forma earnings to be in a range of \$1.55 to \$1.65 per share, excluding \$0.06 in after-tax acquisition-related expenses and \$0.16 in after-tax start-up/transition expenses and international bid and proposal costs.

GEO confirmed its 2011 guidance for Adjusted EBITDA in a range of \$320 million to \$330 million and Adjusted Funds from Operations in a range of \$175 million to \$185 million, or \$2.70 to \$2.85 per share. As previously disclosed by GEO, the acquisition of BI is expected to have a neutral impact on GEO's pro forma 2011 earnings per share and to become accretive to pro forma earnings starting in 2012.

GEO also issued second quarter 2011 financial guidance. GEO expects second quarter 2011 total revenues to be in the range of \$405 million to \$410 million. GEO expects second quarter 2011 pro forma earnings to be in a range of \$0.38 to \$0.40 per share, excluding \$0.06 in after-tax start-up/transition expenses and international bid and proposal costs.

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Conference Call Information

GEO has scheduled a conference call and simultaneous webcast at 2:00 PM (Eastern Time) today to discuss GEO's first quarter 2011 financial results as well as its progress and outlook. The call-in number for the U.S. is 1-800-659-2056 and the international call-in number is 1-617-614-2714. The participant pass-code for the conference call is 65944659. In addition, a live audio webcast of the conference call may be accessed on the Conference Calls/Webcasts section of GEO's investor relations home page 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 June 4, 2011 at 1-888-286-8010 (U.S.) and 1-617-801-6888 (International). The pass-code for the telephonic replay is 96578849.

About The GEO Group, Inc.

The GEO Group is a world leader in the delivery of correctional, detention, and residential treatment services to federal, state, and local government agencies around the globe. GEO offers a turnkey approach that includes design, construction, financing, and operations. GEO represents government clients in the United States, Australia, South Africa, and the United Kingdom. GEO's worldwide operations include the management and/or ownership of approximately 80,000 beds at 116 correctional, detention and residential treatment facilities, including projects under development.

Important Information on GEO's Non-GAAP Financial Measures

Pro Forma Net Income, Adjusted EBITDA and Adjusted Funds From Operations are non-GAAP financial measures that are presented as supplemental disclosures.

Pro Forma Net Income is defined as net income adjusted for net (income) loss attributable to non-controlling interests, start-up/transition expenses, international bid and proposal expenses, and M&A-related expenses, net of tax. GEO believes that Pro Forma Net Income is useful to investors as it provides information about the performance of GEO's overall business because such measure eliminates the effects of certain unusual or non-recurring charges that are not directly attributable to GEO's underlying operating performance, it provides disclosure on the same basis as that used by GEO's management and it provides consistency in GEO's financial reporting and therefore continuity to investors for comparability purposes. GEO's management uses Pro Forma Net Income to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units.

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—More—

Adjusted EBITDA is defined as net income before net interest expense, income tax, depreciation and amortization, and tax provision on equity in earnings of affiliate, adjusted for net (income) loss attributable to non-controlling interests, stock-based compensation, start-up/transition expenses, international bid and proposal expenses, and M&A-related expenses, net of tax. GEO believes that Adjusted EBITDA is useful to investors as it provides information about the performance of GEO's overall business because such measure eliminates the effects of certain unusual or non-recurring charges that are not directly attributable to GEO's underlying operating performance, it provides disclosure on the same basis as that used by GEO's management and it provides consistency in GEO's financial reporting and therefore continuity to investors for comparability purposes. GEO's management uses Adjusted EBITDA to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units.

Adjusted Funds From Operations is defined as net income excluding depreciation and amortization, income taxes, stock-based compensation, maintenance capital expenditures, equity in earnings of affiliates and amortization of debt costs and other non-cash interest, net (income) loss attributable to non-controlling interests, and M&A-related expenses, net of tax. GEO believes that Adjusted Funds From Operations is useful to investors as it provides information regarding cash that GEO's operating business generates before taking into account certain cash and non-cash items that are non-operational or infrequent in nature, it provides disclosure on the same basis as that used by GEO's management and it provides consistency in GEO's financial reporting and therefore continuity to investors for comparability purposes. GEO's management uses Adjusted Funds From Operations to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units.

A reconciliation of these non-GAAP measures to the most directly comparable GAAP measurements of these items is included in Tables 1, 3 and 4, respectively.

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Vice President, Corporate Relations

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—More—

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 estimated earnings, revenues, costs, and cost synergies, our ability to maintain growth and strengthen contract relationships, and our ability to meet the increasing demand for correctional, detention, and residential treatment services, and long-term growth prospects in our industry. 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 2011 given the various risks to which its business is exposed; (2) GEO's ability to successfully pursue further growth and continue to enhance shareholder value; (3) the risk that the BI business will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; (4) the risk that the expected increased revenues resulting from the acquisition of Cornell may not be fully realized or may take longer to realize than expected; (5) the risk that the cost synergies from the transaction may not be fully realized or may take longer to realize than expected; (6) any difficulties encountered in maintaining relationships with customers, employees or suppliers as a result of the transaction with Cornell; (7) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (8) risks associated with GEO's ability to control operating costs associated with contract start-ups; (9) 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; (10) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (11) GEO's ability to obtain future financing on acceptable terms; (12) GEO's ability to sustain company-wide occupancy rates at its facilities; and (13) other factors contained in GEO's Securities and Exchange Commission filings, including the forms 10-K, 10-Q and 8-K reports.

