

Corrections Corp of America (CXW)

Price:	\$33.21	Net Tang. Bk Value Incl. Cash, Excl.	\$1,649,010,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	\$2,368,174,550.00
Market Cap:	\$3,365,169,300	Goodwill (NTBVIC):		Avg. Year Op. Cash:	\$257,762,910.00
Cash:	\$60,330,000	NTBVIC/Market Downside Recovery:	49.00%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$1,016,000,000	Op. Cash Flow:	\$257,762,910	Year 5 Disposition Price:	\$3,141,463,280.00
Net Cash:	-\$955,670,000	Implied Years to Fill Gap:	6.66		
Enterprise Value:	\$4,320,839,300	Today's Equity if 5x Op. CF:	\$2,422,298,730		
		Net Tang. Book+ Gain Disposition:			\$3,141,463,280.00
Shares Outstanding:	101,330,000	IRR:			-1.37%
		Price:			\$31.00
		Target Market Cap:			\$3,141,463,280
		Target Enterprise Value:			\$4,097,133,280

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

The market price is very close to the intrinsic value. 45% downside protection and pays out a healthy 5.8% dividend yield.

It may be a good candidate for PE firms. Recently, PE firms have been playing on municipalities' weakness by signing long term contracts for service rights to water, utility, toll roads. This may be one where they can buy a publicly traded co. and lock in long term contracts with states at favorable rates.

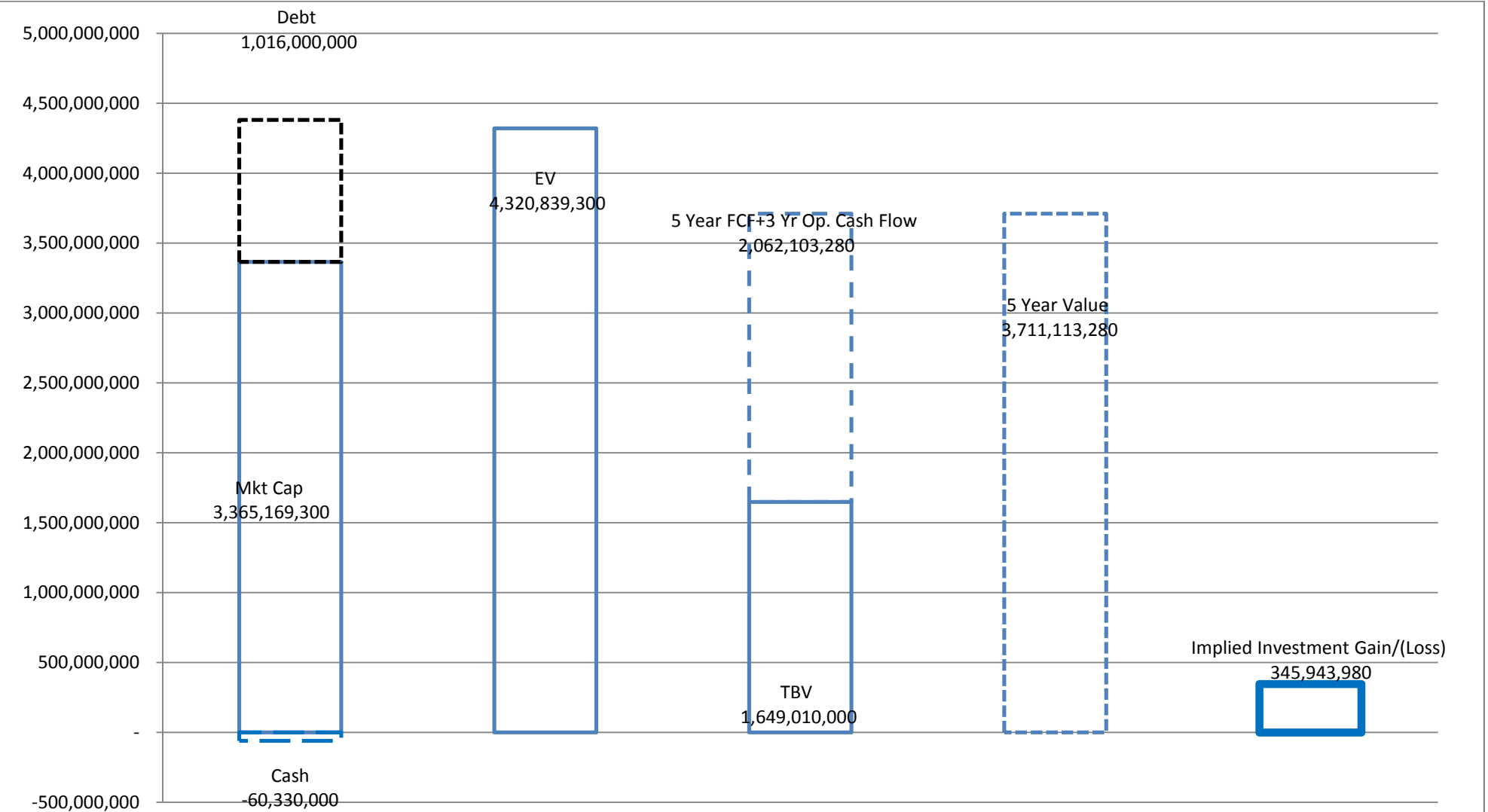
The Co. has been buying back stock, paying dividends, and retiring debt. This is a good sign and hopefully, management can continue to demonstrate prudent capital allocation for the long term.

