GEO GROUP INC
Form PRER14A
March 24, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant x Filed by a party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under § 240.14a-12

The GEO Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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(4) Date Filed:

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The information in this proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. GEO REIT may not sell or exchange these securities until the registration statement is effective. This proxy statement/prospectus is not an offer to sell or exchange these securities and it is not soliciting an offer to buy these securities in any state where the offer, sale or exchange is not permitted.

Preliminary Subject to Completion, dated March 21, 2014

, 2014

Dear Shareholder:

I am pleased to invite you to attend a special meeting of shareholders of The GEO Group, Inc., or GEO, a Florida corporation, which will be held on Friday, May 2, 2014 at 10:00 a.m., local time, at The Boca Raton Resort & Club, 501 East Camino Real, Boca Raton, Florida 33432.

As previously disclosed, the GEO board of directors unanimously approved GEO to take all necessary steps for GEO to position itself to operate in compliance with the real estate investment trust, or REIT, rules of the Internal Revenue Code of 1986, as amended, or the REIT rules, beginning January 1, 2013. Among these necessary steps was the adoption of a plan to reorganize the business operations of GEO to allow GEO to be taxed as a REIT. We refer to this reorganization plan as the REIT conversion. On December 31, 2012, GEO completed all the necessary steps in the REIT conversion, including the previously announced divestiture of its health care assets and payment of its accumulated earnings and profits as a special dividend, enabling GEO to operate in compliance with the REIT rules, beginning January 1, 2013.

Although the required steps to operate in compliance with the REIT rules beginning January 1, 2013 have been implemented, GEO intends to take one additional step, a merger of GEO into a newly formed entity, to facilitate GEO s compliance with the REIT rules by ensuring the effective adoption of charter provisions that implement standard REIT share ownership and transfer restrictions. The GEO board of directors plans to merge GEO into The GEO Group REIT, Inc., or GEO REIT, a Florida corporation and wholly owned subsidiary of GEO, which was formed for the purpose of the merger in connection with the REIT conversion. Effective at the time of the merger, GEO REIT will be renamed The GEO Group, Inc. and will hold, directly or indirectly through its subsidiaries, the assets currently held by GEO and will conduct the existing businesses of GEO and its subsidiaries. In the merger, you will receive a number of shares of GEO REIT common stock equal to, and in exchange for, the number of shares of GEO common stock you own. We anticipate that the shares of GEO REIT common stock will trade on the New York Stock Exchange and retain GEO s symbol GEO.

The affirmative vote of the holders of a majority of the outstanding shares of common stock entitled to vote is required for the approval of the agreement and plan of merger, which we refer to as the merger agreement. After careful consideration, the board of directors has adopted the merger agreement and recommends that all shareholders vote FOR the approval of the merger agreement.

This proxy statement/prospectus is a prospectus of GEO REIT as well as a proxy statement for GEO and provides you with detailed information about the REIT conversion, the merger and the special meeting. **We encourage you to read carefully this entire proxy statement/prospectus, including all annexes, and we especially encourage you to read the section titled Risk Factors beginning on page 17.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the shares of common stock to be issued by GEO REIT under this proxy statement/prospectus or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated , 2014 and is being first mailed to shareholders on or about , 2014.

Sincerely,

George C. Zoley
Chairman of the Board of Directors,
Chief Executive Officer and Founder

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THE GEO GROUP, INC.

621 NW 53rd Street, Suite 700

Boca Raton, Florida 33487

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF

THE GEO GROUP, INC.

TO BE HELD ON MAY 2, 2014

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of The GEO Group, Inc., a Florida corporation, will be held on Friday, May 2, 2014 at 10:00 a.m., local time, at The Boca Raton Resort Hotel, 501 East Camino Real, Boca Raton, Florida 33432, for the following purposes:

1. to consider and vote upon a proposal to approve the Agreement and Plan of Merger dated as of March 21, 2014, between The GEO Group, Inc., or GEO, and The GEO Group REIT, Inc., a newly formed wholly owned subsidiary of GEO, which is being implemented in connection with GEO s conversion to a real estate investment trust, or REIT, effective January 1, 2013; and

2. to consider and vote upon a proposal to permit GEO s board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal.

The GEO board of directors has adopted the Agreement and Plan of Merger and recommends that you vote FOR the proposals, which are described in more detail in the accompanying proxy statement/prospectus.

GEO reserves the right to cancel or defer the merger even if shareholders of GEO vote to approve the agreement and plan of merger, which we refer to as the merger agreement, and the other conditions to the completion of the merger are satisfied or waived, if the GEO board of directors determines that the merger is no longer in the best interests of GEO and its shareholders.

Only shareholders of GEO s common stock as of the close of business on March 10, 2014, the record date, are entitled to notice of the special meeting, and to vote at the special meeting and at any adjournment or postponement of the special meeting. During the ten-day period before the special meeting, GEO will keep a list of shareholders entitled to vote at the special meeting or any adjournment thereof available for inspection upon reasonable notice by any shareholder at GEO s offices in Boca Raton, Florida, during usual business hours. The list of shareholders will also be made available at the time and place of the special meeting and will be subject to inspection by any shareholder at any time during the special meeting.

Your vote is important. Whether or not you plan to attend the special meeting in person, please complete, sign and date the enclosed proxy card as soon as possible and return it in the enclosed envelope, or submit your proxy by telephone or over the Internet in accordance with the instructions in the enclosed proxy card. Shareholders who return proxy cards by mail or submit proxies by telephone or over the Internet prior to the special meeting may nevertheless attend the special meeting, revoke their proxies and vote their shares at the special meeting.

We encourage you to read the accompanying proxy statement/prospectus carefully.

By order of the board of directors,

George C. Zoley
Chairman of the Board of Directors and
Chief Executive Officer

Boca Raton, Florida

, 2014

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WHERE YOU CAN FIND MORE INFORMATION

GEO files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. GEO s SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Please note that the SEC s website is included in this proxy statement/prospectus and any applicable prospectus supplement as an inactive textual reference only. The information contained on the SEC s website is not incorporated by reference into this proxy statement/prospectus and should not be considered to be part of this proxy statement/prospectus, except as described in the following paragraph. You may also read and copy any document we file with the SEC at its public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

We have elected to incorporate by reference information into this proxy statement/prospectus. By incorporating by reference, we can disclose important information to you by referring to another document we have filed separately with the SEC. The information incorporated by reference is an important part of this proxy statement/prospectus. Certain information that we subsequently file with the SEC will automatically update and supersede information in this proxy statement/ prospectus and in our other filings with the SEC. We incorporate by reference the documents listed below, which we have already filed with the SEC, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or Exchange Act, between the date of this proxy statement/prospectus and the date of the special meeting, except that we are not incorporating any information included in a Current Report on Form 8-K that has been or will be furnished (and not filed) under Item 2.02 or Item 7.01 of Form 8-K, unless such information is expressly incorporated herein by reference to a furnished Current Report on Form 8-K or other furnished document:

- our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on March 3, 2014;

- our Current Reports on Form 8-K filed with the SEC on February 25, 2014 and March 6, 2014; and

- the description of our common stock set forth in our Registration Statement on Form 8-A filed with the SEC on October 30, 2003, as amended on Form 8-A/A, filed with the SEC on October 30, 2003.

You may request a copy of these filings at no cost, by writing or calling us at the following address:

The GEO Group, Inc.

621 NW 53rd Street, Suite 700,

Boca Raton, Florida 33487

Attention: Investor Relations

Telephone: (866) 301-4436 or 561-893-0101

In order for you to receive timely delivery of the documents in advance of the GEO special meeting, you must request the information no later than April 25, 2014.

The GEO Group REIT, Inc., or GEO REIT, has filed a registration statement on Form S-4 to register with the SEC the GEO REIT common stock that GEO shareholders will receive in connection with the closing of the merger if the merger agreement is approved and the merger is completed. This proxy statement/prospectus is part of the registration statement of GEO REIT on Form S-4 and is a prospectus of GEO REIT and a proxy statement of GEO for its special meeting.

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Upon completion of the merger, GEO REIT will be required to file annual, quarterly and special reports, proxy statements and other information with the SEC.

You should only rely on the information in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with different information. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than the date on the front page. We are not making an offer to exchange or sell (or soliciting any offer to buy) any securities, or soliciting any proxy, in any state where it is unlawful to do so.

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QUESTIONS AND ANSWERS ABOUT THE REIT CONVERSION AND THE MERGER

What follows are questions that you, as a shareholder of GEO, may have regarding the REIT conversion, the merger and the special meeting of shareholders and the answers to those questions. You are urged to carefully read this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because the information in this section may not provide all of the information that might be important to you with respect to the REIT conversion and the merger or the special meeting. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus.

The GEO board of directors previously approved the REIT conversion and GEO has taken all of the required steps necessary for the REIT conversion so that GEO could begin operating in compliance with the REIT rules beginning on January 1, 2013. When used in this proxy statement/prospectus, unless otherwise specifically stated or the context otherwise requires, the terms Company, GEO, we, our and us refer to The GEO Group, Inc. and its subsidiaries with respect to the period prior to the merger, and The GEO Group REIT, Inc. and its subsidiaries, including the taxable GEO REIT subsidiaries, with respect to the period after the merger.

Q. What will happen in the merger?

A. GEO will merge with and into GEO REIT, a Florida corporation that is wholly owned by GEO, and GEO REIT will be the surviving entity in the merger and will succeed to and continue the business and assume the obligations of GEO. We refer to this transaction in this proxy statement/prospectus as the merger. Although the REIT rules do not require the completion of the merger, GEO intends to complete the merger to facilitate our compliance with the REIT rules by ensuring the effective adoption of charter provisions that implement standard REIT share ownership and transfer restrictions, subject to approval by GEO shareholders.

As a consequence of the merger:

- the outstanding shares of common stock of GEO, which we refer to as GEO common stock, will convert into the right to receive the same number of shares of common stock of GEO REIT, which we refer to as GEO REIT common stock;

- the board of directors and executive management of GEO immediately prior to the merger will be the board of directors and executive management, respectively, of GEO REIT immediately following the merger;

- effective at the time of the merger, GEO REIT will be renamed The GEO Group, Inc. and will become the publicly traded New York Stock Exchange listed company that will continue to operate, directly or indirectly, all of GEO s existing businesses;

- the rights of the shareholders of GEO REIT will be governed by the amended and restated articles of incorporation of GEO REIT, which we refer to as the GEO REIT Articles, and the amended and restated bylaws of GEO REIT, which we refer to as the GEO REIT Bylaws. The GEO REIT Articles are substantially similar to GEO s amended and restated articles of incorporation, except that the GEO REIT Articles provide for restrictions on ownership of GEO REIT capital stock to facilitate compliance with the REIT rules. These ownership restrictions could delay, defer or prevent a transaction or a change of control of GEO REIT that might involve a premium price for common stock of GEO REIT or otherwise be in the best interests of its shareholders. The GEO REIT Bylaws are substantially similar to GEO s bylaws;

there will be no change in the assets we hold or in the businesses we conduct; and

there will be no fundamental change to our discretionary capital allocation strategy or current operational strategy.