First quarter 2011 financial tables to follow:

Contact: Pablo E. Paez
Vice President, Corporate Relations

(866) 301 4436

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRTEEN WEEKS ENDED
APRIL 3, 2011 AND APRIL 4, 2010
(In thousands, except per share data)
(UNAUDITED)

	<u>Thirteen Weeks Ended</u>	
	<u>April 3, 2011</u>	<u>April 4, 2010</u>
Revenues	\$ 391,766	\$ 287,542
Operating expenses	299,286	226,332
Depreciation and amortization	18,802	9,238
General and administrative expenses	32,788	17,448
Operating income	40,890	34,524
Interest income	1,569	1,229
Interest expense	(16,961)	(7,814)
Income before income taxes and equity in earnings of affiliate	25,498	27,939
Provision for income taxes	9,780	10,821
Equity in earnings of affiliate, net of income tax provision of \$1,024 and \$786	662	590
Net income	16,380	17,708
Net (income) loss attributable to noncontrolling interests	410	(36)
Net income attributable to The GEO Group, Inc.	<u>\$ 16,790</u>	<u>\$ 17,672</u>
Weighted-average common shares outstanding:		
Basic	<u>64,291</u>	<u>50,711</u>
Diluted	<u>64,731</u>	<u>51,640</u>
Income per Common Share Attributable to The GEO Group, Inc. — Basic	\$ 0.26	\$ 0.35
Income per Common Share Attributable to The GEO Group, Inc. — Diluted	\$ 0.26	\$ 0.34
Comprehensive income:		
Net income	\$ 16,380	\$ 17,708
Total other comprehensive income, net of tax	305	184
Total comprehensive income	16,685	17,892
Comprehensive income (loss) attributable to noncontrolling interests	417	(55)
Comprehensive income attributable to The GEO Group Inc.	<u>\$ 17,102</u>	<u>\$ 17,837</u>

Contact: Pablo E. Paez
Vice President, Corporate Relations

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—More—

THE GEO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
APRIL 3, 2011 AND JANUARY 2, 2011
(In thousands, except share data)

	<u>April 3, 2011</u>	<u>January 2, 2011</u>
	<u>(Unaudited)</u>	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 85,894	\$ 39,664
Restricted cash and investments (including VIEs ¹ of \$30,608 and \$34,049, respectively)	37,593	41,150
Accounts receivable, less allowance for doubtful accounts of \$1,605 and \$1,308	278,654	275,778
Deferred income tax assets, net	47,983	32,126
Prepaid expenses and other current assets	31,897	36,377
Total current assets	<u>482,021</u>	<u>425,095</u>
Restricted Cash and Investments (including VIEs of \$30,540 and \$33,266, respectively)	49,974	49,492
Property and Equipment, Net (including VIEs of \$166,073 and \$167,209, respectively)	1,568,517	1,511,292
Assets Held for Sale	10,269	9,970
Direct Finance Lease Receivable	36,758	37,544
Deferred Income Tax Assets, Net	936	936
Goodwill	527,118	244,009
Intangible Assets, Net	210,598	87,813
Other Non-Current Assets	69,944	56,648
Total Assets	<u>\$ 2,956,135</u>	<u>\$ 2,422,799</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 80,158	\$ 73,880
Accrued payroll and related taxes	48,834	33,361
Accrued expenses	117,446	120,670
Current portion of capital lease obligations, long-term debt and non-recourse debt (including VIEs of \$19,570 and \$19,365, respectively)	50,047	41,574
Total current liabilities	<u>296,485</u>	<u>269,485</u>
Deferred Income Tax Liabilities	107,370	63,546
Other Non-Current Liabilities	61,905	46,862
Capital Lease Obligations	13,888	13,686
Long-Term Debt	1,236,241	798,336
Non-Recourse Debt (including VIEs of \$126,320 and \$132,078, respectively)	184,867	191,394
Total Shareholders' Equity	<u>1,055,379</u>	<u>1,039,490</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,956,135</u>	<u>\$ 2,422,799</u>

1 Variable interest entities or "VIEs"

Contact: Pablo E. Paez
Vice President, Corporate Relations

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- End -

CORPORATE PARTICIPANTS**Pablo Paez**

The GEO Group, Inc. — VP 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 Detention & Corrections

Jorge Dominicus

The GEO Group, Inc. — President GEO Care

CONFERENCE CALL PARTICIPANTS**Kevin Campbell**

Avondale Partners — Analyst

Todd Van Fleet

First Analysis Securities — Analyst

Tobey Sommer

SunTrust Robinson Humphrey — Analyst

Mickey Schleien

Ladenburg Thalmann & Company Inc. — Analyst

PRESENTATION**Operator**

Good day, ladies and gentlemen, and welcome to the first quarter 2011 GEO Group, Inc. earnings conference call. My name is Jonathan and I will be your Operator for today. At this time all participants are in a listen only mode. We will be conducting a question and answer session toward the end of this conference. (Operator Instructions). As a reminder, this conference call is being recorded for replay purposes.