The business should be stable over the next few years .

We will stay out of this investment, but it is very attractive target at a lower price.

Corrections Corporation of America was incorporated in the State of Maryland. The Company is an owner and operator of privatized correctional and detention facilities and a prison operator in the United States behind only the Federal Government and three states. It currently operates 67 correctional and detention facilities, including 47 facilities that it owns, with a total design capacity of approximately 92,500 beds in 20 states and the District of Columbia and manages 20 correctional and detention facilities it does not own. It also owns two additional correctional facilities which it leases to third-party operators, one of which is currently vacant. The Company specializes in owning, operating, and managing prisons and other correctional facilities and providing inmate residential and prisoner transportation services for governmental agencies. In addition to providing the fundamental residential services relating to inmates, its facilities offer a variety of rehabilitation and educational programs, including basic education, religious services, life skills and employment training and substance abuse treatment. These services are intended to help reduce recidivism and to prepare inmates for their successful re-entry into society upon their release. The Company also provides health care including medical, dental and mental health services, food services, and work and recreational programs. The correctional and detention facilities it operates and manages, as well as those facilities it owns but are managed by other operators, are subject to competition for inmates from other private prison managers. The Company competes with government agencies that are responsible for correctional facilities and a number of privatized correctional service companies, including, the GEO Group, Inc. and Management and Training Corporation. The Company is subject to extensive federal, state, and local regulations, including educational, health care, and safety regulations, which are administered by many governmental and regulatory authorities.

