

CORRECTIONS CORP OF AMERICA

Form 10-Q

August 09, 2012

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2012

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 001-16109

CORRECTIONS CORPORATION OF AMERICA

(Exact name of registrant as specified in its charter)

MARYLAND **62-1763875**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification Number)**
10 BURTON HILLS BLVD., NASHVILLE, TENNESSEE 37215
(Address and zip code of principal executive offices)
(615) 263-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each class of Common Stock as of August 6, 2012:

Shares of Common Stock, \$0.01 par value per share: 100,047,271 shares outstanding.

Table of Contents

CORRECTIONS CORPORATION OF AMERICA

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

INDEX

	PAGE
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
a) <u>Consolidated Balance Sheets (Unaudited) as of June 30, 2012 and December 31, 2011</u>	1
b) <u>Consolidated Statements of Operations (Unaudited) for the three and six months ended June 30, 2012 and 2011</u>	2
c) <u>Consolidated Statements of Cash Flows (Unaudited) for the six months ended June 30, 2012 and 2011</u>	3
d) <u>Consolidated Statement of Stockholders' Equity (Unaudited) for the six months ended June 30, 2012</u>	4
e) <u>Consolidated Statement of Stockholders' Equity (Unaudited) for the six months ended June 30, 2011</u>	5
f) <u>Notes to Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	43
<u>Item 4. Controls and Procedures</u>	44
<u>PART II OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	44
<u>Item 1A. Risk Factors</u>	44
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
<u>Item 3. Defaults Upon Senior Securities</u>	44
<u>Item 4. Mine Safety Disclosures</u>	44
<u>Item 5. Other Information</u>	44
<u>Item 6. Exhibits</u>	45
<u>SIGNATURES</u>	46

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS.****CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(UNAUDITED AND AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	June 30, 2012	December 31, 2011
<u>ASSETS</u>		
Cash and cash equivalents	\$ 63,130	\$ 55,802
Accounts receivable, net of allowance of \$1,318 and \$1,218, respectively	250,445	269,685
Deferred tax assets	7,976	11,768
Prepaid expenses and other current assets	26,448	18,676
Current assets of discontinued operations	12	3,498
Total current assets	348,011	359,429
Property and equipment, net	2,592,252	2,608,740
Restricted cash	5,018	5,013
Investment in direct financing lease	8,376	9,233
Goodwill	11,988	11,988
Other assets	30,357	25,047
Non-current assets of discontinued operations		181
Total assets	\$ 2,996,002	\$ 3,019,631
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Accounts payable and accrued expenses	\$ 168,311	\$ 195,726
Income taxes payable	94	605
Current liabilities of discontinued operations	1,170	2,031
Total current liabilities	169,575	198,362
Long-term debt	1,190,764	1,245,014
Deferred tax liabilities	136,316	136,503
Other liabilities	34,777	31,730
Total liabilities	1,531,432	1,611,609
Commitments and contingencies		
Preferred stock \$0.01 par value; 50,000 shares authorized; none issued and outstanding at June 30, 2012 and December 31, 2011, respectively		
Common stock \$0.01 par value; 300,000 shares authorized; 99,977 and 99,528 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	1,000	995
Additional paid-in capital	1,137,024	1,129,435
Retained earnings	326,546	277,592

Edgar Filing: CORRECTIONS CORP OF AMERICA - Form 10-Q

Total stockholders' equity	1,464,570	1,408,022
Total liabilities and stockholders' equity	\$ 2,996,002	\$ 3,019,631

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(UNAUDITED AND AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	For the Three Months Ended		For the Six Months	
	June 30,		Ended	
	2012	2011	2012	2011
REVENUE:				
Management and other	\$ 442,315	\$ 429,393	\$ 877,069	\$ 854,022
Rental	551	551	1,102	1,102
	442,866	429,944	878,171	855,124
EXPENSES:				
Operating	316,584	294,015	632,118	587,177
General and administrative	23,095	21,782	44,935	43,229
Depreciation and amortization	28,302	27,047	56,689	53,973
	367,981	342,844	733,742	684,379
OPERATING INCOME	74,885	87,100	144,429	170,745
OTHER EXPENSES:				
Interest expense, net	14,729	18,360	31,619	36,762
Expenses associated with debt refinancing transactions	287		1,828	
Other expense	41	118	53	189
	15,057	18,478	33,500	36,951
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	59,828	68,622	110,929	133,794
Income tax expense	(22,494)	(26,006)	(41,553)	(50,738)
INCOME FROM CONTINUING OPERATIONS	37,334	42,616	69,376	83,056
Loss from discontinued operations, net of taxes		(198)	(362)	(308)
NET INCOME	\$ 37,334	\$ 42,418	\$ 69,014	\$ 82,748
BASIC EARNINGS PER SHARE:				
Income from continuing operations	\$ 0.37	\$ 0.40	\$ 0.70	\$ 0.77
Loss from discontinued operations, net of taxes				
Net income	\$ 0.37	\$ 0.40	\$ 0.70	\$ 0.77
DILUTED EARNINGS PER SHARE:				
Income from continuing operations	\$ 0.37	\$ 0.39	\$ 0.69	\$ 0.76
Loss from discontinued operations, net of taxes				
Net income	\$ 0.37	\$ 0.39	\$ 0.69	\$ 0.76

DIVIDENDS PER SHARE	\$	0.20	\$	\$	0.20	\$
----------------------------	-----------	-------------	-----------	-----------	-------------	-----------

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(UNAUDITED AND AMOUNTS IN THOUSANDS)

	For the Six Months Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 69,014	\$ 82,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,689	54,246
Expenses associated with debt refinancing transactions	1,828	
Amortization of debt issuance costs and other non-cash interest	2,224	2,141
Deferred income taxes	2,667	10,606
Income tax benefit of equity compensation	(2,282)	(1,811)
Non-cash equity compensation	5,903	5,231
Other expenses and non-cash items	926	1,234
Changes in assets and liabilities, net:		
Accounts receivable, prepaid expenses and other assets	15,008	51,318
Accounts payable, accrued expenses and other liabilities	(23,332)	(17,598)