At this time, I would like to hand the call off to Mr. Pablo Paez, Vice President of Corporate Relations. You may proceed, sir.

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

Thank you, Operator. Good afternoon, everyone, and thank you for joining us for today's discussion of the GEO Group's first quarter 2011 earnings results. With us today is George Zoley, Chairman and Chief Executive Officer; Brian Evans, Chief Financial Officer; John Hurley, President of GEO Detention and Corrections; and Jorge Dominicus, President of GEO Care. This afternoon, 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 we issued this morning.

Additionally, much of the information we will discuss today, including some of 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 Forms 10K, 10-Q and 8-K reports.

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

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

Thanks, Pablo, and good afternoon to everyone. Thank you for joining us as we review our first quarter results and provide an update on our business development efforts. We reported strong first quarter results driven by the continued solid performance of our core operations in our three business units of US Detention and Corrections, GEO Care, and International Services. We have also confirmed our outlook and guidance for 2011 and provided our guidance for the second quarter. Following my initial remarks, Brian will address our financial results and guidance in more detail.

During the quarter, we completed the activation of our new contract with the Federal Bureau of Prisons at our leased 2,800-bed D. Ray James facility in Georgia, the ramp up of the new managed-only, 2-000 Blackwater River facility in Florida, and the opening of the 100-bed Montgomery County, Texas mental health treatment facility. We also announced two contract awards in the United Kingdom. Our wholly-owned subsidiary, GEO UK, was awarded a contract by the UK Border Agency for the management of the Dungavel Immigration Center in Scotland And our newly formed joint venture Geo Amey PECS was awarded contracts for the provision of prisoner escort and custody services in three of the four geographic lots that had been procured by the UK Ministry of Justice. These important contracts mark a significant milestone for GEO as we expand our presence in the UK. And as a result of these awards, we have now been appointed a Crown representative, which will enhance our ability to market our diversified services in the UK.

Now, I would like to turn the call over to Brian for his financial review.

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

Thank you, George. Good afternoon, everyone. As George stated, we reported strong quarterly pro forma EPS of \$0.35. Ahead of our guidance range of \$0.33 to \$0.34, and ahead of the \$0.34 per share we reported in the first quarter a year ago. As a reminder, our first-quarter results reflect higher payroll tax expense, which were worth approximately \$0.05 per share. Our pro forma EPS also excludes \$0.03 per share an after-tax startup expenses, as well as \$0.06, or approximately \$6 million pretax in one-time transaction related expenses which are included in our G&A expense.

Our first quarter G&A expense also reflects corporate expenses related to the transition and activation of our new prisoner escort contracts in the UK, as well as additional professional and business development expenses related to a number of new business opportunities in the US. Our total revenues for the quarter increased to \$392 million from \$288 million a year ago. Our total revenues for the quarter include approximately \$99 million in Cornell revenues, and \$18 million in revenues from BI.

Breaking down each of our reporting segments, our US Detention and Corrections first quarter revenues increased to \$241 million from \$190 million one-year go. And include approximately \$57 million in Cornell revenues. During the quarter, we discontinued the North Texas intermediate sanction facility. Additionally, in comparison to first quarter 2010, our first-quarter 2011 revenues do not include the managed-only contracts for the Graceville and Moore Haven facilities in Florida, and the Bridgeport and South Texas intermediate sanction facilities in Texas, which were discontinued in the third quarter of 2010. These facility discontinuations were offset by the activation of our new contract with the Bureau of Prisons, at our D. Ray James facility in Georgia, and the activation of the managed-only Blackwater River facility in Florida. Both of which began in the fourth quarter of 2010.

Our GEO Care first quarter revenues increased to \$98 million, from \$38 million for last year's first quarter. Our GEO Care revenues for the quarter reflect approximately \$42 million in use services and community-based services revenues, and \$18 million in revenues from BI. Our international services revenues for the quarter increased to \$53 million, from \$46 million one year ago. This increase was primarily driven by the opening of the Parklea Australia facility in late 2009, the expansion of the Harmondsworth facility in the UK in July 2010, and favorable foreign exchange rates.

Finally, we did not have any meaningful construction revenues during the quarter as we completed the Blackwater River facility in 2010. Our Company-wide adjusted EBITDA for the quarter grew to approximately \$73 million from \$46 million last year.

Now, moving to an important metric for our Company which is our adjusted funds from operations. During the quarter, we reported adjusted funds from operations of approximately \$43 million, from approximately \$36 million for the same period last year.

Moving to our guidance for 2011, as disclosed in our press release, we have confirmed our previously issued guidance for 2011, and have provided our guidance for the second quarter. We expect our 2011 pro forma earnings to be in a range of \$1.55 to \$1.65, excluding \$0.16 in startup expenses in international bid and proposal costs, primarily related to the activation ramp-up of California inmates at our North Lake facility in Michigan, through the end of the year and into 2012. Our guidance also excludes \$0.06 per share in transaction related expenses for the BI and Cornell acquisitions which were incurred in the first quarter. Our total revenues for 2011 are expected to be in a range of \$1.62 billion to \$1.64 billion. Including approximately \$115 million in revenues from BI. We have also confirmed our 2011 adjusted EBITDA guidance in a range of \$320 million to \$330 million, and our 2011 adjusted funds from operations guidance in a range of \$175 million to \$185 million. Or \$2.70 to \$2.85 per share.

