CORRECTIONAL SYSTEMS INC
Form S-4/A
July 08, 2011

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As filed with the Securities and Exchange Commission on July 8, 2011
Registration Statement No. 333-173462

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Amendment No. 2
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
The GEO Group, Inc.

***and the Subsidiary Guarantors listed on Schedule A hereto**
(Exact name of registrant as specified in its charter)

Florida	**1520**	**65-0043078**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employee Identification Number)*

One Park Place, Suite 700 **621 Northwest 53rd Street** **Boca Raton, Florida 33487-8242** **(561) 893-0101** *(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)*	**John J. Bulfin, Esq.** **One Park Place, Suite 700** **621 Northwest 53rd Street** **Boca Raton, Florida 33487-8242** **(561) 893-0101** *(Name, address, including zip code, and telephone number, including area code, of agent for service)*

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-acceleratedfiler o (Do not check if a smaller reporting company)	Smaller reporting company o

Each Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until each Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Schedule A Table of Subsidiary Guarantors

Exact Name of Subsidiary Guarantor	State or Other Jurisdiction of Incorporation or Formation	I.R.S. Employer Identification Number
GEO RE Holdings LLC	Delaware	65-0682878
GEO Care, Inc.	Florida	65-0749307
Correctional Services Corporation	Delaware	11-3182580
CPT Limited Partner, LLC	Delaware	*
CPT Operating Partnership L.P.	Delaware	65-0873924
Correctional Properties Prison Finance LLC	Delaware	*
Public Properties Development and Leasing LLC	Delaware	*
GEO Holdings I, Inc.	Delaware	56-2635779
GEO Acquisition II, Inc.	Delaware	01-0882442
GEO Transport, Inc.	Florida	56-2677868
GEO Care of South Carolina, Inc.	Delaware	63-1166611
Cornell Companies, Inc.	Delaware	76-0433642
Cornell Companies Management Holdings, LLC	Delaware	74-3024864
Cornell Companies Administration, LLC	Delaware	32-6557170
Cornell Corrections Management, Inc.	Delaware	74-2650655
CCG I Corporation	Delaware	76-0544498
Cornell Companies Management Services, Limited Partnership	Delaware	76-0700115
Cornell Companies Management, LP	Delaware	76-0700116
Cornell Corrections of Alaska, Inc.	Alaska	76-0578707
Cornell Corrections of California, Inc.	California	94-2411045
Cornell Corrections of Texas, Inc.	Delaware	74-2650651
Cornell Corrections of Rhode Island, Inc.	Delaware	74-2650654
Cornell Interventions, Inc.	Illinois	74-2918981
Correctional Systems, Inc.	Delaware	33-0607766
WBP Leasing, Inc.	Delaware	76-0546892
Cornell Abraxas Group, Inc.	Delaware	76-0545741
WBP Leasing, LLC	Delaware	26-1849095
BII Holding Corporation	Delaware	26-3064495
BII Holding I Corporation	Delaware	26-3334669
Behavioral Holding Corp.	Delaware	20-4244005
Behavioral Acquisition Corp.	Delaware	22-3746193
B.I. Incorporated	Colorado	84-0769926

* Not applicable as these entities are disregarded for Federal Income Tax Purposes

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SUBJECT TO COMPLETION DATED July 8, 2011

Prospectus

$300,000,000

Offer to Exchange
Up to $300,000,000 aggregate principal amount
of our 65/8% Senior Notes Due 2021
(which we refer to as the new notes)
and the guarantees thereof which have been registered
under the Securities Act of 1933, as amended,
for a like amount of our outstanding
65/8% Senior Notes Due 2021
(which we refer to as the old notes)
and the guarantees thereof.

The New Notes:

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

Terms of the Exchange Offer:

We are offering to exchange up to $300,000,000 of our old notes for new notes with materially identical terms that have been registered under the Securities Act of 1933.

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

The exchange offer will expire at 5:00 p.m., New York City time, on [   ], 2011, unless extended.

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

We will not receive any proceeds from the exchange offer.

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

The new notes are expected to trade in the private offerings, resales and trading through automatic linkages market referred to as the PORTAL Market. The new notes will not be listed on any securities exchange.

Investing in the notes involves risks. See Risk Factors, beginning on page 17.

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

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

The date of this prospectus is [ ], 2011.

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

In order to obtain timely delivery, you must request the information no later than [   ], 2011, which is five business days before the expiration of the exchange offer.