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We have attached to this proxy statement/prospectus a copy of the merger agreement as Annex A, a copy of the form of the GEO REIT Articles as Annex B-1 and a copy of the form of the GEO REIT Bylaws as Annex B-2.

Q. When and where is the special meeting?

A. The special meeting will be held on Friday, May 2, 2014 at 10:00 a.m., local time, at The Boca Raton Resort Hotel, 501 East Camino Real, Boca Raton, Florida 33432.

Q. What will I be voting on at the special meeting?

A. As a shareholder, you are entitled to, and requested to, vote on the proposal to approve the merger agreement pursuant to which GEO will be merged with and into GEO REIT, a wholly owned subsidiary of GEO, with GEO REIT as the surviving entity. In addition, you are requested to vote on the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to approve the proposal regarding the approval of the merger agreement. You are not being asked to vote on the REIT conversion, which became effective for the taxable year beginning January 1, 2013 and was not conditioned upon shareholder approval of the merger.

Q. Who can vote on the merger?

A. If you are a shareholder of record at the close of business on March 10, 2014 you may vote the shares of common stock that you held on the record date at the special meeting. On or about , 2014 we will begin mailing this proxy statement/prospectus to all persons entitled to vote at the special meeting.

Q. Why is my vote important?

A. If you do not submit a proxy or vote in person at the meeting, it will be more difficult for us to obtain the necessary quorum to hold the special meeting. In addition, your failure to submit a proxy or to vote in person will have the same effect as a vote against the approval of the merger agreement. If you hold your shares through a broker, bank, or other nominee, your broker, bank, or other nominee will not be able to cast a vote on the approval of the merger agreement without instructions from you.

Q. What constitutes a quorum for the special meeting?

A. The presence, in person or by proxy, of a majority of the total number of shares of GEO common stock outstanding on the record date will constitute a quorum for purposes of the special meeting.

Q. What vote is required on the merger?

A. The affirmative vote of the holders of a majority of the outstanding shares of GEO common stock entitled to vote is required for the approval of the merger agreement. As of the close of business on the record date, there were 72,295,631 shares of GEO common stock outstanding and entitled to vote at the special meeting. Each share of outstanding GEO common stock on the record date is entitled to one vote on each proposal submitted to you for consideration at the special meeting.

Q. How do I vote without attending the special meeting?

A. If you are a holder of common stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy by telephone or over the Internet or by mailing a proxy card will not limit your right to attend the special meeting and vote your shares in person. Those shareholders of record who choose to vote by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on May 1, 2014.

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Q. Can I attend the special meeting and vote my shares in person?

A. Yes. All shareholders are invited to attend the special meeting. Shareholders of record at the close of business on the record date are invited to attend and vote at the special meeting. If your shares are held by a broker, bank or other nominee, then you are not the shareholder of record. Therefore, to vote at the special meeting, you must bring the appropriate documentation from your broker, bank or other nominee confirming your beneficial ownership of the shares.

Q. If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares for me?

A. No. If your shares are held in street name by your broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee. Your broker, bank or other nominee will vote your shares only if you provide instructions on how you would like your shares to be voted.

Q. Can I change my vote after I have mailed my signed proxy card?

A. Yes. You can change your vote at any time before your proxy is voted at the special meeting. To revoke your proxy, you must either (1) notify the secretary of GEO in writing, (2) mail a new proxy card dated after the date of the proxy you wish to revoke, (3) submit a later dated proxy by telephone or over the Internet by following the instructions on your proxy card or (4) attend the special meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy. If your shares are held through a broker, bank, or other nominee, you should contact your broker, bank or other nominee to change your vote.

Q. Who will be on the board of directors and management after the merger?

A. The board of directors and executive management of GEO immediately prior to the merger will be the board of directors and executive management, respectively, of GEO REIT immediately following the merger.

Q. Do any of GEO s directors and executive officers have any interests in the merger that are different from mine?

A. No. GEO s directors and executive officers own shares of GEO common stock, restricted stock and options to purchase shares of GEO common stock and, to that extent, their interest in the merger is the same as that of the other holders of shares of GEO common stock, restricted stock and options to purchase shares of GEO common stock.

Q. Will I have to pay federal income taxes as a result of the merger?

A. No. You will not recognize gain or loss for federal income tax purposes as a result of the exchange of shares of GEO common stock for shares of GEO REIT common stock in the merger. However, if you are a non-United States person who owns or has owned more than 5% of the outstanding GEO common stock, it may be necessary for you to comply with reporting and other requirements of the Treasury regulations in order to achieve nonrecognition of gain on the exchange of your GEO common stock for GEO REIT common stock in the merger. See the section titled United States Federal Income Tax Consequences beginning on page 125 for a more detailed discussion of the federal income tax consequences of the merger.

Q. Am I entitled to appraisal rights?

A. No. Under the Florida Business Corporation Act, which we refer to as Florida Corporate Law, you are not entitled to any appraisal rights in connection with the merger.

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Q. How does the board of directors recommend I vote on the merger proposal?

A. The board of directors of GEO believes that the merger is advisable and in the best interests of the company and its shareholders. The board of directors unanimously recommends that you vote FOR the approval of the merger agreement.

Q. What actions has GEO taken in connection with the REIT conversion?

A. The board of directors of GEO has previously approved a plan to reorganize GEO s business operations so that GEO could elect to be treated as a real estate investment trust, or REIT, for federal income tax purposes beginning January 1, 2013. We refer to this plan, including the related reorganization transactions, as the REIT conversion. The board of directors of GEO determined that the REIT conversion would be in the best interests of GEO and its shareholders. The REIT conversion includes the following elements:

reorganization of our business operations and divestiture of healthcare facility operations which were completed by December 31, 2012 to facilitate the election to be taxed as a REIT for federal income tax purposes beginning January 1, 2013;

special distribution of our accumulated earnings and profits we declared and paid a special dividend during the fourth quarter of 2012 for the purposes of distributing to our shareholders our pre-REIT accumulated earnings and profits; and

commencement of payment of regular quarterly distributions, the amounts of which are determined and subject to adjustment by the board of directors (GEO paid quarterly cash dividends as a REIT of $0.50 per share of common stock on March 1, 2013 to shareholders of record as of the close of business on February 15, 2013, $0.50 per share of common stock on June 3, 2013 to shareholders of record as of the close of business on May 20, 2013, $0.50 per share of common stock on August 29, 2013 to shareholders of record as of the close of business on August 19, 2013 and $0.55 per share of common stock on November 26, 2013 to shareholders of record as of the close of business on November 14, 2013).

The REIT conversion took place on January 1, 2013. You are not being asked to vote on the REIT conversion. Instead, you are being asked to vote on the merger agreement.

Q. What is a REIT?

A. A REIT is a company that qualifies for special treatment for federal income tax purposes because, among other things, it derives most of its income from real estate, including in the case of GEO the ownership and leasing of correctional and detention facilities, and makes a special election under the Internal Revenue Code of 1986, as amended, or the Code.

A corporation that qualifies as a REIT generally is not subject to federal income taxes on its corporate income and gains that it distributes to its shareholders.

We continue to be required to pay federal income tax on earnings from our non-REIT assets and operations, which consist primarily of our managed-only contracts, electronic monitoring services, and non-residential and community based facilities. In addition, our international operations will continue to be subject to taxation in the foreign jurisdictions where those operations are conducted. We may also be subject to a variety of taxes, including payroll taxes and state, local and foreign income, property, gross receipts and other taxes on our assets and operations.

Q. What happened in our REIT conversion?

A. To comply with certain REIT qualification requirements, we hold and operate certain of our assets that cannot be held directly by a REIT through taxable REIT subsidiaries, or TRSs. A TRS is a subsidiary of

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a REIT that pays corporate tax at regular rates on its taxable income. Please see the section titled United States Federal Income Tax Consequences Effect of Subsidiary Entities beginning on page 129 for a more detailed description of the requirements and limitations regarding our expected use of TRSs.

The businesses that we initially contributed to, or retained in, several subsidiaries that elected to be treated as TRSs effective as of January 1, 2013 principally consist of our managed-only contracts, electronic monitoring services, non-residential and community based facilities and international operations. Net income from our TRSs either will be retained by our TRSs and used to fund their operations, or will be distributed to us, where it will either be reinvested by us into our business or available for distribution to our shareholders.

The GEO board of directors previously approved the REIT conversion and GEO began operating as a REIT beginning on January 1, 2013.

Q. What are our reasons for the REIT conversion and the merger?

A. We completed the REIT conversion primarily for the following reasons:

- To increase shareholder value: As a REIT, we believe we increase the stock market value of our common stock and benefit from a lower cost of capital compared to a regular C corporation as a result of increased cash flows and distributions;

- To return capital to shareholders: We believe our shareholders will benefit from increased regular cash distributions, resulting in a yield-oriented stock; and

- To expand our base of potential shareholders: By becoming a company that makes regular distributions to its shareholders, our shareholder base may expand to include investors attracted by yield, resulting in greater liquidity of our common stock.

We are proposing the merger primarily for the following reason:

- To facilitate our compliance with the REIT qualification rules: The merger will facilitate our compliance with the REIT rules because GEO REIT will adopt and maintain charter documents that implement standard REIT share ownership and transfer restrictions.

To review the background of, and the reasons for, the REIT conversion and the merger in greater detail, and the related risks associated with the reorganization, see the sections titled Background of the REIT Conversion and Merger beginning on page 43, Our Reasons for the REIT Conversion and the Merger beginning on page 45 and Risk Factors beginning on page 17.

Q. What will I receive in connection with the merger? When will I receive it?

A. You will receive:
Shares of GEO REIT common stock

At the time of the completion of the merger, you will have the right to receive one share of GEO REIT common stock in exchange for each of your then outstanding shares of GEO common stock.

Q. When was the REIT conversion effective?

A. We completed the necessary actions to elect REIT status effective January 1, 2013. You are not being asked to vote on the REIT conversion and the REIT conversion was not conditioned upon shareholder approval of the merger agreement.

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Q. When is the merger expected to be completed?

A. We expect to complete the merger in the first half of 2014. We reserve the right to cancel or defer the merger even if shareholders of GEO vote to approve the merger agreement and other conditions to the completion of the merger are satisfied or waived, if the board of directors determines that the merger is no longer in the best interests of GEO and its shareholders.

Q. What are some of the risks associated with the REIT conversion?

A. There are a number of risks relating to the REIT conversion, including the following:

- If GEO REIT fails to remain qualified as a REIT, it will be subject to taxation at regular corporate rates without a deduction for dividends paid and will have reduced funds available for distribution to its shareholders;

- There is no assurance that our cash flows from operations will be sufficient for us to fund required distributions; and

- We must continue to comply with the REIT requirements, which may hinder our ability to make certain attractive investments, including investments in our TRS businesses.

To review the risks associated with the REIT conversion, see the sections titled Risk Factors beginning on page 17 and Our Reasons for the REIT Conversion and the Merger beginning on page 45.