Turning to the second quarter 2011 guidance, we expect pro forma earnings to be in the range of \$0.38 to \$0.40 per share, excluding \$0.06 in startup expenses in international bid and proposal costs. Our total revenues for the second quarter are expected to be in a range of \$405 million to \$410 million.

Turning now to our capital availability and capital expenditure program. Following the closing of our BI acquisition, we now have approximately \$210 million in outstanding borrowings, plus approximately \$70 million set aside for letters of credit under our \$500 million revolver, leaving approximately \$220 million in available borrowing capacity. With our available borrowing capacity, our \$86 million in cash on hand, and strong free cash flows, we are well-positioned to continue to pursue future growth opportunities. We will have liquidity of more than \$500 million over the next two years to pursue capital projects. With regards to our current capital projects, we presently have 4 expansion projects totaling more than 3,400 beds that will require approximately \$170 million in capital expenditures between 2011 and early 2012. We completed approximately \$20 million of these capital projects in the first quarter of this year.

With that, I will turn the call over to John for an update on GEO Detention and Corrections. John?

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

Thanks, Brian. Good afternoon, everyone. I would like to address our business development efforts for each of our business units. Beginning with the US Detention and Corrections. I'll start with the federal market segment, and the three federal government agencies that we serve — the Federal Bureau of Prisons, the United States Marshals Service, and Immigration and Customs Enforcement, or ICE.

The continued growth in the criminal alien population, as well as consolidation of existing detainee populations from small facilities, that often fail to meet the agency standards into larger compliant facilities, will continue to drive the need for federal bed space across the country. With regard to recent federal facility activations, we have completed the intake of BOP inmates at our D. Ray James correctional facility in Georgia, under our new 2,507-bed contract with the BOP. As a reminder, our pricing on this project is essentially at a fixed price, and not occupancy sensitive.

With regard to our current projects under development at the federal level, we are undertaking the construction of a new, 600-bed civil detention center in Karnes County, Texas, procured under an intergovernmental agreement between Karnes County and ICE. This \$32 million company-owned facility is expected to be completed during the first quarter of 2012, and will generate approximately \$15 million in annualized revenues for GEO. In California, we are undertaking a \$26 million renovation at our 650-bed Adelanto Processing Center East which we had acquired from the city of Adelanto in 2010 for approximately \$28 million. We are currently marketing the center to potential federal clients which are hopeful will result in an activation of the center later this year.

With regard to existing federal contract rebids, ICE has noticed a rebid of our Company-owned, 1,904-bed South Texas detention complex in Pearsall, Texas. The solicitation calls for an existing facility with a minimum capacity to house 1,800 detainees, and which has to be located within 30 miles of Interstate 35 between San Antonio and Laredo. We expect an award decision in late second quarter, or early third quarter. ICE has also issued a solicitation for the rebid of our Aurora, Colorado facility, increasing the capacity to 525 beds from 432, under a new, 10-year contract inclusive of all renewal option periods. We expect an award to be announced in the third quarter.

As we have previously noted, our federal contracts have increasingly longer term of 5, 10 and even 20 years, when accounting for all renewal option periods. As a result of this trend, most of our major owned or leased facilities housing federal populations will not be up for rebid for several years. Which limits our exposure to contract rebids in any given year.

Turning to our new federal proposed pipeline, the Bureau of Prisons is currently reviewing proposals for 3,000 beds for the housing of short-term sentenced, or STS, offenders, to be located anywhere in the states of Texas, Oklahoma, Arizona and New Mexico. This is a large-scale

opportunity for existing facilities with a minimum capacity of 900 beds. Awards are expected in the next 30 days. Additionally, the Bureau has requested proposal under its Power 12 procurement for 1,750 beds which is a rebid of an existing private facility. Under this procurement, facilities can be located anywhere in the United States with an award expected in the second half of this year.

Now, I would like to turn to the state market segment. While states continue to face budgetary constraints, we believe that state opportunities outweigh any potential, near-term challenges. Many of our 12 state clients require additional beds as inmate populations continue to increase, and aging and inefficient prisons need to be replaced with new, more cost-efficient facilities. As states across the country face budgetary pressures, their ability to achieve cost savings becomes an even more important priority which leads to increased interest in prison privatization projects.

With regard to recent state facility activations, we completed the intake of inmates at the 2,000-bed managed-only Blackwater River facility in Florida, during the first quarter. In Indiana, we have assumed management of the short-term offender program facility. The facility is expected to initially house approximately 300 inmates, and ramp up to approximately 1,000 inmates over time. On May 1, we received our first 135 California inmates at our North Lake correctional facility in Michigan. We expect to receive an additional 135 inmates in mid May. As a reminder, our contract has a minimum monthly intake guarantee of 135 prisoners, subject to legislative appropriations. We continue to believe that California will need additional adult male beds going forward. Particularly following the resolution of the state Supreme Court appeal, which is expected to be announced by July 1. Our North Lake facility is expected to house up to 2,580 California inmates under a contract with the California Department of Corrections and Rehabilitation. At full occupancy, the contract will generate approximately \$60 million in annual revenues with profit margins consistent with other GEO owned facilities.