Company Name:		Corrections Corp of America		Market Capitalization:		\$3,365,169,300.00		Revenue:		\$1,750,000,000.00		100.0%			
Ticker Symbol:	CXW	Total Debt:	\$1,016,000,000.00	Cost of Goods Sold:	\$1,242,300,000.00	71.0%		Gross Profit:	\$507,700,000.00	29.0%		EBITDA:	\$407,800,000.00	23.3%	
Last Price:	\$33.21	Total Cash:	\$60,330,000.00	Net Cash/(Debt):	-\$955,670,000.00			Net Income:	\$306,170,000.00	17.5%					
Net Cash/Share:	-\$9.43	Enterprise Value:	\$4,320,839,300.00	Current EV/Share:	\$42.64										
Net Cash to Last Price:	-28.40%	EBITDA:	\$530,590,000.00	EV/EBITDA Multiple:	8.14										
Shares Outstanding:	101,330,000	EV/EBITDA Multiple Average Year 1-5:	10.65	EV/FCF Multiple (excluding acquisition):	21.20										
Industry:	Business Services	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	27.39												
Sector:	Industrials														
Institutional Ownership:	93.30%														
Mutual Fund Ownership:	47.82%														
Insider Ownership:	3.01%														
Float:	87.00%														
Income Statement															
Balance Sheet															
Upper Range															
DCF: EV/EBITDA Terminal Value															
		Implied TV from 3 X EV/EBITDA Multiple	\$1,214,317,200.00												
		Enterprise Value	\$1,214,317,200.00												
		Cash at Year 5:	\$849,144,550.00												
		Debt at Year 5:	\$1,016,000,000.00												
		Equity Value Year 5:	\$1,047,461,750.00												
		Equity/Share at Year 5:	\$10.34												
		Annualized Return:	-20.82%												
Lower Range															
DCF: Net Tangible Asset excluding Cash/Debt Terminal Value															
		Year 5 Net Tangible Assets excluding cash and debt	-\$14,690,000.00												
		Enterprise Value	-\$14,690,000.00												
		Cash at Year 5:	\$849,144,550.00												
		Debt at Year 5:	\$1,016,000,000.00												
		Equity Value Year 5:	-\$181,545,450.00												
		Equity/Share at Year 5:	-\$1.79												
		Annualized Return:	-155.77%												
EVA															
		EVA today:	\$1,679,252,019.03												
		EVA in 5 Years:	\$2,745,615,963.77												
		EVA/Share:	\$27.10												
		Cash at Year 5:	\$849,144,550.00												
		Debt at Year 5:	\$1,016,000,000.00												
		Equity Value Year 5:	\$2,578,760,513.77												
		Equity/Share at Year 5:	\$25.45												
		Annualized return	10.33%												
Current Net Tangible Asset															
		Net Tangible Asset/Share:	\$16.25												
		Net Tangible Asset/Share in Year 5:	\$23.35												
		Annualized return	7.51%												
Profitability Margins															
		Debt to Equity:	61.17%												
		Return on Assets:	5.36%												
		Return on Capital:	5.87%												
		Return on Equity:	9.46%												
Technicals															
		52 week low:	\$29.26												
		Today from 52 week low:	13.50%												
		52 week high:	\$41.40												
		Today from 52 week high:	24.66%												
		50 day Moving Average:	Error												
		200 day Moving Average:	Error												
Analyst/Consensus															
		Analyst Sales Growth FY1:	-2.60%												
		Analyst Sales Growth FY2:	0.00%												
		SN Valuation Estimate FY1:	0.00%												
		SN Valuation Estimate FY2:	0.00%												
		Analyst Earnings Estimate FY1:	\$2.02												
		Analyst Earnings Estimate FY2:	\$2.02												
		SN Valuation Earnings Est. FY1:	\$1.42												
		SN Valuation Earnings Est. FY2:	\$1.42												
Multiples															
		Market Value to Book:	2.03												
		EV to Book:	2.60												
		Market Value to Tangible Net Assets:	-2.99												
		P/E Ratio:	10.99												
		Trailing P/E Ratio:	10.85												
		Forward P/E Ratio:	16.28												
		Beta:	1.07												
		Dividend:	1.92												
		Dividend Yield:	5.84%												
		Dividend Date:	Jul 14, 2013												
		Ex-Dividend Date:	Jul 1, 2013												
Competitors															
		Average EV to EBITDA:	N/A												
		Company EV to EBITDA:	8.14												
		Average EV to EBIT:	N/A												
		Company EV to EBITA:	14.27												
		Current Equity Price:	\$33.21												
		Selling at Discount?	Premium												
		Appreciation Potential:	-51.05%												



SN VALUATION

LBO Pro Forma Income Statement

Name:

Corrections Corp of America

Ticker:

CXW

	Historical				Forecasted				
	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2013	2014	2015	2016	2017
Revenue	1,616.49	1,663.32	1,724.34	1,759.88	1,759.88	1,759.88	1,759.88	1,759.88	1,759.88
COGS	1,122.41	1,151.16	1,190.87	1,252.18	1,267.11	1,267.11	1,267.11	1,267.11	1,267.11
Gross margin	494.08	512.16	533.47	507.70	492.77	492.77	492.77	492.77	492.77
SG&A	86.54	84.15	91.23	88.94	87.99	87.99	87.99	87.99	87.99
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	3.84	0.00	0.00	2.10	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Excluded from COGS					113.00	113.00	113.00	113.00	113.00
Operating Income (EBITA)	403.70	428.01	442.24	416.66	291.77	291.77	291.77	291.77	291.77
Interest income/(expense)	-72.78	-71.13	-72.95	-58.36	-70.49	-70.49	-70.49	-70.49	-70.49
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.14	-0.04	-0.30	0.34	0.00	0.00	0.00	0.00	0.00
Income before tax	231.31	253.13	260.78	244.71	221.28	221.28	221.28	221.28	221.28
Tax	79.69	94.77	97.01	87.59	77.45	77.45	77.45	77.45	77.45
Income after tax	151.62	158.36	163.77	157.12	143.83	143.83	143.83	143.83	143.83
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	151.62	158.36	163.77	157.12	143.83	143.83	143.83	143.83	143.83
*Figures are in millions (\$)									
EPS (based off today's share count)	\$1.50	\$1.56	\$1.62	\$1.55	\$1.42	\$1.42	\$1.42	\$1.42	\$1.42
P/E (historical today's price; forecasted intrinsic price)	22.19	21.25	20.55	21.42	23.08	22.76	22.45	22.14	21.84
Revenue Growth	N/A	2.90%	3.67%	2.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	34.45%	37.44%	37.20%	35.79%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-6.33%	-6.15%	-5.86%	-5.25%	-6.94%	-6.94%	-6.94%	-6.94%	-6.94%
Margins									
COGS	69.44%	69.21%	69.06%	71.15%	72.00%	72.00%	72.00%	72.00%	72.00%
Gross margin	30.56%	30.79%	30.94%	28.85%	28.00%	28.00%	28.00%	28.00%	28.00%
SG&A	5.35%	5.06%	5.29%	5.05%	5.00%	5.00%	5.00%	5.00%	5.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.24%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Excluded from COGS	0.00%	0.00%	0.00%	0.00%	6.42%	6.42%	6.42%	6.42%	6.42%
Operating Income (EBITA)	24.97%	25.73%	25.65%	23.68%	16.58%	16.58%	16.58%	16.58%	16.58%
Interest income/(expense)	-4.50%	-4.28%	-4.23%	-3.32%	-4.01%	-4.01%	-4.01%	-4.01%	-4.01%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.01%	0.00%	-0.02%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	14.31%	15.22%	15.12%	13.90%	12.57%	12.57%	12.57%	12.57%	12.57%
Tax	4.93%	5.70%	5.63%	4.98%	4.40%	4.40%	4.40%	4.40%	4.40%
Income after tax	9.38%	9.52%	9.50%	8.93%	8.17%	8.17%	8.17%	8.17%	8.17%
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	9.38%	9.52%	9.50%	8.93%	8.17%	8.17%	8.17%	8.17%	8.17%