Q. What do I need to do now?

A. You should carefully read and consider the information contained in this proxy statement/prospectus, including its annexes. It contains important information about what the board of directors of GEO considered in evaluating, approving and implementing the REIT conversion and adopting the merger agreement.

You should then complete and sign your proxy card and return it in the enclosed envelope as soon as possible so that your shares will be represented at the special meeting, or vote your proxy by telephone or over the Internet in accordance with the instructions on your proxy card. If your shares are held through a broker, bank or other nominee, you should receive a separate voting instruction form with this proxy statement/prospectus.

Q. Should I send in my stock certificates now?

A.

No. After the merger is completed, GEO shareholders will receive written instructions from the exchange agent on how to exchange their shares of GEO common stock for shares of GEO REIT common stock. **Please do not send in your GEO stock certificates with your proxy.**

Q. Where will my GEO REIT common stock be publicly traded?

A. GEO REIT will apply to list the new shares of GEO REIT common stock on the New York Stock Exchange, or NYSE, upon completion of the merger. We expect that GEO REIT common stock will trade under our current symbol GEO.

Q. Whom should I call with questions?

A. You may call Pablo E. Paez, our Vice President of Corporate Relations, at (866) 301-4436. If we retain a proxy solicitor, you may also contact the proxy solicitor with any questions about the merger, or to obtain additional copies of this proxy statement/prospectus or additional proxy cards.

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CORPORATE STRUCTURE

The following diagrams summarize the corporate structure of GEO before and after the merger and the related reorganization transactions.

(1) A TRS is a taxable REIT subsidiary that pays corporate income tax at regular rates on its taxable income.
(2) A QRS is a qualified REIT subsidiary.
(3) Recently formed for the purpose of effecting the merger.
(4) Former shareholders of The GEO Group, Inc.
(5) To be renamed The GEO Group, Inc.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the other documents to which this proxy statement/prospectus refers to fully understand the REIT conversion and the merger. In particular, you should read the annexes attached to this proxy statement/prospectus, including the merger agreement, which is attached as Annex A. You also should read the form of GEO REIT Articles, attached as Annex B-1, and the form of GEO REIT Bylaws, attached as Annex B-2, because these documents will govern your rights as a shareholder of GEO REIT following the merger. See the section titled Where You Can Find More Information in the front part of this proxy statement/prospectus. For a discussion of the risk factors that you should carefully consider, see the section titled Risk Factors beginning on page 17. Most items in this summary include a page reference directing you to a more complete description of that item.

The GEO board of directors previously approved the REIT conversion and GEO has taken all of the required steps necessary so that GEO could begin operating in compliance with the REIT rules beginning on January 1, 2013. When used in this proxy statement/prospectus, unless otherwise specifically stated or the context otherwise requires, the terms Company, GEO, we, our and us refer to The GEO Group, Inc. and its subsidiaries with respect to the period prior to the merger, and GEO REIT and its subsidiaries including the TRSs with respect to the period after the merger.

The Companies

The GEO Group, Inc.

One Park Place, Suite 700

621 Northwest 53rd Street

Boca Raton, Florida 33487

(561) 893-0101

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

As of December 31, 2013, our worldwide operations included the ownership and/or management of approximately 77,000 beds at 98 correctional, detention and re-entry facilities, including idle facilities and projects under development, and also included the provision of monitoring services, tracking more than 70,000 offenders in a community-based environment on behalf of approximately 900 federal, state and local correctional agencies located in all 50 states.

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

our correctional and detention management services involve the provision of security, administrative, rehabilitation, education and food services, primarily at adult male correctional and detention facilities;

our community-based services involve supervision of adult parolees and probationers and the provision of temporary housing, programming, employment assistance and other services with the intention of the successful reintegration of residents into the community;

our youth services include residential, detention and shelter care and community-based services along with rehabilitative and educational programs;

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- we provide comprehensive electronic monitoring and supervision services;

- we develop new facilities, using our project development experience to design, construct and finance what we believe are state-of-the-art facilities that maximize security and efficiency; and

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

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

GEO s business was founded in 1984 as a division of The Wackenhut Corporation, or TWC, a multinational provider of global security services. GEO was incorporated in 1988 as a wholly owned subsidiary of TWC. In July 1994, GEO became a publicly traded company. In 2002, TWC was acquired by Group 4 Falck A/S, which became GEO s new parent company. In July 2003, GEO purchased all of its common stock owned by Group 4 Falck A/S and became an independent company. In November 2003, GEO changed its corporate name to The GEO Group, Inc. GEO currently trades on the New York Stock Exchange under the ticker symbol GEO.

GEO is incorporated in Florida. GEO s principal executive offices are located at One Park Place, Suite 700, 621 NW 53rd Street, Boca Raton, Florida 33487. GEO s telephone number is (561) 893-0101. GEO s website is www.geogroup.com. Information on, or accessible through, GEO s website is not a part of this proxy statement/prospectus.

The GEO REIT Group, Inc., which we refer to as GEO REIT, is a wholly owned subsidiary of GEO and was organized in Florida on July 11, 2013 to succeed to and continue the business of GEO upon completion of the merger of GEO with and into GEO REIT. Effective at the time of the merger, GEO REIT will be renamed The GEO Group, Inc. Prior to the merger, GEO REIT will conduct no business other than that incidental to the merger. Immediately following the merger, GEO REIT will directly or indirectly conduct all of the business currently conducted by GEO. Upon completion of the merger, GEO REIT will directly or indirectly hold all of GEO s assets.

General

The board of directors of GEO previously approved a plan to reorganize GEO s business operations to enable the qualification of GEO as a REIT for federal income tax purpose beginning January 1, 2013. The reorganization transactions were designed to enable GEO to hold its assets and business operations in a manner that would enable us to elect to be treated as a REIT for federal income tax purposes. We refer to the reorganization transactions in this proxy statement/prospectus as the REIT conversion. Although the required steps for the REIT conversion have been implemented, GEO also intends to merge GEO into a newly formed entity, to facilitate GEO s compliance with REIT rules by implementing standard REIT ownership limitations that generally restrict shareholders from owning more than 9.8% of our outstanding shares. GEO s board of directors has approved the merger of GEO into GEO REIT to succeed to and continue the business operations of GEO and its assets. As a REIT, GEO REIT is generally not subject to federal corporate income taxes on that portion of its capital gain or ordinary income from its REIT operations that is distributed to its shareholders. However, as explained more fully below, the non-REIT operations of GEO, which consist primarily of our managed-only contracts, international operations, electronic monitoring services, and non-residential and community based facilities, continue to be subject to federal corporate income taxes. We will also continue to be subject to a myriad of other taxes on income and assets.

We are distributing this proxy statement/prospectus to you as a holder of GEO common stock in connection with the solicitation of proxies by the board of directors to vote on a proposal to approve the merger agreement. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

The GEO board of directors reserves the right to cancel or defer the merger even if GEO shareholders vote to approve the merger agreement and the other conditions to the completion of the merger are satisfied or waived if it determines that the merger is no longer in the best interests of GEO and its shareholders.

Board of Directors and Management of GEO REIT

The board of directors and executive management of GEO immediately prior to the merger will be the board of directors and executive management, respectively, of GEO REIT immediately following the merger.

Interests of Directors and Executive Officers in the Merger

Our directors and executive officers own shares of our common stock, restricted stock and stock options to purchase shares of our common stock and, to that extent, their interest in the merger is the same as that of the other holders of shares of our common stock, restricted stock and stock options to purchase shares of our common stock.

Regulatory Approvals (See page 48)

We are not aware of any federal, state or local regulatory requirements that must be complied with or approvals that must be obtained prior to completion of the merger pursuant to the merger agreement and the transactions contemplated thereby, other than compliance with applicable federal and state securities laws, the filing of articles of merger as required under Florida Corporate Law, and various state governmental authorizations.

Comparison of Rights of Shareholders of GEO and GEO REIT (See page 119)

Your rights as a holder of GEO common stock are currently governed by Florida Corporate Law, GEO s Amended and Restated Articles of Incorporation, as amended, which we refer to as the GEO Articles, and the Amended and Restated Bylaws of GEO, which we refer to as the GEO Bylaws. If the merger agreement is approved by GEO s shareholders and the merger is completed, you will become a shareholder of GEO REIT and your rights as a shareholder of GEO REIT will be governed by Florida Corporate Law, the GEO REIT Articles and the GEO REIT Bylaws. There are certain differences that exist between your rights as a holder of GEO common stock and your rights as a holder of GEO REIT common stock.

The major difference is that, to assist with GEO REIT s ability to satisfy requirements under the Code that are applicable to REITs in general, the GEO REIT Articles will generally prohibit any shareholder from owning more than 9.8% of the outstanding shares of GEO REIT common stock or any other class or series of GEO REIT stock. These limitations are subject to waiver or modification by the board of directors of GEO REIT. For more detail regarding the differences between your rights as a holder of GEO common stock and your rights as a holder of GEO REIT common stock, see the sections titled Description of GEO REIT Capital Stock and Comparison of Rights of

Shareholders of GEO and GEO REIT.

The forms of the GEO REIT Articles and GEO REIT Bylaws are attached as Annex B-1 and Annex B-2, respectively.

United States Federal Income Tax Consequences of the Merger (See page 125)

Our tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP, or Skadden, is of the opinion that the merger will be treated for federal income tax purposes as a tax-free reorganization under section 368(a) of the Code. Accordingly, we expect for federal income tax purposes:

- no gain or loss will be recognized by GEO or GEO REIT as a result of the merger;
- you will not recognize any gain or loss upon the conversion of your shares of GEO common stock into GEO REIT common stock;
- the tax basis of the shares of GEO REIT common stock that you receive pursuant to the merger in the aggregate will be the same as your adjusted tax basis in the shares of GEO common stock being converted in the merger; and
- the holding period of shares of GEO REIT common stock that you receive pursuant to the merger will include your holding period with respect to the shares of GEO common stock being converted in the merger, assuming that your GEO common stock was held as a capital asset at the effective time of the merger.

The federal income tax treatment of holders of GEO common stock and GEO REIT common stock depends in some instances on determinations of fact and interpretations of complex provisions of federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences of holding GEO common stock or GEO REIT common stock to any particular shareholder will depend on the shareholder s particular tax circumstances. For example, in the case of a non-U.S. shareholder that owns or has owned in excess of 5% of GEO common stock, it may be necessary for that person to comply with reporting requirements for him or her to achieve the nonrecognition of gain, carryover tax basis and tacked holding period described above. We urge you to consult your tax advisor regarding the specific tax consequences, including the federal, state, local and foreign tax consequences, to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging or otherwise disposing of GEO common stock or GEO REIT common stock.

Qualification of GEO REIT as a REIT (See page 128)

We have taken all of the required steps necessary to qualify as a REIT for federal income tax purposes effective for our taxable year commencing January 1, 2013. As a REIT, we are permitted to deduct distributions paid to our shareholders, allowing the income represented by such distributions not to be subject to taxation at the entity level and to be taxed, if at all, only at the shareholder level. Nevertheless, the earnings of our TRSs are subject, as applicable, to federal corporate income taxes and to foreign income taxes where those operations are conducted.