With regard to our current projects under development at the state level, we have begun construction of a 512-bed expansion at our New Castle correctional facility under an agreement with the Indiana Department of Corrections. We are funding this \$21 million expansion which is expected to open in the second quarter of 2012. This expansion will achieve an additional \$8 million in operating revenues with profit margins consistent with other GEO owned facilities. In Georgia, we are currently developing a new, 1,500-bed Riverbend correctional facility, under a contract with the Georgia Department of Corrections. Under the terms of our contract, with the Georgia DOC, GEO will finance, build and operate the new \$80 million prison, on a state-owned site under a 40-year ground lease. We expect the 1,500-bed facility to generate approximately \$28 million in annualized operating revenue, once it is completed in January 2012.

Turning now to new state solicitations, the state of Arizona had reissued the request for proposal for 5,000 in-state beds. Proposals under this procurement have been submitted and are under review, and we believe it is likely that there will be one or more awards announced by the end of the second quarter. In Ohio, the Department of Administrative Services has issued an RFP for the purchase and operation of 5 facilities totaling approximately 6,500 beds. The RFP has been structured in prepackages which group facilities by their geographical location. Bidders can submit proposals for 1, 2 or all 3 of the packages. Proposals under this procurement are due in late June, and we expect awards to be announced in the second half of the year.

Other states have continued to discuss the possibility of expanding their use of private beds to lower their costs and replace older beds. For instance, in Texas, lawmakers are considering legislation that contains several initiatives related to the increased use of privatization services. Among other provisions, the legislation calls for a request for information to be issued to determine the feasibility of privatizing offender transportation services throughout the state. The legislation also would direct the Texas Department of Criminal Justice to conduct a study to determine the most cost-effective way to operate Texas state jails. Which could potentially lead to privatization of as many as 20,000 state jail beds. Additionally, the legislation calls for the use of diversion programs such as electronic monitoring and reentry reporting centers for parole violators, as well as for transfer of an estimated 3,000 criminal aliens into ICE custody, which could create a need for additional federal detection bed space in the state.

The state of Florida has budget language that increases the use of privatized services. The final house and senate budget conference report directs the Department of Corrections to increase the use of public, private partnerships for all correctional facilities in a broad, geographical region known as Region 4. Which encompasses 18 Florida counties and totals approximately 15,000 beds. This significant project is indicative of Florida's desire to bundle services for better value and improve the quality of services across the entire corrections spectrum. Under the final Florida budget, a significant portion of Florida's corrections facilities and services, totaling approximately 15,000 beds, will be privatized under a procurement that envisions improved delivery of rehabilitative programs aimed at reducing recidivism, with a contract start date of January 1, 2012. We believe that this approach of contracting for services through a continuum of care will deliver performance-based outcomes while maximizing cost savings for the taxpayer. This is a very important milestone for our industries and we are hopeful that additional opportunities such as this one will develop at the state level over the coming years as states across the country look for ways to maximize savings and improve offender rehabilitation.

Next, I would like to update you on our international business development efforts. During the first quarter, we achieved a significant milestone with the award of three contracts by the Ministry of Justice in the United Kingdom to our newly-formed joint venture, GEO Amey PECS. These contracts entail the provision of prisoner escort and custody service in 3 of the 4 geographical lots procured by the Ministry of Justice, and cover all of Wales and England except London and the East of England. Our new GEO Amey joint venture will employ approximately 3,000 professionals responsible for over 460 vehicles and more than 2,600 daily offender moves. The 3 contracts will have an annual revenue value of approximately \$150 million. Additionally, our GEO UK subsidiary was awarded a contract for the management of the 217-bed Dungavel House immigration facility effective late September this year. This new contract will have an annual revenue value of approximately \$8 million. As a result of these important contract awards, GEO has been assigned a Crown representative from the UK government, marking a significant milestone in our efforts to grow our business presence in the UK market.

In South Africa, you may recall, the Department of Correctional Services, or DCS, was reviewing its plan to develop four new 3,000-bed prisons to determine the best way forward. DCS is moving forward with its original plan to privatize the development and full operation of the four 3,000-bed facilities. The review of the proposal submitted under this procurement is now underway with a contract award expected in the fourth quarter. In New Zealand, the government has issued a procurement for the design, financing, construction and management of a new 960-bed prison. We have been shortlisted to proceed to the next round under this procurement, and are preparing our response.

As you can see, we are actively pursuing several meaningful opportunities in each of our core markets, and we remain optimistic about our industry, and are enthusiastic about our position within that industry.