	As of					Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
	2009-12-31	2010-12-31	2011-12-31	2012-12-31	2013-03-31	+	-						
Cash	45.81	25.50	55.80	62.90	60.33			60.33	218.09	375.86	533.62	691.38	849.14
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	45.81	25.50	55.80	62.90	60.33			60.33	218.09	375.86	533.62	691.38	849.14
Accounts Receivable	235.14	305.31	269.69	252.76	232.00			232.00	232.00	232.00	232.00	232.00	232.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	235.14	305.31	269.69	252.76	232.00			232.00	232.00	232.00	232.00	232.00	232.00
Total Inventory	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	26.06	31.20	18.68	27.06	20.05			20.05	20.05	20.05	20.05	20.05	20.05
Other Current Assets	18.25	16.29	15.27	8.02	5.36			5.36	5.36	5.36	5.36	5.36	5.36
Current Assets	325.26	378.30	359.44	350.74	317.74	0.00	0.00	317.74	475.50	633.27	791.03	948.79	1,106.55
PP&E, Gross	3,212.07	3,347.86	3,508.66	0.00	3,510.00			3,510.00	3,610.00	3,710.00	3,810.00	3,910.00	4,010.00
Change in Depreciation	100.80	106.27	108.93	113.93	113.93			113.93	113.93	113.93	113.93	113.93	113.93
Accumulated Depreciation	694.13	798.56	899.92	0.00	960.00			960.00	1,073.93	1,187.86	1,301.79	1,415.72	1,529.65
PP&E, Net	2,517.94	2,549.30	2,608.74	0.00	2,550.00			2,550.00	2,536.07	2,522.14	2,508.21	2,494.28	2,480.35
Goodwill	11.99	11.99	11.99	11.99	11.99	0.00		11.99	11.99	11.99	11.99	11.99	11.99
Intangibles	0.00	0.41	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	12.19	10.80	9.23	7.47	6.99			6.99	6.99	6.99	6.99	6.99	6.99
Other long term assets	34.10	28.20	26.32	31.58	46.83			46.83	46.83	46.83	46.83	46.83	46.83
Long Term Assets	2,576.22	2,600.70	2,656.28	51.04	2,615.81			2,615.81	2,601.88	2,587.95	2,574.02	2,560.09	2,546.16
Total Assets	2,901.48	2,979.00	3,015.72	401.78	2,933.55	0.00	0.00	2,933.55	3,077.38	3,221.22	3,365.05	3,508.88	3,652.71
Accounts Payable	48.81	47.91	45.45	46.66	116.00			116.00	116.00	116.00	116.00	116.00	116.00
Accrued Expense	107.90	121.66	117.14	98.12	100.00			100.00	100.00	100.00	100.00	100.00	100.00
Other current Liabilities	37.87	36.29	35.77	21.68	2.43			2.43	2.43	2.43	2.43	2.43	2.43
Total Current Liabilities	194.58	205.86	198.36	166.46	218.43	0.00	0.00	218.43	218.43	218.43	218.43	218.43	218.43
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	1,149.10	1,156.57	1,245.01	1,111.55	1,016.00	0.00	0.00	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	1,149.10	1,156.57	1,245.01	1,111.55	1,016.00	0.00	0.00	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00
Deferred Income tax	88.26	118.25	136.50	139.53	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	31.25	31.69	31.73	35.59	40.04			40.04	40.04	40.04	40.04	40.04	40.04
Total Liabilities	1,463.19	1,512.37	1,611.60	1,453.13	1,274.47	0.00	0.00	1,274.47	1,274.47	1,274.47	1,274.47	1,274.47	1,274.47
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	1.16	1.10	0.99	1.00	1.00		0.00	1.00	1.00	1.00	1.00	1.00	1.00
Additional Paid-in capital	1,483.50	1,354.69	1,129.43	1,146.49	1,159.00	0.00	0.00	1,159.00	1,159.00	1,159.00	1,159.00	1,159.00	1,159.00
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-42.11	115.08	277.59	374.13	501.00		0.00	501.00	644.83	788.67	932.50	1,076.33	1,220.16
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Equity	1,442.55	1,470.87	1,408.01	1,521.62	1,661.00	0.00	0.00	1,661.00	1,804.83	1,948.67	2,092.50	2,236.33	2,380.16
Liability + Equity	2,905.74	2,983.24	3,019.61	2,974.75	2,935.47	0.00	0.00	2,935.47	3,079.30	3,223.14	3,366.97	3,510.80	3,654.63
Variance	-4.26	-4.24	-3.89	-2,572.97	-1.92			-1.92	-1.92	-1.92	-1.92	-1.92	-1.92
Debt/Equity	0.80	0.79	0.88	0.73	0.61			0.61	0.56	0.52	0.49	0.45	0.43
Inventory Turnover	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Inventory Turnover Days	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!			#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Days Inventory Outstanding	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable Turnover	6.87	5.45	6.39	6.96	7.59			7.59	7.59	7.59	7.59	7.59	7.59
Accounts Receivable Turnover Days	53.09	67.00	57.09	52.42	48.12			48.12	48.12	48.12	48.12	48.12	48.12
Days Payable Outstanding	15.87	15.19	13.93	13.60	33.41			33.81	33.41	33.41	33.41	33.41	33.41
Days Sales Outstanding	53.09	67.00	57.09	52.42	48.12			52.42	48.12	48.12	48.12	48.12	48.12
Cash Conversion Cycle	37.22	51.81	43.16	38.82	14.70			18.61	14.70	14.70	14.70	14.70	14.70
Net tangible assets/share	\$14.12	\$14.39	\$13.78	\$14.90	\$16.27				\$17.69	\$19.11	\$20.53	\$21.95	\$23.37