Our ability to continue to qualify as a REIT will depend upon our continuing compliance with various REIT requirements, including requirements related to the nature of our assets, the sources of our income and the distributions to our shareholders. If we fail to qualify as a REIT, we will be subject to federal income tax at regular corporate rates. As a REIT, we are also subject to some federal, state, local and foreign taxes on our income and property.

Recommendation of the Board of Directors (See page 41)

The GEO board of directors believes that the merger is advisable for GEO and its shareholders and unanimously recommends that you vote FOR the approval of the merger agreement, which is being implemented in connection with GEO s conversion to a REIT, effective January 1, 2013, and FOR permitting GEO s board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the merger agreement.

Date, Time, Place and Purpose of Special Meeting (See page 40)

The special meeting will be held on Friday, May 2, 2014 at 10:00 a.m., local time, at The Boca Raton Resort & Club, 501 East Camino Real, Boca Raton, Florida 33432 to consider and vote upon the proposals described in the notice of special meeting.

Shareholders Entitled to Vote (See page 40)

The board of directors has fixed the close of business on March 10, 2014 as the record date for the determination of shareholders entitled to receive notice of, and to vote at, the special meeting. As of March 10, 2014, there were 72,295,631 shares of GEO common stock outstanding and entitled to vote and 682 holders of record.

Vote Required (See pages 40 and 41)

The affirmative vote of the holders of a majority of the outstanding shares of GEO common stock entitled to vote is required for the approval of the merger agreement. Accordingly, abstentions and broker non-votes, if any, will have the effect of a vote against the proposal to approve the merger agreement. You are not being asked to vote on the REIT conversion.

The GEO board of directors reserves the right to cancel or defer the merger even if GEO s shareholders vote to approve the merger agreement and the other conditions to the completion of the merger are satisfied or waived, if the board of directors determines that the merger is no longer in the best interests of GEO and its shareholders.

The affirmative vote of the holders of a majority of the shares of GEO common stock voting on the proposal to adjourn the special meeting, if necessary, to solicit further proxies is required to permit GEO s board of directors to adjourn the special meeting, if necessary, to solicit further proxies.

No Appraisal Rights (See page 48)

Under Florida Corporate Law, you will not be entitled to appraisal rights as a result of the merger.

Shares Owned by GEO s Directors and Executive Officers

As of March 10, 2014, the directors and executive officers of GEO and their affiliates owned and were entitled to vote 1,625,466 shares of GEO common stock, or 2.2% of the shares outstanding on that date entitled to vote with respect to each of the proposals. We currently expect that each director and executive officer of GEO will vote the shares of GEO common stock beneficially owned by such director or executive officer FOR approval of the merger agreement and FOR permitting GEO s board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the merger agreement.

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Historical Market Price of GEO Common Stock

GEO s common stock is listed on the NYSE under the symbol GEO.

The following table presents the reported high and low sale prices of GEO common stock on the NYSE, in each case for the periods presented and as reported on the consolidated tape of the NYSE. On December 6, 2012, the last full trading day prior to the public announcement of the proposed REIT conversion, the closing sale price of the GEO common stock on the NYSE was $29.44 per share. On March , 2014, the latest practicable date before the printing of this proxy statement/prospectus, the closing sale price of GEO common stock on the NYSE was $[ ] per share. You should obtain a current stock price quotation for GEO common stock.

	GEO Common Stock Market Price Per Share ($)	
	High	**Low**
Year Ended December 31, 2012		
First Quarter	19.36	16.56
Second Quarter	22.91	18.77
Third Quarter	28.19	22.00
Fourth Quarter	32.36	26.60
Year Ended December 31, 2013		
First Quarter	37.72	28.51
Second Quarter	39.35	32.84
Third Quarter	35.96	30.11
Fourth Quarter	36.63	31.54
Year Ending December 31, 2014		
First Quarter (through March 20, 2014)	33.97	30.85

It is expected that, upon completion of the merger, GEO REIT common stock will be listed and traded on the NYSE in the same manner as shares of GEO common stock currently trade on that exchange. The historical trading prices of GEO common stock are not necessarily indicative of the future trading prices of GEO REIT s common stock because, among other things, the historical stock price of GEO reflects the previous market valuation of GEO s previous business and assets, including the GEO Care business that was disposed of as of December 31, 2012 and the cash that was distributed in connection with the special distribution of our pre-REIT accumulated earnings and profits paid on December 31, 2012.

In February 2012, the GEO board of directors adopted a dividend policy. In May 2012, the GEO board of directors determined to accelerate the implementation of the dividend policy to the third quarter of 2012. On August 7, 2012, the GEO board of directors declared a dividend of $0.20 per share to shareholders of record on August 21, 2012, which was paid on September 7, 2012 for a total of $12.3 million. On November 5, 2012, GEO announced that on October 31, 2012, the GEO board of directors declared a quarterly cash dividend of $0.20 per share which was paid on November 30, 2012 to shareholders of record as of the close of business on November 16, 2012.

In connection with GEO s special distribution of its pre-REIT accumulated earnings and profits, GEO paid, on December 31, 2012, a total of approximately $76 million in cash and issued approximately 9.7 million shares of GEO common stock to its shareholders.

Shareholders received payment of the special distribution in cash, shares of GEO common stock or a combination as a result of shareholder elections. GEO paid approximately $5.68 per share of common stock pursuant to the special distribution to shareholders of record as of the close of business on December 12, 2012.

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GEO paid quarterly cash dividends as a REIT of $0.50 per share of common stock on March 1, 2013 to shareholders of record as of the close of business on February 15, 2013, $0.50 per share of common stock on June 3, 2013 to shareholders of record as of the close of business on May 20, 2013, $0.50 per share of common stock on August 29, 2013 to shareholders of record as of the close of business on August 19, 2013, $0.55 per share of common stock on November 26, 2013 to shareholders of record as of the close of business on November 14, 2013 and $0.57 per share of common stock on March 14, 2014 to shareholders of record as of the close of business on March 3, 2014.

Prior to August 7, 2012, GEO had not declared or paid cash dividends on its common stock.

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SUMMARY HISTORICAL FINANCIAL AND OTHER DATA

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

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

	Fiscal Year Ended		
	January 1, 2012	December 31, 2012	December 31, 2013
Consolidated Statements of Comprehensive Income:			
Revenues	$ 1,407,172	$ 1,479,062	$ 1,522,074
Operating costs and expenses			
Operating expenses	1,036,010	1,089,232	1,124,865
Depreciation and amortization	81,548	91,685	94,664
General and administrative expenses	110,015	113,792	117,061
Total operating costs and expenses	$ 1,227,573	$ 1,294,709	$ 1,336,590
Operating income	179,599	184,353	185,484
Interest income	7,032	6,716	3,324
Interest expense(1)	(75,378)	(82,189)	(83,004)
Loss on extinguishment of debt		(8,462)	(20,657)
Income before income taxes, equity in earnings of affiliates, and discontinued operations	$ 111,253	$ 100,418	$ 85,147
Provision (benefit) for income taxes	43,172	(40,562)	(26,050)
Equity in earnings of affiliates, net of income tax	1,563	3,578	6,265
Income from continuing operations	69,644	144,558	117,462
Income (loss) from discontinued operations, net of income tax	7,819	(10,660)	(2,265)

Net income	$	77,463	$	133,898	$	115,197
Less: (Income) loss attributable to noncontrolling interests		1,162		852		(62)
Net income attributable to The GEO Group, Inc.	$	78,625	$	134,750	$	115,135
Other comprehensive income (loss), net of tax:						
Net income	$	77,463	$	133,898	$	115,197
Total other comprehensive income (loss), net of tax		(8,253)		624		(7,199)
Total comprehensive income		69,210		134,522		107,998
Comprehensive (income) loss attributable to noncontrolling interests		1,274		968		38
Comprehensive income attributable to The GEO Group, Inc.	$	70,484	$	135,490	$	108,036

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	Fiscal Year Ended		
	January 1, 2012	December 31, 2012	December 31, 2013
Weighted Average Common Shares Outstanding:			
Basic	63,425	60,934	71,116
Diluted	63,740	61,265	71,605
Income per Common Share Attributable to The GEO Group, Inc.			
Basic:			
Income from continuing operations	$ 1.12	$ 2.39	$ 1.65
Income (loss) from discontinued operations	0.12	(0.17)	(0.03)
Net income per share basic	$ 1.24	$ 2.21	$ 1.62
Diluted:			
Income from continuing operations	$ 1.11	$ 2.37	$ 1.64
Income (loss) from discontinued operations	0.12	(0.17)	(0.03)
Net income per share basic	$ 1.23	$ 2.20	$ 1.61
Cash and Stock Dividends Per Common Share:			
Quarterly Cash Dividends	$	$ 0.40	$ 2.05
Special Dividend Cash and Stock	$	$ 5.68	
Business Segment Data:			
Revenues:			
U.S. Corrections & Detention	$ 925,695	$ 974,780	$ 1,011,818
GEO Community Services(2)	280,080	291,891	302,094
International Services	201,397	212,391	208,162
Facility Construction & Design			
Total revenues	$ 1,407,172	$ 1,479,062	$ 1,522,074
Operating income			
U.S. Corrections & Detention	$ 215,281	$ 222,976	$ 217,918
GEO Community Services(2)	61,270	65,401	71,279
International Services	13,063	9,768	13,348
Facility Construction & Design			
Unallocated general and administrative expenses	(110,015)	(113,792)	(117,061)
Total operating income	$ 179,599	$ 184,353	$ 185,484
Balance Sheet Data (at period end):			
Cash and cash equivalents	$ 43,378	$ 31,755	$ 52,125
Restricted cash and investments	99,459	48,410	29,867
Accounts receivable, net	265,250	246,635	250,530
Property and equipment, net	1,688,356	1,687,159	1,727,798
Total assets	3,049,923	2,839,194	2,889,364
Total debt	1,594,317	1,488,173	1,584,776

Total shareholders equity	1,038,521	1,047,304	1,023,976
Other Operational Data (at period end):			
Facilities in operation(3)	90	87	86
Operations capacity of contracts(3)	65,787	65,949	66,130
Compensated mandays(4)	19,884,802	20,530,885	20,867,016

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

Fiscal Year Ended		
January 1, 2012	**December 31, 2012**	**December 31, 2013**
$ 3,060	$ 1,244	

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

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

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

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RISK FACTORS

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

Risks Related to REIT Status and the Merger

If we fail to remain qualified as a REIT, we will be subject to U.S. federal income tax as a regular corporation and could face a substantial tax liability, which would reduce the amount of cash available for distribution to our shareholders.

We began operating as a REIT on January 1, 2013. We received an opinion of our special REIT tax counsel, Skadden, Arps, Slate, Meagher & Flom LLP (Special Tax Counsel), with respect to our qualification as a REIT. Investors should be aware, however, that opinions of counsel are not binding on the Internal Revenue Service (the IRS) or any court. The opinion of Special Tax Counsel represents only the view of Special Tax Counsel based on its review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets and the sources of our income. The opinion is expressed as of the date issued. Special Tax Counsel will have no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Special Tax Counsel and our qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, shareholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Special Tax Counsel. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals.