At this time, I will turn the call over Jorge Dominicus, for a review

Jorge Dominicus - *The GEO Group, Inc. — President GEO Care*

Thank you, John. Good afternoon, everyone. Following our acquisition of Cornell and BI, GEO Care is divided into four divisions. Residential treatment services, community-based services, electronic monitoring and community supervision, and youth services. We are very optimistic about the growth prospects for all of our GEO Care divisions. Our residential treatment services division achieved a significant milestone during the first quarter with the activation of the 100-bed Monterey County mental health treatment facility which is expected to generate approximately \$12 million in annualized revenues. The opening of this important facility marks our entry into the mental health market in Texas, which we believe may provide additional growth opportunities. In fact, during recent legislative discussions, state lawmakers in Texas have discussed the possibility of privatizing one or more additional state psychiatric hospitals.

In addition to Texas, several states, including Georgia, Louisiana, South Carolina, North Carolina, Pennsylvania, Florida and others, have indicated a desire to privatize state psychiatric hospitals. In North Carolina, for example, the state has issued a request for information for 100 new forensic beds. We expect that a formal RFP will be issued later this year. In Pennsylvania, the Governor's proposed budget recommends the privatization of 236 forensic beds. As you can see, we have a number of new business development opportunities in the residential services treatment market. And we expect that additional state opportunities will develop following the completion of the state legislative budget cycles in July.

GEO Care is also now the leading provider of community-based services, through our residential reentry centers and day reporting centers across the country. We expect to pursue several new opportunities in the community-based market during 2011. The Federal Bureau of Prisons is expected to issue several formal solicitations for community-based reentry centers across the US. Additionally, we expect to work with our existing state correctional clients to leverage new opportunities in the provision of community-based reentry services.

GEO Care is now also the largest provider in the youth services market. Our youth services division manages 14 residential treatment centers which house youthful offenders on behalf of several state and local clients. Our efforts in the youth services market are geared toward maximizing the utilization of our existing asset base. We have initiatives underway to increase the utilization of some of our largest youth service facilities, working with our clients in states like Pennsylvania, Ohio, Illinois, Texas and Colorado. We are optimistic that these efforts will maximize the utilization of our youth facilities, thus improving our overall financial performance.

Finally, GEO Care is now also the leading provider of community supervision and electronic monitoring services for correctional agencies nationwide through our recently-acquired BI subsidiary. We expect a number of states to increase the use of electronic monitoring technologies to supervise offenders who have been placed under community supervision. In Alaska, for example, the Governor's recommended budget provides for an 18% increase in funding for electronic monitoring services. Like Alaska, we believe other states will increasingly use electronic monitoring

services for the supervision of parolees and probationers. And we expect that additional electronic monitoring opportunities will develop, following the completion of the state legislative cycles in July.

At this time, I would like to turn the call back to George for his closing remarks. Doctor Zoley?

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

Thanks, Jorge. We are very pleased with our strong first quarter results, as well as our continued efforts to grow our Company in each of our core business segments. As you've heard today, the GEO Group continues to execute multiple growth strategies which we believe will increase shareholder value. From the continued, aggressive pursuit of organic opportunities, to strategic acquisitions and diversification efforts, as reflected by our Cornell and BI acquisitions. Which have been successfully integrated into our operating platform. As I have expressed to you before, we view all of these initiatives as complementary and none pursued to the detriment of the others.

I am pleased to see that we are increasingly pursuing larger and more complex opportunities. From a \$150 million prisoner escort and custody services contract in the UK, to the potential privatization of all correctional services in a broad, geographic region in Florida. Our public sector clients are taking bigger and bolder steps in outsourcing government services. Our diversified growth and investment strategy has positioned GEO as a leading provider of corrections, detentions and treatment services through GEO's continuum of care, that can deliver performance-based outcomes and significant cost savings for our clients worldwide. With a growing work force of 21,000 employees, we now enjoy a new leadership position in our industry, as a co-leader in privatized corrections or detention. While being the leading provider of mental health services, community-based services, electronic monitoring services and youth services.

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

QUESTION AND ANSWER

Operator

(Operator Instructions). Kevin Campbell with Avondale Partners.

Kevin Campbell - Avondale Partners — Analyst

Good afternoon, thanks for taking my questions. A couple for John, real quick. Maybe you could talk about, first of all, the Indiana contract. I know you've got the 300 inmates initially. When do you expect those to start ramping or to go into the facility?

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

We've already began the intake and we are up to about 280 right now. And, we expect in the next couple of months to go beyond the 430. It is a matter of identifying the appropriate offenders and working with our client to bring that facility to full

Kevin Campbell - Avondale Partners — Analyst

Okay. And then on the pipeline, could you give us a sense of the magnitude in terms of the revenue opportunity? Ranges are fine. I realize for competitive reasons you might not want to be specific. But when we look at Florida, when we look at the Texas state jails, when we look at Ohio, again, can you just give us a sense of the magnitude of the revenue opportunity for each of those individually?

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

I don't think any of us have added up all the numbers. As I think you yourself have reported, I think the Florida opportunity is several hundreds of millions. I don't know what Ohio is as yet, or the others. But they are the largest opportunities we have ever seen in the history of our industry.

Kevin Campbell - Avondale Partners — Analyst

Okay. And then looking at a rebid, the state of Alaska, I think that contract, if I recall, maybe expires next year? So, first of all, is that correct? And if so, what are your thoughts there? Do you think that there is a real risk of them bringing those inmates back in-state or is the cost, at this point too prohibitive for them? Or have they just not decided yet?