	12 months ending 2009-12-31	12 months ending 2010-12-31	12 months ending 2011-12-31	12 months ending 2012-12-31	2011	2012	2013	2014	2015
Net Income	154.95	157.19	162.51	156.76	143.83	143.83	143.83	143.83	143.83
Depreciation	100.80	106.27	108.93	113.93	113.93	113.93	113.93	113.93	113.93
Net Income + Depreciation	255.75	263.46	271.44	270.69	257.76	257.76	257.76	257.76	257.76
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	22.62	26.20	19.32	5.76	0.00	0.00	0.00	0.00	0.00
Non Cash Items	11.45	11.85	14.31	17.12	0.00	0.00	0.00	0.00	0.00
Change in Working capital	24.86	-46.01	46.00	-10.31	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	-70.17	35.62	16.93	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-5.14	12.52	-8.38	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-0.90	-2.46	1.21	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	314.68	255.50	351.07	283.26	257.76	257.76	257.76	257.76	257.76
Capital Expenditures Expenditures	-142.96	-143.66	-173.94	-79.44	-100.00	-100.00	-100.00	-100.00	-100.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-0.92	-0.56	1.90	-0.48	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-143.88	-144.22	-172.04	-79.92	-100.00	-100.00	-100.00	-100.00	-100.00
Financing Cash flow items	-4.59	4.37	1.96	-3.63	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	-59.77	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-110.53	-142.23	-237.71	2.12	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-43.86	6.17	87.03	-135.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-158.98	-131.69	-148.72	-196.28	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	33.98	45.81	25.50	55.80	60.33	218.09	375.86	533.62	691.38
Net Change in Cash	11.83	-20.40	30.32	7.07	157.76	157.76	157.76	157.76	157.76
Ending Cash Balance	45.81	25.50	55.82	62.87	218.09	375.86	533.62	691.38	849.14
Capex to Revenue	8.84%	8.64%	10.09%	4.51%	5.68%	5.68%	5.68%	5.68%	5.68%
Depreciation to Sales	6.24%	6.39%	6.32%	6.47%	6.47%	6.47%	6.47%	6.47%	6.47%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	14.55%	18.36%	15.64%	14.36%	14.36%	14.36%	14.36%	14.36%	14.36%
Distributable FCF/EV Yield	3.95%	2.58%	4.14%	4.71%	3.65%	3.65%	3.65%	3.65%	3.65%
Dividend Yield	0.00%	0.00%	0.00%	-1.78%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	171.72	111.84	177.13	263.59	157.76	157.76	157.76	157.76	157.76

SN VALUATION

LBO Debt Schedule

Ticker:

CXW

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	7.07	157.76	157.76	157.76	157.76	157.76
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00	1,016.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Expense		71.12	71.12	71.12	71.12	71.12
Cash Balance		62.90				
Interest @ 1.0%		0.63	0.63	0.63	0.63	0.63
Net Interest Expense/(Income)		70.49	70.49	70.49	70.49	70.49
Net Interest Rate		6.94%	6.94%	6.94%	6.94%	6.94%
EBITDA		291.77	291.77	291.77	291.77	291.77
EBITDA/Interest Expense Coverage		4.10	4.10	4.10	4.10	4.10

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB	BBB	BBB	BBB	BBB	BBB
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D					

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Corrections Corp of America

Ticker:

CXW

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	130.68	172.44	161.08	99.31	257.07	414.84	572.60	730.36	888.12
Total Assets	2,901.48	2,979.00	3,015.72	2,933.55	3,077.38	3,221.22	3,365.05	3,508.88	3,652.71
X1	0.05	0.06	0.05	0.03	0.08	0.13	0.17	0.21	0.24
Retained Earnings	-42.11	115.08	277.59	501.00	644.83	788.67	932.50	1,076.33	1,220.16
Total Assets	2,901.48	2,979.00	3,015.72	2,933.55	3,077.38	3,221.22	3,365.05	3,508.88	3,652.71
X2	-0.01	0.04	0.09	0.17	0.21	0.24	0.28	0.31	0.33
EBITDA	403.70	428.01	442.24	416.66	404.77	404.77	404.77	404.77	404.77
Total Assets	2,901.48	2,979.00	3,015.72	2,933.55	3,077.38	3,221.22	3,365.05	3,508.88	3,652.71
X3	0.14	0.14	0.15	0.14	0.13	0.13	0.12	0.12	0.11
Market Value of Equity	3,365.17	3,365.17	3,365.17	3,365.17	3,319.19	3,273.84	3,229.10	3,184.98	3,141.46
Total Liabilities	1,463.19	1,512.37	1,611.60	1,274.47	1,274.47	1,274.47	1,274.47	1,274.47	1,274.47
X4	2.30	2.23	2.09	2.64	2.60	2.57	2.53	2.50	2.46
Net Sales	1,616.49	1,663.32	1,724.34	1,759.88	1,759.88	1,759.88	1,759.88	1,759.88	1,759.88
Total Assets	2,901.48	2,979.00	3,015.72	2,933.55	3,077.38	3,221.22	3,365.05	3,508.88	3,652.71
X5	0.56	0.56	0.57	0.60	0.57	0.55	0.52	0.50	0.48
Altman Z Score	2.43	2.49	2.50	2.93	2.96	3.00	3.03	3.06	3.09

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	1,649.01	1,792.84	1,936.68	2,080.51	2,224.34	2,368.17				2,368.17
Annual Change		143.83	143.83	143.83	143.83	143.83				
Annual FCF	203.82	157.76	157.76	157.76	157.76	157.76	157.76	157.76	157.76	473.29
Annual Op. Cash Flow	283.26	257.76	257.76	257.76	257.76	257.76	257.76	257.76	257.76	
Annual PP&E Investment	(79.44)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	
Today's Tangible Book Value	1,649.01	1,772.81	1,905.90	2,048.98	2,202.80	2,368.17				2,841.46
Intrinsic Value IRR	7.51%									
Market Price	3,365.17	3,253.22	3,145.00	3,040.38	2,939.24	2,841.46				2,841.46
Market Price IRR	-3.33%									

Debt	50.00%	1,682.58
Equity	50.00%	1,682.58
Total	100.00%	3,365.17

	Present Value	Holding Period					Terminal Value			Sale Price	
	Historic	ProForma	1	2	3	4	5	6	7	8	
Book Equity	1661	1,682.58	1,749.45	1,816.32	1,883.18	1,950.05	2,016.92				
Goodwill	11.99	1,716.16	1,716.16	1,716.16	1,716.16	1,716.16	1,716.16				
Debt	1016	2,698.58	2,698.58	2,698.58	2,698.58	2,698.58	2,698.58				
Debt Interest Rate		7.00%	7.00%	7.00%	7.00%	7.00%	7.00%				
Additional Interest Expense		118.41	118.41	118.41	118.41	118.41					
Tangible Book Value	1649.01	-33.57	33.29	100.16	167.02	233.89	300.76				300.76
Annual Change			66.87	66.87	66.87	66.87	66.87				
Annual FCF	203.82	80.80	80.80	80.80	80.80	80.80	80.80	80.80	80.80	80.80	242.39
Annual Net Income	157.12	66.87	66.87	66.87	66.87	66.87	66.87	66.87	66.87	66.87	
Annual Op. Cash Flow	283.26	180.80	180.80	180.80	180.80	180.80	180.80	180.80	180.80		
Dividend Payments											
Annual PP&E Investment	(79.44)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	
Debt Paydown	0.00						0.00	0.00	0.00		

Sale Price in Year 5											543.15
Remaining Debt Balance											1,682.58
Capital Left for Equity Investor											(1,139.44)
Dividend Payments											0.00
Total Cash In Flow											(1,139.44)
Invested Equity	1,682.58	-1,556.39	1,439.67	-1,331.70	1,231.82	-1,139.44					
IRR	-192.50%										

<u>Value Creation</u>	
TBV Growth (equals sum of NI Year 1-5)	334.33
Cash Flow (Year 6-8)	242.39
	576.72

<u>Value Dilution</u>	
Debt	1,682.58
Goodwill	1,704.17
Additional Interest	592.05
	3,978.80