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

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

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

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

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Complying with the REIT requirements may cause us to liquidate or forgo otherwise attractive opportunities.

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

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

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum U.S. federal income tax rate applicable to income from qualified dividends payable to U.S. shareholders that are individuals, trusts and estates is currently 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates applicable to qualified dividends. Although these rules do not adversely affect the taxation of REITs, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock.

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

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

From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year. These alternatives

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could increase our costs or reduce our equity or adversely impact our ability to raise short and long-term debt. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, further growth and expansion initiatives. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our common stock.

Our cash distributions are not guaranteed and may fluctuate.

A REIT generally is required to distribute at least 90% of its REIT taxable income to its shareholders. Our board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our shareholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments and plans for future acquisitions and divestitures. Consequently, our distribution levels may fluctuate.

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

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

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

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

REIT ownership limitations may restrict or prevent you from engaging in certain transfers of our common stock.

In order for us to satisfy the requirements for REIT qualification, no more than 50% in value of all classes or series of our outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of each taxable year beginning with our 2014 taxable year. GEO intends to merge GEO into a newly formed entity to facilitate GEO s compliance with REIT rules regarding ownership of its stock by implementing ownership limitations that generally restrict shareholders from owning more than 9.8% of our outstanding shares. Under applicable constructive ownership rules, any shares of stock owned by certain affiliated owners generally would be added together for purposes of the common stock ownership limits, and any shares of a given class or series of preferred stock owned by certain affiliated owners generally would be added together for purposes of the ownership limit on such class or series.

If our shareholders do not approve the merger agreement, we may not be able to satisfy the REIT stock ownership limitations on a continuing basis, which could cause us to fail to qualify as a REIT.

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

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

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

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

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

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

The ability of the GEO REIT board of directors to revoke our REIT qualification, without shareholder approval, may cause adverse consequences to our shareholders.

The GEO REIT Articles provide that the board of directors may revoke or otherwise terminate our REIT election, without the approval of our shareholders, if it determines that it is no longer in our best interests to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to shareholders in computing our taxable income, and we will be subject to federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our shareholders.

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

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

The market price of our common stock may vary substantially.

The trading prices of equity securities issued by REITs have historically been affected by changes in market interest rates. One of the factors that may influence the market price of our common stock is the annual yield

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from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to shareholders, may lead prospective purchasers of our shares to demand a higher annual yield, which could reduce the market price of our common stock.

Other factors that could affect the market price of our common stock include the following:

- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of companies in the correctional and detention industries;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;
- issuances of common stock or other securities in the future;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- changes in the prospects of the privatized corrections and detention industry.

Risks Related to Our High Level of Indebtedness

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

We have a significant amount of indebtedness. Our total consolidated indebtedness as of December 31, 2013 was approximately $1.5 billion (excluding non-recourse debt of $84.1 million and capital lease obligations of $11.9 million). As of December 31, 2013, we had $61.0 million outstanding in letters of credit and $340.0 million in borrowings outstanding under the revolver portion of our senior credit facility (the Senior Credit Facility). Also as of December 31, 2013, we had the ability to borrow an additional $299.0 million under the revolver portion of the Senior Credit Facility, after applying the limitations and restrictions in our debt covenants and subject to our satisfying the relevant borrowing conditions under the Senior Credit Facility with respect to the incurrence of additional indebtedness.

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

- make it more difficult for us to satisfy our obligations with respect to our 6.625% senior notes due 2021 (the 6.625% Senior Notes), our 5 1/8% senior notes due 2023 (the 5 1/8% Senior Notes or the 5.125% Senior Notes) and our 5 7/8% senior notes due 2022 (the 5 7/8% Senior Notes and collectively with the 6.625% Senior Notes and the 5 1/8% Senior Notes, the Senior Notes) and our other debt and liabilities;

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

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

- increase our vulnerability to adverse economic and industry conditions;

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

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

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

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If we are unable to meet our debt service obligations, we may need to reduce capital expenditures, restructure or refinance our indebtedness, obtain additional equity financing or sell assets. We may be unable to restructure or refinance our indebtedness, obtain additional equity financing or sell assets on satisfactory terms or at all. In addition, our ability to incur additional indebtedness will be restricted by the terms of the Senior Credit Facility, the indenture governing the 6.625% Senior Notes, the indenture governing the 5.125% Senior Notes and the indenture governing the 5 7⁄8% Senior Notes.

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

As of December 31, 2013, we were developing a number of projects that we estimate will cost approximately $68.9 million, of which $19.8 million was spent through December 31, 2013. We estimate our remaining capital requirements for those projects to be approximately $49.1 million, which we anticipate will be spent in fiscal years 2014 and 2015. Capital expenditures related to facility maintenance costs are expected to be $23.0 million for fiscal year 2014. We intend to finance these and future projects using our own funds, including cash on hand, cash flow from operations and borrowings under the revolver portion of the Senior Credit Facility. In addition to these current estimated capital requirements for 2014 and 2015, we are currently in the process of bidding on, or evaluating potential bids for, the design, construction and management of a number of new projects. In the event that we win bids for these projects and decide to self-finance their construction, our capital requirements in 2014 and/or 2015 could materially increase. As of December 31, 2013, we had the ability to borrow an additional $299.0 million under the revolver portion of the Senior Credit Facility, after applying the limitations and restrictions in our debt covenants and subject to our satisfying the relevant borrowing conditions under the Senior Credit Facility. In addition, we have the ability to increase the Senior Credit Facility by an additional $350 million subject to lender demand and prevailing market conditions and satisfying the relevant borrowing conditions thereunder. While we believe we currently have adequate borrowing capacity under the Senior Credit Facility to fund our operations and all of our committed capital expenditure projects, we may need additional borrowings or financing from other sources in order to complete potential capital expenditures related to new projects in the future. We cannot assure you that such borrowings or financing will be made available to us on satisfactory terms, or at all. In addition, the large capital commitments that these projects will require over the next 12 to 18 months may materially strain our liquidity and our borrowing capacity for other purposes. Capital constraints caused by these projects may also cause us to have to entirely refinance our existing indebtedness or incur more indebtedness. Such financing may have terms less favorable than those we currently have in place, or may not be available to us at all. In addition, the concurrent development of these and other large capital projects exposes us to material risks. For example, we may not complete some or all of the projects on time or on budget, which could cause us to absorb any losses associated with any delays.

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

The terms of the indentures governing the 6.625% Senior Notes, the 5.125% Senior Notes and the 5 7⁄8% Senior Notes and of the Senior Credit Facility restrict our ability to incur but do not prohibit us from incurring significant additional indebtedness in the future. As of December 31, 2013, we had the ability to borrow an additional $299.0 million under the revolver portion of the Senior Credit Facility after applying the limitations and restrictions in our debt covenants and subject to our satisfying the relevant borrowing conditions under the Senior Credit Facility. We also would have the ability to increase the Senior Credit Facility by an additional $350 million subject to lender demand, prevailing market conditions and satisfying relevant borrowing conditions. Also, we may refinance all or a portion of our indebtedness, including borrowings under the Senior Credit Facility, the 6.625% Senior Notes, the 5.125% Senior Notes and the 5 7⁄8% Senior Notes. The terms of such refinancing may be less restrictive and permit us to incur more indebtedness than we can now. If new indebtedness is added to our and our subsidiaries current debt levels, the related risks that we and they now face related to our significant level of indebtedness could intensify.

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The covenants in the indentures governing the 6.625% Senior Notes, the 5.125% Senior Notes, and the 5 7/8% Senior Notes and the Senior Credit Facility impose significant operating and financial restrictions which may adversely affect our ability to operate our business.

The indentures governing the 6.625% Senior Notes, the 5.125% Senior Notes, and the 5 7/8% Senior Notes and the Senior Credit Facility impose significant operating and financial restrictions on us and certain of our subsidiaries, which we refer to as restricted subsidiaries. These restrictions limit our ability to, among other things:

- incur additional indebtedness;
- pay dividends or distributions on our capital stock, repurchase, redeem or retire our capital stock, prepay subordinated indebtedness and make investments;
- issue preferred stock of subsidiaries;
- guarantee other indebtedness;
- create liens on our assets;
- transfer and sell assets;
- make capital expenditures above certain limits;
- create or permit restrictions on the ability of our restricted subsidiaries to pay dividends or make other distributions to us;
- enter into sale/leaseback transactions;
- enter into transactions with affiliates; and
- merge or consolidate with another company or sell all or substantially all of our assets.

These restrictions could limit our ability to finance our future operations or capital needs, make acquisitions or pursue available business opportunities. In addition, the Senior Credit Facility requires us to maintain specified financial ratios and satisfy certain financial covenants, including maintaining a maximum senior secured leverage ratio and total leverage ratio, and a minimum interest coverage ratio. Some of these financial ratios will become more restrictive over the life of the Senior Credit Facility. We may be required to take action to reduce our indebtedness or to act in a manner contrary to our business objectives to meet these ratios and satisfy these covenants. We could also incur additional indebtedness having even more restrictive covenants. Our failure to comply with any of the covenants under the Senior Credit Facility, the indentures governing the 6.625% Senior Notes, the 5.125% Senior Notes, and the 5 $\frac{7}{8}$% Senior Notes, or any other indebtedness could prevent us from being able to draw on the revolver portion of the Senior Credit Facility, cause an event of default under such documents and result in an acceleration of all of our outstanding indebtedness. If all of our outstanding indebtedness were to be accelerated, we likely would not be able to simultaneously satisfy all of our obligations under such indebtedness, which would materially adversely affect our financial condition and results of operations.

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

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

Our business may not be able to generate sufficient cash flow from operations or future borrowings may not be available to us under the Senior Credit Facility or otherwise in an amount sufficient to enable us to pay our

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indebtedness or debt securities, including the 6.625% Senior Notes, the 5.125% Senior Notes, and the 5 7⁄8% Senior Notes, or to fund our other liquidity needs. As a result, we may need to refinance all or a portion of our indebtedness on or before maturity. However, we may not be able to complete such refinancing on commercially reasonable terms or at all.

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

Borrowings under the Senior Credit Facility bear interest at a variable rate. As a result, to the extent our exposure to increases in interest rates is not eliminated through interest rate protection agreements, such increases will result in higher debt service costs which will adversely affect our cash flows. We currently do not have interest rate protection agreements in place to protect against interest rate fluctuations on borrowings under the Senior Credit Facility. As of December 31, 2013, we had $638.5 million of indebtedness outstanding under our Senior Credit Facility, and a one percent increase in the interest rate applicable to the Senior Credit Facility would increase our annual interest expense by $6.4 million.

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

A substantial portion of our business is conducted by our subsidiaries. Therefore, our ability to meet our payment obligations on our indebtedness is substantially dependent on the earnings of certain of our subsidiaries and the payment of funds to us by our subsidiaries as dividends, loans, advances or other payments. Our subsidiaries are separate and distinct legal entities and, unless they expressly guarantee any indebtedness of ours, they are not obligated to make funds available for payment of our indebtedness in the form of loans, distributions or otherwise. Our subsidiaries ability to make any such loans, distributions or other payments to us will depend on their earnings, their business results, the terms of their existing and any future indebtedness, tax considerations and legal or contractual restrictions to which they may be subject. If our subsidiaries do not make such payments to us, our ability to repay our indebtedness may be materially adversely affected. For the year ended December 31, 2013, our subsidiaries accounted for 72.2% of our consolidated revenues and as of December 31, 2013, our subsidiaries accounted for 92.5% of our total assets.