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

We continue to monitor, obviously, the legislative activity relative to the new facility in the state of Alaska and at this point, there is no indication that the offenders will be leaving in early 2012 or even late 2012. I think the issue of activation of that new facility is, obviously, still very much under discussion by the legislators and the Governor's office out in the state of Alaska. But we continue to house the 1,000 Alaska offenders in our Hudson facility there in Colorado.

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

And the initial contract term was either 2 or 3 years with, I think, maybe 6 or 7 one-year options.

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

That's correct.

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

And those are the options by the state.

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

That's correct.

Kevin Campbell - Avondale Partners — Analyst

Okay. Quick one for you, Brian. The capitalized interest, what was that in the first quarter? And what should we expect that maybe to be for the full year?

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

It was about \$500,000 for the first quarter, and I would say it will approximate that \$500,000 to \$750,000, depending on the level of construction activity during the quarter.

Kevin Campbell - Avondale Partners — Analyst

Okay. So for the next three quarters, it will be in that \$500,000, \$700,000 range? Or will it be \$500 million, \$700 million total?

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

One quarter it may be as high as \$1 million and one quarter \$500,000 again, and then \$750,000. I would say it will average between the next three quarters about \$2 million to \$2.5 million, all told.

Kevin Campbell - Avondale Partners — Analyst

Okay. And then as we think about inmate movement for modeling purposes, from the first quarter to the second, obviously, you've got California, you've got the full impact of having D. Ray ramped, you've got backing out North Texas ISF and Campsfield and Dungavel, and the RCC. Is there anything else that we're missing in terms of inmates that are going to affect, changes that are going to affect populations from the first quarter to the second?

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

Not of existing contracts.

Operator

Todd Van Fleet with First Analysis.

Todd Van Fleet - First Analysis Securities — Analyst

Hi, good afternoon, guys. Congratulations on all the recent wins and activity. I wanted to start by asking on the overheads. If you could quantify for us, the amount of, I think you talked about there being some heightened expenditures maybe related to some of the UK business that was recently won. So I don't know, Brian, if you could identify that for us in the G&A line?

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

Sure. In the G&A line, we had approximately \$5.7 million, \$5.8 million in merger-related expenses. We had a little over \$0.5 million in startup related expenses associated with the UK contract, mostly for US corporate support — travel and some other related costs. We had a few other miscellaneous, non-recurring items or charges, probably worth about \$0.5 million to \$0.75 million. And then the rest of it I would characterize it as associated with some of these expanded business development opportunities that we are seeing before the Company at this time.

Todd Van Fleet - First Analysis Securities — Analyst

And so that was in the couple hundred thousand range?

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

\$0.5 million or so.

Todd Van Fleet - First Analysis Securities — Analyst

Another \$0.5 million or so? Okay. All right. I am just trying to think about the run rate here for the back half of the year, obviously.

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

I think our run rate is still what we've provided in the \$23 million to \$25 million range. Maybe it's a little bit higher depending on how those business development activities continue during the rest of the year. But, it should be in that range.

Todd Van Fleet - First Analysis Securities — Analyst

So you've been through all your healthcare reviews and so forth? Premiums are going up, from what I understand.

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

Our healthcare has already been done at the end of 2010, and covers us for most of the year. So in the fourth quarter, we'll have a new calendar year start for the healthcare program.

Todd Van Fleet - First Analysis Securities — Analyst

Okay. And, thinking about California, I know that there is a slow ramp in Michigan for the California inmates. Do you guys have an idea as to when you will, one, stop reporting that facility in startup mode? And then, two, when you expect to be profitable in that facility?

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

If the ramp continues at the basic minimum obligation that the state has, subject to legislative funding, it is only 135 people per month, and it takes a long time to fill it up. And it wouldn't be profitable until, I think, early next year. And so we would continue to report those pro forma startup costs at least through this year, I would think.

Operator

Tobey Sommer with SunTrust.

Tobey Sommer - SunTrust Robinson Humphrey — Analyst

Thank you. I was curious if you have any inclination as to where additional geographic outsourcing opportunities may appear. And do you have an expectation for a timeline for initial discussions regarding those potential opportunities?

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

I don't expect anything further to occur this year because most of the legislatures are towards the end of their sessions. So the only one of them to produce a regionalized privatization is the state of Florida and that will come into effect January 1. So the earliest I can really imagine any other states following suit would be in the next cycle, which would be next year.

Tobey Sommer - SunTrust Robinson Humphrey — Analyst

And then I was wondering if you could give us some color on initial progress in the BI business?

Jorge Dominicus - The GEO Group, Inc. — President GEO Care

The BI business performed very well, as expected. And, that continues to appear to be a very attractive market. A lot of states are struggling with very tight budgets and it seems to be something that is being considered in multiple states for more emphasis.

Tobey Sommer - SunTrust Robinson Humphrey — Analyst

You would expect an outlook for what kind of growth in that business?

Jorge Dominicus - The GEO Group, Inc. — President GEO Care

I think it is consistent with what we forecast when we did the acquisition.