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

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

there is no public market for the notes;

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

fraudulent conveyance laws may permit courts to void the subsidiary guarantees of the notes in specific circumstances, which would interfere with the payment of the subsidiary guarantees;

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

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

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

the covenants in the indenture governing our 73/4% senior unsecured notes due 2017, which we refer to as the 73/4% Senior Notes, the indenture governing our 6.625% senior unsecured notes due 2021, which we refer to as the 6.625% Senior Notes, and our Credit Agreement entered into by us, as Borrower, certain of our subsidiaries as Guarantors, and BNP Paribas, as Lender and Administrative Agent, which we refer to as the Senior Credit Facility, impose significant operating and financial restrictions which may adversely affect our ability to operate our business;

servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control;

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

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

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

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

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

we may not fully realize the anticipated synergies and related benefits of acquisitions or we may not fully realize the anticipated synergies within the anticipated timing;

we will incur significant transaction- and integration-related costs in connection with the Cornell Acquisition and the BI Acquisition;

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

our growth depends on our ability to secure contracts to develop and manage new correctional, detention and mental health facilities, the demand for which is outside our control;

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

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

a decrease in occupancy levels could cause a decrease in revenues and profitability;

state budgetary constraints may have a material adverse impact on us;

competition for inmates may adversely affect the profitability of our business;

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

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

our GEO Care business, which has become a material part of our consolidated revenues, poses unique risks not associated with our other businesses;

the Cornell Acquisition resulted in our re-entry into the market of operating juvenile correctional facilities which may pose certain unique or increased risks and difficulties compared to other facilities;

adverse publicity may negatively impact our ability to retain existing contracts and obtain new contracts;

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

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

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

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our business operations expose us to various liabilities for which we may not have adequate insurance;

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

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

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

we are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel;

our profitability may be materially adversely affected by inflation;

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

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

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

we may not be able to successfully identify, consummate or integrate acquisitions;

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

technological change could cause BI s electronic monitoring products and technology to become obsolete or require the redesign of BI s electronic monitoring products, which could have a material adverse effect on BI s business;

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

BI depends on a limited number of third parties to manufacture and supply quality infrastructure components for its electronic monitoring products. If BI s suppliers cannot provide the components or services BI requires and with such quality as BI expects, BI s ability to market and sell its electronic monitoring products and services could be harmed;

as a result of our acquisition of BI, we may face new risks as we enter a new line of business;

the interruption, delay or failure of the provision of BI s services, BI s information systems or the provision of telecommunications and cellular services by third parties which BI s business relies upon could adversely affect BI s business;

an inability to acquire, protect or maintain BI s intellectual property and patents could harm BI s ability to compete or grow;

BI s products could infringe on the intellectual property rights of others, which may lead to litigation that could itself be costly, could result in the payment of substantial damages or royalties, and/or prevent BI from using technology that is essential to its products;

BI licenses intellectual property rights, including patents, from third party owners. If such owners do not properly maintain or enforce the intellectual property underlying such licenses, BI s competitive position and business prospects could be harmed. BI s licensors may also seek to terminate its license; and

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

SUMMARY

The following summary highlights selected information contained or incorporated by reference in this prospectus and does not contain all of the information that may be important to you. You should carefully read this entire prospectus, including the financial statements and related notes and the documents incorporated by reference in this prospectus, before making a decision to participate in the exchange offer. *As used in this prospectus, the terms The GEO Group, Inc., GEO, GEO Group, the Company, we, our and us refer to The GEO Group, Inc., its consolidated subsi unconsolidated affiliates as a combined entity, except in the Description of Notes and in other places where it is clear that the terms mean only The GEO Group, Inc. The term Cornell Acquisition refers to our August 12, 2010 acquisition of Cornell Companies, Inc (Cornell). The term BI Acquisition refers to our February 10, 2011 acquisition of BII Holding Corporation (BII Holding), the indirect owner of 100% of the equity interests of B.I. Incorporated (BI), as more fully described elsewhere in this prospectus. The term Financing Transactions refers to the offering of 6.625% senior notes due 2021, our amendment of our Senior Credit Facility and the related borrowings thereunder and the application of the net proceeds of the offering of 6.625% senior notes due 2021 and borrowings under our amended Senior Credit Facility to fund the BI Acquisition and related fees, costs and expenses. The term Transactions refers to the BI Acquisition and the Financing Transactions.*

Except as otherwise indicated, this prospectus does not give pro forma effect to the Cornell Acquisition or BI Acquisition. Our fiscal year ends on the Sunday closest to the calendar year end, which for the prior four fiscal years occurred on January 2, 2011 (fiscal year 2010), January 3, 2010 (fiscal year 2009), December 28, 2008 (fiscal year 2008) and December 30, 2007 (fiscal year 2007). Cornell s fiscal year begins on January 1 and ends on December 31 of each year. BII Holding s fiscal year begins on July 1 and ends on June 30 of each year. In the context of any discussion of financial information in this prospectus, any reference to a year or to any quarter of that year relates to GEO s fiscal year, unless otherwise specified.