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

Upon a change of control as specified in the indentures governing the terms of our Senior Notes, each holder of the 6.625% Senior Notes, the 5.125% Senior Notes and the 5 7⁄8% Senior Notes will have the right to require us to repurchase their notes at 101% of their principal amount, plus accrued and unpaid interest and liquidated damages, if any, to the date of repurchase. The terms of the Senior Credit Facility limit our ability to repurchase the Senior Notes in the event of a change of control. Any future agreement governing any of our indebtedness may contain similar restrictions and provisions. Accordingly, it is possible that restrictions in the Senior Credit Facility or other indebtedness that may be incurred in the future will not allow the required repurchase of the 6.625% Senior Notes, the 5.125% Senior Notes and the 5 7⁄8% Senior Notes upon a change of control. Even if such repurchase is permitted by the terms of our then existing indebtedness, we may not have sufficient funds available to satisfy our repurchase obligations. Our failure to purchase any of the Senior Notes would be a default under the indenture governing such notes, which in turn would trigger a default under the Senior Credit Facility and the indentures governing the other Senior Notes.

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Risks Related to Our Business and Industry

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

From time to time, we may not have a management contract with a client to operate existing beds or new beds at facilities that we are currently in the process of renovating and expanding. While we will always strive to work diligently with a number of different customers for the use of these beds, we cannot assure you that a contract for the beds will be secured on a timely basis, or at all. While a facility or new beds at a facility are vacant, we incur carrying costs. We are currently marketing approximately 6,000 vacant beds at six of our idle facilities to potential customers. The annual carrying cost of idle facilities in 2014 is estimated to be $21.9 million, including depreciation expense of $5.9 million, if the facilities remain vacant for the remainder of 2014. As of December 31, 2013, these facilities had a net book value of $193.6 million. Failure to secure a management contract for a facility or expansion project could have a material adverse impact on our financial condition, results of operations and/or cash flows. We review our facilities for impairment whenever events or changes in circumstances indicate the net book value of the facility may not be recoverable. Impairment charges taken on our facilities could require material non-cash charges to our results of operations. In addition, in order to secure a management contract for these beds, we may need to incur significant capital expenditures to renovate or further expand the facility to meet potential clients needs.

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

Our ability to obtain additional financing is highly dependent on the conditions of the capital markets, among other things. The capital and credit markets have experienced significant volatility and disruption since 2008. During this time period, the economic impacts observed have included a downturn in the equity and debt markets, the tightening of the credit markets, the general economic slowdown and other macroeconomic conditions, volatility in currency exchange rates and concerns over sovereign debt levels abroad and in the U.S. and concern over the failure to adequately address the federal deficit and the debt ceiling. If those macroeconomic conditions continue or worsen in the future, we could be prevented from raising additional capital or obtaining additional financing on satisfactory terms, or at all. If we need, but cannot obtain, adequate capital as a result of negative conditions in the capital markets or otherwise, our business, results of operations and financial condition could be materially adversely affected. Additionally, such inability to obtain capital could prevent us from pursuing attractive business development opportunities, including new facility constructions or expansions of existing facilities, and business or asset acquisitions.

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

We are exposed to the risk that we may lose our facility management contracts primarily due to one of three reasons: (i) the termination by a government customer with or without cause at any time; (ii) the failure by a customer to exercise its unilateral option to renew a contract with us upon the expiration of the then current term; or (iii) our failure to win the right to continue to operate under a contract that has been competitively re-bid in a procurement process upon its termination or expiration. Our facility management contracts typically allow a contracting governmental agency to terminate a contract with or without cause at any time by giving us written notice ranging from 30 to 180 days. If government agencies were to use these provisions to terminate, or renegotiate the terms of their agreements with us, our financial condition and results of operations could be materially adversely affected.

Aside from our customers unilateral right to terminate our facility management contracts with them at any time for any reason, there are two points during the typical lifecycle of a contract which may result in the loss by us of a facility management contract with our customers. We refer to these points as contract renewals and contract re-bids. Many of our facility management contracts with our government customers have an initial fixed term and subsequent renewal rights for one or more additional periods at the unilateral option of the customer. Because most of our contracts for youth services do not guarantee placement or revenue, we have not considered these contracts to ever be in the renewal or re-bid stage since they are more perpetual in nature. We count each government customer s right to renew a particular facility management contract for an additional period as a separate renewal. For example, a five-year initial fixed term contract with customer options to renew for five separate additional one-year periods would, if fully exercised, be counted as five separate renewals, with one renewal coming in each of the five years following the initial term. As of December 31, 2013, 46 of our facility management contracts representing approximately 26,700 beds are scheduled to expire on or before December 31, 2014, unless renewed by the customer at its sole option in certain cases, or unless renewed by mutual agreement in other cases. These contracts represented 39.4% of our consolidated revenues for the fiscal year ended December 31, 2013. We undertake substantial efforts to renew our facility management contracts. Our average historical facility management contract renewal rate approximates 90%. However, given their unilateral nature, we cannot assure you that our customers will in fact exercise their renewal options under existing contracts. In addition, in connection with contract renewals, either we or the contracting government agency have typically requested changes or adjustments to contractual terms. As a result, contract renewals may be made on terms that are more or less favorable to us than those in existence prior to the renewals.

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

As of December 31, 2013, nine of our facility management contracts representing $160.5 million (or 10.5%) of our consolidated revenues for the year ended December 31, 2013 are subject to competitive re-bid in 2014. While we are pleased with our historical win rate on competitive re-bids and are committed to continuing to bid competitively on appropriate future competitive re-bid opportunities, we cannot assure you that we will prevail in future re-bid situations. Also, we cannot assure you that any competitive re-bids we win will be on terms more favorable to us than those in existence with respect to the expiring contract.

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

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

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

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

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

We have a substantial amount of goodwill and other intangible assets resulting from business acquisitions. As of December 31, 2013 we had $653.6 million of goodwill and other intangible assets. At least annually, or whenever events or changes in circumstances indicate a potential impairment in the carrying value as defined by generally accepted accounting principles, or GAAP, we will evaluate such goodwill and other intangible assets for impairment by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the reporting unit is less than the carrying amount. Estimated fair values could change if there are changes in our capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows, or market capitalization. Impairments of goodwill or other intangible assets could require material non-cash charges to our results of operations.

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

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

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

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

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

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

We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. Of our governmental clients, four customers through multiple individual contracts accounted for 48.6% of our consolidated revenues for the year ended December 31, 2013. In addition, three federal governmental agencies with correctional and detention responsibilities, the Bureau of Prisons, U.S. Immigration and Custom Enforcement (ICE), and the U.S. Marshals Service, accounted for 44.6% of our total consolidated revenues for the year ended December 31, 2013 through multiple individual contracts, with the Bureau of Prisons accounting for 16.8% of our total consolidated revenues for such period, ICE accounting for 16.7% of our total consolidated revenues for such period, and the U.S. Marshals Service accounting for 11.1% of our total consolidated revenues for such period; however, no individual contract with these clients accounted for more than 5.0% of our total consolidated revenues. Government agencies from the State of Florida accounted for 4.0% of our total consolidated revenues for the year ended December 31, 2013 through multiple individual contracts. Our revenues depend on our governmental customers receiving sufficient funding and providing us with timely payment under the terms of our contracts. If the applicable governmental customers do not receive sufficient appropriations to cover their contractual obligations, they may delay or reduce payment to us or terminate their contracts with us. With respect to our federal government customers, any future impasse or struggle impacting the federal government s ability to reach agreement on the federal budget and debt ceiling or any future federal government shut downs could result in material payment delays, payment reductions or contract terminations. Additionally, our governmental customers may request in the future that we reduce our per diem contract rates or forgo increases to those rates as a way for those governmental customers to control their spending and address their budgetary shortfalls. The loss of, or a significant decrease in, business from the Bureau of Prisons, ICE, the U.S. Marshals Service, the State of Florida or any other significant customers could seriously harm our financial condition and results of operations. We expect to continue to depend upon these federal and state agencies and a relatively small group of other governmental customers for a significant percentage of our revenues.

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

While a substantial portion of our cost structure is generally fixed, most of our revenues are generated under facility management contracts which provide for per diem payments based upon daily occupancy. Several of these contracts provide minimum revenue guarantees for us, regardless of occupancy levels, up to a specified maximum occupancy percentage. However, many of our contracts have no minimum revenue guarantees and simply provide for a fixed per diem payment for each inmate/detainee/patient actually housed. As a result, with respect to our contracts that have no minimum revenue guarantees and those that guarantee revenues only up to a certain specified occupancy percentage, we are highly dependent upon the governmental agencies with which we have contracts to provide inmates, detainees and patients for our managed facilities. Under a per diem rate structure, a decrease in our occupancy rates could cause a decrease in revenues and profitability. In October 2011, the State of California implemented its Criminal Justice Realignment Plan. As a result of the implementation of the Criminal Justice Realignment Plan, the State of California discontinued contracts with

Community Correctional Facilities which housed low level state offenders across the state. The implementation of the Criminal Justice Realignment Plan by California resulted in the cancellation of our agreements for the housing of low level state offenders at three of our California Community Corrections facilities as well as an agreement for the housing of out-of-state California inmates at our North Lake Correctional Facility in Michigan. Also, in Michigan there have been recommendations for the early release of inmates to relieve overcrowding conditions. When combined with relatively fixed costs for operating each facility, regardless of the occupancy level, a material decrease in occupancy levels at one or more of our facilities could have a material adverse effect on our revenues and profitability and, consequently, on our financial condition and results of operations.

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

State budgets continue their slow to moderate recovery. While most states anticipate revenues to increase in fiscal year 2014 compared with fiscal year 2013, several states still face budget shortfalls. According to the National Conference of State Legislatures, despite these positive trends, federal deficit reduction actions, increasing program pressures, international debt crises and the impact from recent storms will continue to challenge lawmakers as they begin their new legislative sessions. As of December 31, 2013, we had eleven state correctional clients: Florida, Georgia, Alaska, Louisiana, Virginia, Indiana, Texas, Oklahoma, New Mexico, Arizona, and California. If state budgetary constraints persist or intensify, our eleven state customers ability to pay us may be impaired and/or we may be forced to renegotiate our management contracts with those customers on less favorable terms and our financial condition, results of operations or cash flows could be materially adversely impacted. In addition, budgetary constraints in states that are not our current customers could prevent those states from outsourcing correctional, detention or community-based service opportunities that we otherwise could have pursued.