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

I think it's double-digit growth. One of the large, new opportunities coming up that we really haven't mentioned is in the UK. The UK has a very substantial electronic monitoring program in place that has been in place, I think, about 10 years. And it covers the entire country. And a rebid of that contract is coming up. And, the tenders will probably come out late summer or early fall. And that is the largest single contract, I think, in the world.

Tobey Sommer - SunTrust Robinson Humphrey — Analyst

Do you have a ballpark for the size of that opportunity?

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

I have heard that the present size is approximately 100 million pounds, which is about \$150 million.

Tobey Sommer - SunTrust Robinson Humphrey — Analyst

Okay. And then my last question relates to trends for per diems. Given that states are closing in on their legislative sessions, do you have an expectation for a change in the trend of per diems in the P&L, as we get into the back half of this year?

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

I think the state per diems are going to remain relatively flat. That's what was included in our budget, that is what we've seen throughout these legislative sessions across the country. But, because we are obtaining more federal business, our aggregate per diem for the Company is going to continue to go up. Thank you very much.

Operator

(Operator Instructions). Mickey Schleien with Ladenburg.

Mickey Schleien - Ladenburg Thalmann & Company Inc. — Analyst

I wanted to follow up on the per diem question. Within the US corrections segment, looking at fourth quarter per diems of about \$58.50, down to about \$56 in the current and the last quarter, first quarter 2011. So pretty meaningful decline. And gross margin in that segment also down it looks like a couple hundred basis points. Could you give us a sense of what caused that trend? And also, with so many moving parts, could you give us a sense of what your organic revenue growth was in the quarter, on a year-over-year basis? Thank you.

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

Hello, Mickey, this is Brian. First, on the per diem question, I think if you look at the first quarter compared to our trend, it is probably a consistent, upward — in that \$54, \$55, now close to \$56. The fourth quarter is a little bit of a spike upwards, because of the startup activities that we had at the Blackwater River facility, and the D. Ray James facility and the way those contracts are structured. They are more of a fixed-price contract.

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

Meaning during the initial phase-in they were priced at a fixed price which is higher than the normalized per diem.

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

Exactly. And there was a ramp in price, et cetera. So that's what caused that to spike up. And then, what you see going in the first quarter, is that leveling off back to the more normalized trends. As far as the margins, the first quarter is always a lower margin quarter. Primarily impacted by our payroll taxes, are quite a bit higher in the first quarter, as all of those rates reset. So, in the quarter, that was probably worth about \$0.05 in our US operations between US Corrections and GEO Care. So I think those are the main things impacting the margins. And then there was some startup expenses but on a pro forma basis that's been factored out.

Mickey Schleien - Ladenburg Thalmann & Company Inc. — Analyst

And, my second question was, Brian, with so many moving parts, it is hard to get a handle on your organic revenue growth year-over-year. Could you give us that figure at least within a range?

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

Yes, I think we continue to be in the high single digits to around 10%.

Operator

(Operator Instructions). Kevin Campbell with Avondale Partners.

Kevin Campbell - Avondale Partners — Analyst

Thank you. Just two quick ones. Integration of Cornell and BI, can you give us a sense as to where we are in that process? Do you feel like they are both fully completed? Any potential areas that you maybe have identified for upside that you hadn't

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

I think on an operational basis, they are fully completed. I think we are still tweaking some of the financial and HR support services. But, operationally, it was really not a very difficult integration.

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

That's correct.

Kevin Campbell - Avondale Partners — Analyst

Any sense for a potential upside on the synergies that you've outlined before?

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

Not at this time, I don't think. Brian?

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

We've continue, as we mentioned, and we've taken some action already in the areas of food service, a little bit on the medical expenses,

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

Which will come in time.

Brian Evans — *The GEO Group, Inc.* — *SVP, CFO*

And some of that comes over time. We continue to look for additional purchasing cost saving synergies, just increased purchasing power and looking at that area. And then, obviously, I think, as you've heard on the call, there will be increased revenue synergy opportunities over time that we'll see develop.

Kevin Campbell — *Avondale Partners* — *Analyst*

Right. And then, Brian, you've given before, with all the acquisitions lately, you've given us some annual expectations for depreciation and amortization as well as interest expense. Could you maybe give us what you expect those to be for the full year at this point?

Brian Evans — *The GEO Group, Inc.* — *SVP, CFO*

I actually wrote them down for the quarter, so you will have to do the math. But I would say for the rest of year, each quarter will average about \$22 million to \$23 million in D&A expense. And net interest expense should average approximately \$17.5 million to \$18.5 million per quarter. As I mentioned earlier, I think G&A should be in the \$23 million to \$25.5 million per quarter.

Operator

And that ends our Q&A session. At this time, with no further questions in the queue, I would like to hand the call back to Mr. George Zoley for closing remarks.

George Zoley — *The GEO Group, Inc.* — *Chairman, CEO*

Thanks to everyone for participating in today's call. We look forward to addressing you next quarter. Thanks.

Operator

Ladies and gentlemen, thank you for your participation in today's call. The presentation has now ended, you may now disconnect. Have a good day.