Overview

We are a leading provider of government-outsourced services specializing in the management of correctional, detention, mental health, residential treatment and re-entry facilities, and the provision of community based services and youth services in the United States, Australia, South Africa, the United Kingdom and Canada. We operate a broad range of correctional and detention facilities including maximum, medium and minimum security prisons, immigration detention centers, minimum security detention centers, mental health, residential treatment and community based re-entry facilities. We offer counseling, education and/or treatment to inmates with alcohol and drug abuse problems at most of the domestic facilities we manage. Through our acquisition of BII Holding, we also provide innovative compliance technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community-based parolees, probationers and pretrial defendants. Additionally, BII Holding has an exclusive contract with U.S. Immigration and Customs Enforcement, which we refer to as ICE, to provide supervision and reporting services designed to improve the participation of non-detained aliens in the immigration court system. We develop new facilities based on contract awards, using our project development expertise and experience to design, construct and finance what we believe are state-of-the-art facilities that maximize security and efficiency. We also provide secure transportation services for offender and detainee populations as contracted.

Our acquisition of Cornell in August 2010 added scale to our presence in the U.S. correctional and detention market, and combined Cornell s adult community-based and youth treatment services into GEO Care s behavioral healthcare services platform to create a leadership position in this growing market. On December 21, 2010, we entered into a Merger Agreement to acquire BII Holding. On February 10, 2011, we completed our acquisition of BII Holding, the indirect owner of 100% of the equity interests of BI, for merger consideration of $409.6 million in cash excluding cash acquired, transaction related expenses and subject to certain adjustments. We believe the addition of BI will provide us with the ability to offer turn-key solutions to our customers in managing the full lifecycle of an offender from arraignment to reintegration into the community, which we refer to as the corrections lifecycle. As of April 3, 2011, our worldwide operations included the management and/or ownership of approximately 80,000 beds at 116 correctional, detention and

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residential treatment facilities, including idle facilities and projects under development and also included the provision of monitoring services, tracking more than 60,000 offenders on behalf of approximately 900 federal, state and local correctional agencies located in all 50 states.

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

- our correctional and detention management services involve the provision of security, administrative, rehabilitation, education, health and food services, primarily at adult male correctional and detention facilities;
- our mental health and residential treatment services involve working with governments to deliver quality care, innovative programming and active patient treatment, primarily in state-owned mental healthcare facilities;
- our community-based services involve supervision of adult parolees and probationers and the provision of temporary housing, programming, employment assistance and other services with the intention of the successful reintegration of residents into the community;
- our youth services include residential, detention and shelter care and community-based services along with rehabilitative, educational and treatment programs;
- our monitoring services provide our governmental clients with innovative compliance technologies, industry-leading monitoring services, and evidence-based supervision and treatment programs for community-based parolees, probationers and pretrial defendants; including services to ICE for the provision of services designed to improve the participation of non-detained aliens in the immigration court system;
- we develop new facilities, using our project development experience to design, construct and finance what we believe are state-of-the-art facilities that maximize security and efficiency; and
- we provide secure transportation services for offender and detainee populations as contracted.

We conduct our business through four reportable business segments: our U.S. Detention & Corrections segment; our International Services segment; our GEO Care segment and our Facility Construction & Design segment. We have identified these four segments to reflect our current view that we operate four distinct business lines, each of which constitutes a material part of our overall business. Our U.S. Detention & Corrections segment primarily encompasses our U.S.-based privatized corrections and detention business. Our International Services segment primarily consists of our privatized corrections and detention operations in South Africa, Australia and the United Kingdom. Our GEO Care segment comprises our privatized mental health, residential and non-residential treatment services, educational and community based programs, pre-release and halfway house programs, compliance technologies, monitoring services, and evidence-based supervision and treatment programs for community-based parolees, probationers and pretrial defendants. Our Facility Construction & Design segment primarily contracts with various state, local and federal agencies for the design and construction of facilities for which we generally have been, or expect to be, awarded