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

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

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

Our cash flow is subject to the receipt of sufficient funding of and timely payment by contracting governmental entities. If the contracting governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us. Any delays in payment, or the termination of a contract, could have a material adverse effect on our cash flow and financial condition, which may make it difficult to satisfy our payment obligations on our indebtedness, including the 5 $\frac{7}{8}$% Senior Notes, the 5.125% Senior Notes, the 6.625% Senior Notes and the Senior Credit Facility, in a timely manner. In addition, as a result of, among other things, recent economic developments, federal, state and local governments have encountered, and may continue to encounter, unusual budgetary constraints. As a result, a number of state and local governments are under pressure to control additional spending or reduce current levels of spending which could limit or eliminate appropriations for the facilities that we operate. Additionally, as a result of these factors, we may be requested in the future to reduce our existing per diem contract rates or forgo prospective increases to those rates. Budgetary limitations may also make it more difficult for us to renew our existing contracts on favorable terms or at all. Further, a number of states in which we operate are experiencing budget constraints for fiscal year 2014. We cannot assure that these constraints will not result in reductions in per diems, delays in payment for services rendered or unilateral termination of contracts.

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

The management and operation of correctional, detention and community based facilities by private entities has not achieved complete acceptance by either government agencies or the public. Some governmental agencies have limitations on their ability to delegate their traditional management responsibilities for such facilities to private companies and additional legislative changes or prohibitions could occur that further increase these limitations. In addition, the movement toward privatization of such facilities has encountered resistance from groups, such as labor unions, that believe that correctional, detention and community based facilities should only be operated by governmental agencies. In addition, negative publicity about poor conditions, an escape, riot or other disturbance at a privately managed facility may result in adverse publicity to us and the private corrections industry in general. Any of these occurrences or continued trends may make it more difficult for us to renew or maintain existing contracts or to obtain new contracts. Changes in governing political parties could also result in significant changes to previously established views of privatization. Increased public resistance to the privatization of correctional, detention and community based facilities in any of the markets in which we operate, as a result of these or other factors, could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

When we are awarded a contract to manage a facility, we may incur significant start-up and operating expenses, including the cost of constructing the facility, purchasing equipment and staffing the facility, before we receive any payments under the contract. These expenditures could result in a significant reduction in our cash reserves and may make it more difficult for us to meet other cash obligations, including our payment obligations on the 5 ⅞% Senior Notes, the 5.125% Senior Notes, the 6.625% Senior Notes and the Senior Credit Facility. In addition, a contract may be terminated prior to its scheduled expiration and as a result we may not recover these expenditures or realize any return on our investment.

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

The industry in which we operate is subject to extensive federal, state and local regulation, including educational, environmental, health care and safety laws, rules and regulations, which are administered by many regulatory authorities. Some of the regulations are unique to the corrections industry, and the combination of regulations affects all areas of our operations. Corrections officers and juvenile care workers are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and are subject to background investigations. Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with businesses owned by members of minority groups. We may not always successfully comply with these and other regulations to which we are subject and failure to comply can result in material penalties or the non-renewal or termination of facility management contracts. In addition, changes in existing regulations could require us to substantially modify the manner in which we conduct our business and, therefore, could have a material adverse effect on us.

In addition, private prison managers are increasingly subject to government legislation and regulation attempting to restrict the ability of private prison managers to house certain types of inmates, such as inmates from other jurisdictions or inmates at medium or higher security levels. Legislation has been enacted in several states, and has previously been proposed in the United States House of Representatives, containing such restrictions. Although we do not believe that existing legislation will have a material adverse effect on us, future legislation may have such an effect on us.

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

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

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

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

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

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

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

Our government contracts require us to obtain and maintain specified insurance levels. The occurrence of any events specific to our company or to our industry, or a general rise in insurance rates, could substantially increase our costs of obtaining or maintaining the levels of insurance required under our government contracts, or prevent us from obtaining or maintaining such insurance altogether. If we are unable to obtain or maintain the

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required insurance levels, our ability to win new government contracts, renew government contracts that have expired and retain existing government contracts could be significantly impaired, which could have a material adverse effect on our business, financial condition and results of operations.

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

For the year ended December 31, 2013, our international operations accounted for 14% of our consolidated revenues from continuing operations. We face risks associated with our operations outside the United States. These risks include, among others, political and economic instability, exchange rate fluctuations, taxes, duties and the laws or regulations in those foreign jurisdictions in which we operate. In the event that we experience any difficulties arising from our operations in foreign markets, our business, financial condition and results of operations may be materially adversely affected.

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

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

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

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

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

Our profitability may be materially adversely affected by inflation.

Many of our facility management contracts provide for fixed management fees or fees that increase by only small amounts during their terms. While a substantial portion of our cost structure is generally fixed, if, due to

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inflation or other causes, our operating expenses, such as costs relating to personnel, utilities, insurance, medical and food, increase at rates faster than increases, if any, in our facility management fees, then our profitability could be materially adversely affected.

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

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

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

When we are engaged to perform construction and design services for a facility, we typically act as the primary contractor and subcontract with other companies who act as the general contractors. As primary contractor, we are subject to the various risks associated with construction (including, without limitation, shortages of labor and materials, work stoppages, labor disputes and weather interference) which could cause construction delays. In addition, we are subject to the risk that the general contractor will be unable to complete construction within the level of budgeted costs or be unable to fund any excess construction costs, even though we typically require general contractors to post construction bonds and insurance. Under such contracts, we are ultimately liable for all late delivery penalties and cost overruns.

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

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

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

At December 31, 2013, approximately 26% of our workforce was covered by collective bargaining agreements and, as of such date, collective bargaining agreements with approximately 14% of our employees

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were set to expire in less than one year. While only approximately 26% of our workforce schedule is covered by collective bargaining agreements, increases in organizational activity or any future work stoppages could have a material adverse effect on our business, financial condition, or results of operations.

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

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

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

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

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

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

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

Certain segments of our business depend significantly on effective information systems. As with all companies that utilize information technology, we are vulnerable to negative impacts if information is inadvertently interrupted, delayed, compromised or lost. We routinely process, store and transmit large amounts of data for our clients. We continually work to update and maintain effective information systems. Despite the security measures we have in place and any additional measures we may implement in the future, our facilities and systems, and those of our third-party service providers, could be vulnerable to security breaches, computer viruses, lost or misplaced data, programming errors, human errors, acts of vandalism, or other events. For example, several well-known companies have recently disclosed high-profile security breaches, involving sophisticated and highly targeted attacks on their company s infrastructure or their customers data, which were

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not recognized or detected until after such companies had been affected notwithstanding the preventative measures they had in place. Any security breach or event resulting in the interruption, delay or failure of our services or information systems, or the misappropriation, loss, or other unauthorized disclosure of client data or confidential information, whether by us directly or our third-party service providers, could damage our reputation, expose us to the risks of litigation and liability, disrupt our business, result in lost business or otherwise adversely affect our results of operations.

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

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

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

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

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

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

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

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

- cease selling or using any products that incorporate the asserted intellectual property, which would adversely affect our revenue;
- pay substantial damages for past use of the asserted intellectual property;
- obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all; or
- redesign or rename, in the case of trademark claims, our products to avoid infringing the intellectual property rights of third parties, which may not be possible and could be costly and time-consuming if it is possible to do.

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

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

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

If we lose any of our right to use third-party intellectual property, it could adversely affect our ability to commercialize our technologies, products or services, as well as harm our competitive business position and our business prospects.

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

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated by reference herein contain statements about future events and expectations, or forward-looking statements, all of which are inherently uncertain. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as anticipates, intends, plans, believes, estimates, expects, or similar expressions, we identify forward-looking statements. Examples of forward-looking statements include statements we make regarding our ability to qualify or to remain qualified as a REIT, future prospects of growth in the correctional and detention facilities industry, our future financial position, business strategy, budgets, projected costs, plans and objectives of our management for future operations, our future operating results, our future distributions to our shareholders, our future capital expenditure levels, our future financing transactions and our plans to fund our future liquidity needs. These statements are based on our management s beliefs and assumptions, which in turn are based on currently available information. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to:

- our ability to remain qualified for taxation as a REIT;
- the risk that the REIT distribution requirements could adversely affect our ability to execute our business plan or may cause us to liquidate or forgo otherwise attractive opportunities;
- our inexperience operating as a REIT, which may adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy our debt service obligations;
- the level of our cash distributions to shareholders is not guaranteed and may fluctuate;
- the ability of the GEO REIT board of directors to revoke our REIT status, without shareholder approval, may cause adverse consequences to our shareholders;
- our ability to timely build and/or open facilities as planned, profitably manage such facilities and successfully integrate such facilities into our operations without substantial additional costs;
- our ability to fulfill our debt service obligations and their impact on our liquidity;
- the instability of foreign exchange rates, exposing us to currency risks in Australia, Canada, the United Kingdom and South Africa, or other countries in which we may choose to conduct our business;
- our ability to activate the inactive beds at our idle facilities;

our ability to maintain occupancy rates at our facilities;

an increase in unreimbursed labor rates;

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

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

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

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

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

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

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

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our ability to develop long-term earnings visibility;

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

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

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

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

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

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

our exposure to rising general insurance costs;

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

our exposure to claims for which we are uninsured;

our exposure to rising employee and inmate medical costs;

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

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

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

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

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

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

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

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

You should keep in mind that any forward-looking statement we make in this proxy statement/prospectus or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other important factors, including those set forth under the caption Risk Factors, may cause actual results to differ materially from those indicated by our forward-looking statements. We have no duty to, and do not intend to, update or revise the forward-looking statements we make in this proxy statement/prospectus, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statement we make in this proxy statement/prospectus or elsewhere might not occur.

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VOTING AND PROXIES

This proxy statement/prospectus is furnished in connection with the solicitation of proxies by the board of directors of GEO for use at the special meeting of shareholders to be held on May 2, 2014, or any adjournments or postponements thereof.

Date, Time and Place of the Special Meeting

The special meeting will be held on Friday, May 2, 2014 at 10:00 a.m., local time, at The Boca Raton Resort & Club, 501 East Camino Real, Boca Raton, Florida 33432.

Purpose of the Special Meeting

The purpose of the special meeting is:

- To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of March 21, 2014, by and between GEO and GEO REIT, which is being implemented in connection with GEO s conversion to a REIT effective January 1, 2013; and

- To consider and vote upon a proposal to permit GEO s board of directors to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the foregoing proposal.

Shareholder Record Date for the Special Meeting

GEO s board of directors has fixed the close of business on March 10, 2014 as the record date for determining which GEO shareholders are entitled to notice of the special meeting, and to vote at the special meeting and at any adjournment or postponement of the special meeting. On the record date, there were 72,295,631 shares of common stock outstanding, held by approximately 682 holders of record.

During the ten-day period before the special meeting, GEO will keep a list of shareholders entitled to vote at the special meeting available for inspection during normal business hours at GEO s offices in Boca Raton, Florida, for any purpose germane to the special meeting. The list of shareholders will also be provided and kept at the location of the special meeting for the duration of the special meeting, and may be inspected by any shareholder who is present.