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management contracts. The pie chart below illustrates our consolidated revenues by business segment on a pro forma basis for the acquisitions of Cornell and BI for the fiscal year ended January 2, 2011:

GEO Total Revenue (By Business Segment)
Pro Forma for the Year Ended January 2, 2011

Competitive Strengths

Leading Corrections Provider Uniquely Positioned to Offer a Continuum of Care

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

Large Scale Operator with National Presence

We operate the sixth largest correctional system in the U.S. by number of beds, including the federal government and all 50 states. We currently have operations in 24 states and, following the BI Acquisition, we offer electronic monitoring services in every state. In addition, we have extensive experience in overall facility operations, including staff recruitment, administration, facility maintenance, food service, healthcare, security, and in the supervision, treatment and education of inmates. We believe our size and breadth of service offerings enable us to generate economies of scale which maximize our efficiencies and allows us to pass along cost savings to our clients. Our national presence also positions us to bid on and develop new facilities across the U.S.

Long-Term Relationships with High-Quality Government Customers

We have developed long-term relationships with our federal, state and other governmental customers, which we believe enhance our ability to win new contracts and retain existing business. We have provided correctional and detention management services to the United States Federal Government for 24 years, the State of California for 23 years, the State of Texas for approximately 23 years, various Australian state government entities for 19 years and the State of Florida for approximately 17 years. These customers accounted for approximately 65.9% of our consolidated revenues for the fiscal year ended January 2, 2011. The acquisitions of Cornell and BI will increase our business with our three largest federal clients, the Federal Bureau of Prisons, U.S. Marshals Service and ICE. The BI Acquisition also provides us with a new service offering for ICE, our largest client.

Recurring Revenue with Strong Cash Flow

Our revenue base is derived from our long-term customer relationships, with contract renewal rates and facility occupancy rates both in excess of 90% over the past five years. We have been able to expand our revenue base by continuing to reinvest our strong operating cash flow into expansionary projects and through strategic acquisitions that provide scale and further enhance our service offerings. Our consolidated revenues have grown from $565.5 million in 2004, to $1.3 billion in 2010 and, on a pro forma basis for the acquisitions of Cornell and BI, would have been approximately $1.6 billion for the fiscal year ended January 2, 2011. Additionally, we expect to achieve annual cost savings of $12-$15 million from the Cornell Acquisition and $3-$5 million from the BI Acquisition. We expect our operating cash flow to be well in excess of our anticipated annual maintenance capital expenditure needs, which would provide us significant flexibility for growth capital expenditures, acquisitions and/or the repayment of indebtedness.

Unique Privatized Mental Health, Residential Treatment and Community-Based Services Growth Platform

As a result of our acquisitions of Cornell and BI, we have significantly expanded the service offerings of GEO Care s privatized mental health and residential treatment services business by adding substantial adult community-based residential operations, as well as new operations in community-based youth behavioral treatment services, electronic monitoring services and community re-entry and immigration related supervision services. Through both organic growth and acquisitions, we have been able to grow GEO Care s business to approximately 6,500 beds, $213.8 million of revenues for the fiscal year ended January 2, 2011, and $428.7 million of revenues for the fiscal year ended January 2, 2011, on a pro forma basis for the acquisitions of Cornell and BI, from 325 beds and $31.7 million of revenues for the fiscal year ended 2004. We believe that GEO Care s core competency of providing diversified mental health, residential treatment, and community-based services uniquely position us to meet client demands for solutions that improve successful society re-integration rates for offenders throughout the corrections system.

Sizeable International Business

Our international infrastructure, which leverages our operational excellence in the U.S., allows us to aggressively target foreign opportunities that our U.S. based competitors without overseas operations may have difficulty pursuing. We currently have international operations in Australia, Canada, South Africa and the United Kingdom. Our International Services business generated $190.5 million of revenues, representing 15% of our consolidated revenues for the fiscal year ended January 2, 2011. On a pro forma basis for the acquisitions of Cornell and BI, our International Services business represents approximately 12% of our consolidated revenues for the fiscal year ended January 2, 2011. We believe we are well positioned to continue to benefit from foreign governments initiatives to outsource correctional services.