Quorum

A quorum is necessary to hold the special meeting. A majority of the total number of shares of GEO common stock outstanding on the record date must be represented either in person or by proxy to constitute a quorum at the special meeting. For the purposes of determining the presence of a quorum, abstentions will be included in determining the number of shares of common stock present and entitled to vote at the special meeting; however, because brokers, banks and other nominees are not entitled to vote on the proposal to approve the merger agreement absent specific instructions from the beneficial owner and as a result are not entitled to vote on an uninstructed basis on the proposal to adjourn the special meeting (as more fully described below), shares held by brokers, banks, or other nominees for which instructions have not been provided will not be included in the number of shares present and entitled to vote at the special meeting for the purposes of establishing a quorum. At the special meeting, each share of common stock is entitled to one vote on all matters properly submitted to the GEO shareholders.

Vote Required for Each Proposal

Proposal Number One: The affirmative vote of the holders of a majority of the outstanding shares of GEO common stock entitled to vote is required for the approval of the merger agreement.

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Proposal Number Two: If a quorum exists, the approval of the adjournment of the special meeting, if necessary for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the merger agreement requires that the number of votes in favor of the proposal exceed the number of votes cast against the proposal. If a quorum does not exist, approval of such an adjournment will require the affirmative vote of holders of a majority of the shares of GEO common stock present in person or represented by proxy at the special meeting and entitled to vote on the proposal.

The GEO board of directors unanimously recommends that the GEO shareholders vote FOR each of the proposals.

Proxies

If you are a holder of common stock on the record date, you may vote by completing, signing and promptly returning the proxy card in the self-addressed stamped envelope provided. You may also authorize a proxy to vote your shares by telephone or over the Internet as described in your proxy card. Authorizing a proxy to vote your shares by telephone or over the Internet will not limit your right to attend the special meeting and vote your shares in person. Those shareholders of record who choose to vote by telephone or over the Internet must do so no later than 11:59 p.m., Eastern Time, on May 1, 2014. All shares of common stock represented by properly executed proxy cards received before or at the GEO special meeting and all proxies properly submitted by telephone or over the Internet will, unless the proxies are revoked, be voted in accordance with the instructions indicated on those proxy cards, telephone or Internet submissions. If no instructions are indicated on a properly executed proxy card, the shares will be voted FOR each of the proposals. You are urged to indicate how to vote your shares, whether you vote by proxy card, by telephone or over the Internet.

If a properly executed proxy card is returned or properly submitted by telephone or over the Internet and the shareholder has abstained from voting on one or more of the proposals, the common stock represented by the proxy will be considered present at the special meeting for purposes of determining a quorum, but will not be considered to have been voted on the abstained proposals. For the proposal to approve the merger agreement, an abstention has the same effect as a vote against the proposal. For the proposal to adjourn the meeting to solicit additional proxies, if a quorum exists, an abstention has no effect on such proposal, and if a quorum does not exist, an abstention has the same effect as a vote against such proposal.

If your shares are held in an account at a broker, bank or other nominee, you must instruct them on how to vote your shares. Under applicable rules and regulations of the NYSE, brokers, banks or other nominees have the discretion to vote on routine matters, but do not have the discretion to vote on non-routine matters. The proposal to approve the merger agreement is a non-routine matter. Accordingly, your broker, bank or other nominee will vote your shares only if you provide instructions on how to vote by following the information provided to you by your broker, bank or other nominee. If you do not provide voting instructions, your shares will be considered broker non-votes because the broker, bank or other nominee will not have discretionary authority to vote your shares. Therefore, your failure to provide voting instructions to the broker, bank, or other nominee will have the same effect as a vote against approval of the merger agreement. For the vote on the proposal to adjourn the special meeting, if necessary, for further solicitation of proxies if there are not sufficient votes at the originally scheduled time of the special meeting to approve the merger agreement, failure to provide voting instructions to the broker, bank or other nominee will have no effect.

Revoking Your Proxy

You can change your vote at any time before your proxy is voted at the special meeting. To revoke your proxy, you must either (1) notify the secretary of GEO in writing, (2) mail a new proxy card dated after the date of the proxy you wish to revoke, (3) submit a later dated proxy, by telephone or over the Internet by following the instructions on your proxy card or (4) attend the special meeting and vote your shares in person. Merely attending the special meeting will not constitute revocation of your proxy. If your shares are held through a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

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Adjournment or Postponement

Although it is not currently expected, the special meeting may be adjourned to solicit additional proxies if there are not sufficient votes to approve the merger agreement. In that event, GEO may ask its shareholders to vote upon the proposal to consider the adjournment of the special meeting to solicit additional proxies, but not the proposal to approve the merger agreement. If GEO shareholders approve this proposal, we could adjourn the meeting and use the time to solicit additional proxies.

Additionally, at any time prior to convening the special meeting, we may seek to postpone the meeting if a quorum is not present at the meeting or as otherwise permitted by the GEO Articles, the GEO Bylaws or as otherwise permitted by applicable law.

Solicitation of Proxies

GEO will bear all expenses incurred in connection with the printing and mailing of this proxy statement/prospectus. GEO will also request banks, brokers and other nominees holding shares of common stock beneficially owned by others to send this proxy statement/prospectus to, and obtain proxies from, the beneficial owners and will, upon request, reimburse the holders for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone and other electronic means and personal solicitation by the officers or employees of GEO. No additional compensation will be paid to officers or employees for those solicitation efforts.

GEO may retain the services of a professional proxy solicitor and, if so, will pay the fees for the proxy solicitor s services.

Other Matters

GEO is not aware of any business to be acted on at the special meeting, except as described in this proxy statement/prospectus. If any other matters are properly presented at the special meeting, or any adjournment or postponement of the special meeting, the persons appointed as proxies or their substitutes will have discretion to vote or act on the matter according to their best judgment and applicable law unless the proxy indicates otherwise.

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BACKGROUND OF THE REIT CONVERSION AND THE MERGER

As part of ongoing strategic reviews of our business, the board of directors of GEO and senior management have been focused on the careful evaluation of our allocation of capital to enhance shareholder value through alternative financing, capital and other strategies. As part of this process, our board and senior management have evaluated investments in new projects which meet or exceed our targeted returns on capital, and we have been focused on balancing these capital investments with a long-term goal to return value to our shareholders. Between 2011 and 2012, we executed two stock buyback programs authorized by our board, which we believe resulted in enhanced value for our shareholders, and in February 2012, we announced the adoption of a dividend policy and the expectation that we would begin paying a quarterly cash dividend for the first time in our company s history beginning in the fourth quarter of 2012. In May 2012, we announced that we were accelerating the implementation of our dividend policy and we would begin paying a quarterly cash dividend in the third quarter of 2012.

As part of these ongoing efforts to evaluate capital allocation strategies that maximize value for our shareholders, we began an internal evaluation of the feasibility of GEO converting to a REIT. Following this initial internal review, our board met with senior management in May 2012 to discuss the evaluation of a potential REIT conversion. During this meeting, our board decided to engage legal, financial, and accounting experts to conduct a review of the rules related to REIT status and to evaluate the potential impact of a REIT conversion on our shareholders, our company, and our long-term growth objectives.

Shortly after the May 2012 board meeting, we retained the law firms of Skadden, Arps, Slate, Meagher & Flom LLP, which we refer to as Skadden or Special Tax Counsel, and Akerman LLP as legal advisors, Bank of America Merrill Lynch and Barclays Capital as financial advisors, and Deloitte, LLP as accounting advisors to conduct this comprehensive review. Our analysis focused on a potential conversion to a REIT with a TRS structure in which our real estate would be owned directly by the REIT and by qualified REIT subsidiaries, or QRSs, and our facility operations and non-real estate businesses would be conducted by wholly owned taxable REIT subsidiaries, or TRSs.

In early June of 2012, our board met with senior management to review the progress of our REIT conversion analysis. During this meeting, senior management identified the restructuring steps we would need to take to achieve REIT status by January 1, 2013. The restructuring steps identified by senior management included the divestiture by December 31, 2012 of the Residential Treatment Services division of our wholly owned subsidiary, GEO Care (the GEO Care Divestiture), required because applicable REIT rules substantially restrict the ability of REITs to directly or indirectly operate or manage health care facilities. The Residential Treatment Services division held six managed-only health care facility contracts and provided correctional mental health services for the Palm Beach County, Florida jail system and correctional health care services in publicly operated prisons in the State of Victoria, Australia.

Additionally, the REIT conversion required a reorganization of our operations into a TRS structure. Through the TRS structure, our facility operations and our non-real estate related businesses, such as our managed-only contracts, international operations, electronic monitoring services, and non-residential facility operations, would be conducted by TRSs, while our real estate, including company-owned and company-leased facilities, would be held directly by the REIT or by QRSs. In connection with the REIT conversion, we also needed to complete a distribution of our historical earnings and profits to our shareholders in the form of a special dividend.

During June 2012, after providing a pre-submission memorandum, our Special Tax Counsel met with the IRS to outline our proposed REIT conversion. In mid-July 2012, our Special Tax Counsel filed, on our behalf, a request for a private letter ruling from the IRS on various REIT qualification issues.

In August 2012, our board met with senior management and our legal, financial, and accounting advisors to review the progress of our request for a private letter ruling as well as our review of the REIT conversion. During this meeting, the board received detailed presentations on the different requirements GEO would have to meet to achieve REIT status by January 1, 2013 as well as the potential benefits and drawbacks of a REIT conversion. The board was also presented with a potential valuation analysis of the company post-REIT conversion. Between August and October 2012, our board continued to receive updates from senior management and our legal, financial, and accounting advisors on the REIT conversion process.

On October 31, 2012, our board met with senior management and our legal, financial, and accounting advisors to receive a detailed update on the REIT conversion process. During this meeting, our board reviewed the steps that would need to be completed by December 31, 2012 in order to achieve REIT status as of January 1, 2013. Among these steps, we would need to complete the GEO Care Divestiture; obtain consents from customers to assign our managed-only contracts to TRSs; provide notice to customers of the subcontracting to TRSs for management services at our owned and leased facilities; assign a portion of our existing senior notes and other debt to TRSs; and finalize our internal organizational restructuring. Additionally, it was determined that completing the distribution of our historical earnings and profits prior to year-end 2012, although not required, would maximize value for our shareholders.

On November 30, 2012, our board set a record date of December 12, 2012 for the payment of a special dividend of $340 million to $360 million in connection with the REIT conversion by December 31, 2012, subject to final approval by the board on or before December 7, 2012. Our board was required to set the record date at that time in order to preserve our ability to pay the Special Dividend prior to year-end 2012 in accordance with applicable NYSE and SEC rules.

On December 5, 2012, our board met with senior management and our legal and financial advisors to review the status of our request for a private letter ruling as well as the progress on the needed restructuring steps to achieve REIT status on January 1, 2013. Following detailed presentations by senior management and our legal, financial, and accounting advisors and after a thorough analysis and careful consideration, our board unanimously authorized for senior management to take all necessary steps, including the payment of the special dividend and the GEO Care Divestiture by December 31, 2012 in order for GEO to operate in compliance with the REIT rules beginning January 1, 2013. On December 6, 2012, GEO s board declared the special dividend of $5.68 per share of common stock, representing approximately $350 million of accumulated earnings and profits to be paid on December 31