Experienced, Proven Senior Management Team

Our Chief Executive Officer and Founder, George C. Zoley, has led our company for 26 years and has established a track record of growth and profitability. Under his leadership, our annual consolidated revenues from continuing operations have grown from $40.0 million in 1991 to $1.3 billion in 2010. Mr. Zoley is one of the pioneers of the industry, having developed and opened what we believe was one of the first privatized detention facilities in the U.S. in 1986. Our Chief Financial Officer, Brian R. Evans, has been with our company for over ten years and has led the integration of our recent acquisitions and financing activities. Our top six senior executives have an average tenure with our company of over ten years.

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Business Strategies

Provide High Quality Comprehensive Services and Cost Savings Throughout Corrections Lifecycle

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

Maintain Disciplined Operating Approach

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

Pursue International Growth Opportunities

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

Selectively Pursue Acquisition Opportunities

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

The Corrections and Detention Industry

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

U.S. Correctional Population Growth

Currently, approximately one in every 100 U.S. adults is in jail or prison and one in every 31 U.S. adults is under some form of correctional supervision. The total population under correctional supervision in the United States, which includes sentenced adults in jails or prisons and those under community supervision on probation or parole, has increased to over 7.2 million, more than tripling since the early 1980s.

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Persistent Overcrowding of Correctional Facilities

Federal and state legislatures historically have had difficulty enacting expansion of prison capacity due to budgetary constraints and the disfavor that voters generally exhibit toward such expenditures. As a result, prison capacity in the U.S. often lags prison populations, leading to persistent prison overcrowding. According to the Bureau of Justice Statistics, as of year-end 2009, 19 states were operating at or above 100% of their highest capacity and the Federal prison system was operating at 136% of its highest rated capacity. Lower costs associated with the construction and operation of private facilities, as well as the availability of private capital, are leading federal and state jurisdictions throughout the United States to increasingly explore working with private service providers as a viable and cost-effective alternative to capital intensive projects such as new prison construction.

Local, State and Federal Budgetary Constraints

As the total population of United States prisoners has grown, overall correctional costs have risen at an unsustainable rate. According to the Pew Center on the States, between 1988 and 2008 national state spending on corrections (i.e. jails, prisons, community supervision) rose more than 300%, increasing as a percentage of total state general fund spending from 5% to approximately 7%. For all levels of government (i.e. local, state, and federal), total corrections spending has increased to $68.0 billion annually, which represents an increase of 336% since 1986. We believe these growing expenditures are causing concern among law and policy makers, who are facing increasing budgetary concerns related to a slower economy and lower tax receipts, which in turn presents opportunities for the privatized correctional facility industry because it offers governments a cost-effective solution to reduce their correctional service costs and avoid making large capital investments in new prisons. However, it is possible state and federal budget constraints could have adverse effects on our industry resulting in governments unexpectedly terminating contracts, seeking price reductions in connection with contract renewals or amending criminal laws and regulations to reduce prisoner headcount by reducing or eliminating mandatory minimum sentencing guidelines, especially those relating to non-violent drug possession or technical parole violations. These budget constraints could also similarly impact our mental health, residential treatment, electronic monitoring and supervision businesses and the other services provided by our GEO Care subsidiary.

Government Agencies Moving Toward Privatized Correctional Facilities

According to the Bureau of Justice Statistics, the number of inmates housed in private facilities has grown from 87,369 at year-end 2000 to 129,336 at year-end 2009, representing a compound annual growth rate of 4.5%. Notably, the federal government increased its use of privately operated facilities at a compound annual growth rate of 9.1% over the same time period from 15,524 beds to 34,087 beds. The Bureau of Justice Statistics estimates that as of year-end 2009, approximately 8.0% of the total incarcerated population in the United States was housed in private facilities, potentially providing significant growth opportunities for privatized providers through increased market penetration.

Increased Federal Government Focus on Homeland Security and Illegal Immigration

On the federal level, the Department of Homeland Security s increased focus on securing the nation s borders has increased the number of illegal aliens apprehended, detained and deported. As such, the number of beds necessary to detain illegal aliens until they are deported has become a significant source of demand that is expected to continue in the medium term. The ongoing efforts to secure the nation s borders have caused the average daily population of ICE detainees to grow from less than 20,000 in ICE s fiscal year 2005 to more than 33,000 so far in ICE s fiscal year 2011. In addition to efforts related to securing the nation s borders, the United States Congress has increasingly appropriated funding for the Secure Communities Initiative which aims to identify, detain and deport criminal aliens who have been convicted of local, state and federal crimes. In ICE s fiscal year 2010, ICE removed more than 392,000 illegal aliens, including over 195,000 criminal aliens.

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