



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended March 31, 2004**

The Company's supplemental financial information and other data presented herein speaks only as of the date or period indicated (or as of the date posted, as the case may be), and the Company does not undertake any obligation, and disclaims any duty, to update any of this information. The Company's future financial performance is subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the Company's future financial results are discussed more fully in our reports filed with the SEC. Readers are advised to refer to these reports for additional information concerning the Company. Readers are also advised that the Company's historical performance may not be indicative of future results. In addition, the information contained herein does not constitute an offer to sell or a solicitation to buy any of the Company's securities.

CORRECTIONS CORPORATION OF AMERICA

Supplemental Financial Information
For the Quarter Ended March 31, 2004

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CONSOLIDATED BALANCE SHEETS
(Unaudited and amounts in thousands, except per share amounts)

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ASSETS	March 31, 2004	December 31, 2003	September 30, 2003	June 30, 2003	March 31, 2003
Cash and cash equivalents	\$ 88,451	\$ 84,231	\$ 68,943	\$ 70,464	\$ 69,955
Restricted cash	12,849	12,823	12,796	13,186	13,577
Accounts receivable, net of allowance	153,134	137,623	140,636	133,911	137,741
Deferred tax assets	47,442	50,473	-	-	-
Income tax receivable	-	-	59	60	33,426
Prepaid expenses and other current assets	6,502	8,028	6,949	9,206	6,329
Total current assets	<u>308,378</u>	<u>293,178</u>	<u>229,383</u>	<u>226,827</u>	<u>261,028</u>
Property and equipment, net	1,604,024	1,586,979	1,580,571	1,584,825	1,591,119
Investment in direct financing lease	17,591	17,751	17,907	18,057	18,204
Goodwill	15,563	15,563	20,294	20,294	20,294
Deferred tax assets	-	6,739	-	-	-
Other assets	32,646	38,818	35,562	32,636	27,085
Total assets	<u>\$ 1,978,202</u>	<u>\$ 1,959,028</u>	<u>\$ 1,883,717</u>	<u>\$ 1,882,639</u>	<u>\$ 1,917,730</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 168,168	\$ 157,417	\$ 156,304	\$ 132,480	\$ 148,441
Income tax payable	541	913	4,520	4,467	5,608
Distributions payable	-	150	150	150	2,150
Current portion of long-term debt	1,837	1,146	2,914	5,377	24,107
Total current liabilities	<u>170,546</u>	<u>159,626</u>	<u>163,888</u>	<u>142,474</u>	<u>180,306</u>
Long-term debt, net of current portion	1,001,482	1,002,282	1,004,128	1,043,780	956,515
Deferred tax liabilities	353	-	-	-	-
Other liabilities	21,898	21,655	21,817	22,075	22,482
Total liabilities	<u>1,194,279</u>	<u>1,183,563</u>	<u>1,189,833</u>	<u>1,208,329</u>	<u>1,159,303</u>
Commitments and contingencies					
Preferred stock - \$0.01 par value:					
Series A - stated at liquidation preference of \$25.00 per share	-	7,500	7,500	7,500	107,500
Series B - stated at liquidation preference of \$24.46 per share	23,528	23,528	23,528	22,933	114,281
Common stock - \$0.01 par value	351	350	350	350	281
Additional paid-in capital	1,444,240	1,441,742	1,439,587	1,439,347	1,344,822
Deferred compensation	(2,720)	(1,479)	(1,913)	(2,323)	(2,779)
Retained deficit	(681,220)	(695,590)	(774,348)	(792,549)	(804,689)
Accumulated other comprehensive loss	(256)	(586)	(820)	(948)	(989)
Total stockholders' equity	<u>783,923</u>	<u>775,465</u>	<u>693,884</u>	<u>674,310</u>	<u>758,427</u>
Total liabilities and stockholders' equity	<u>\$ 1,978,202</u>	<u>\$ 1,959,028</u>	<u>\$ 1,883,717</u>	<u>\$ 1,882,639</u>	<u>\$ 1,917,730</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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(Unaudited and amounts in thousands, except per share amounts)

	For the Three Months Ended March 31, 2004	2003	For the Year Ended December 31, 2003
REVENUE:			
Management:			
Federal	\$ 101,411	\$ 91,457	\$ 384,128
State	135,618	121,062	493,037
Local	24,787	22,906	97,311
Other	10,920	9,497	39,513
Total management revenue	<u>272,736</u>	<u>244,922</u>	<u>1,013,989</u>
Transportation	5,077	4,438	18,901
Rental	948	923	3,742
Other	17	21	105
	<u>278,778</u>	<u>250,304</u>	<u>1,036,737</u>
EXPENSES:			
Operating:			
Facility fixed	154,552	134,603	557,529
Facility variable	51,149	46,276	195,890
Transportation	6,602	4,346	20,944
Other	181	282	948
Total operating expenses	<u>212,484</u>	<u>185,507</u>	<u>775,311</u>
General and administrative	10,969	9,537	40,467
Depreciation and amortization	12,870	12,913	52,937
	<u>236,323</u>	<u>207,957</u>	<u>868,715</u>
OPERATING INCOME	<u>42,455</u>	<u>42,347</u>	<u>168,022</u>
OTHER (INCOME) EXPENSE:			
Equity in (earnings) loss of joint venture	150	90	(119)
Interest expense, net	17,641	17,722	74,446
Expenses associated with debt refinancing and recapitalization transactions	25	-	6,687
Change in fair value of derivative instruments	-	-	(2,900)
(Gain) loss on disposal of assets	42	(16)	261
Unrealized foreign currency transaction (gain) loss	(146)	127	(556)
	<u>17,712</u>	<u>17,923</u>	<u>77,819</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>24,743</u>	<u>24,424</u>	<u>90,203</u>
Income tax benefit (expense)	(9,897)	170	52,352
INCOME FROM CONTINUING OPERATIONS	<u>14,846</u>	<u>24,594</u>	<u>142,555</u>
Income (loss) from discontinued operations, net of taxes	338	(1,692)	(772)
NET INCOME	<u>15,184</u>	<u>22,902</u>	<u>141,783</u>
Distributions to preferred stockholders	(814)	(5,480)	(15,262)
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	<u>\$ 14,370</u>	<u>\$ 17,422</u>	<u>\$ 126,521</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.41</u>	<u>\$ 0.63</u>	<u>\$ 3.92</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.37</u>	<u>\$ 0.56</u>	<u>\$ 3.44</u>

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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(Unaudited and amounts in thousands, except per share amounts)

	For the Three Months Ended March 31,		For the Year Ended
	2004	2003	December 31, 2003
Basic:			
Income from continuing operations	\$ 14,032	\$ 19,114	\$ 127,293
Income (loss) from discontinued operations, net of taxes	338	(1,692)	(772)
Net income available to common stockholders	\$ 14,370	\$ 17,422	\$ 126,521
Diluted:			
Income from continuing operations	\$ 14,032	\$ 19,114	\$ 127,293
Interest expense applicable to convertible notes, net of taxes	179	2,630	4,496
Diluted income from continuing operations	14,211	21,744	131,789
Income (loss) from discontinued operations, net of taxes	338	(1,692)	(772)
Diluted net income available to common stockholders	\$ 14,549	\$ 20,052	\$ 131,017
Basic:			
Weighted average common shares outstanding	35,082	28,046	32,603
Unvested restricted common stock	(117)	(332)	(358)
Weighted average common shares outstanding-basic	34,965	27,714	32,245
Diluted:			
Weighted average common shares outstanding-basic	34,965	27,714	32,245
Effect of dilutive securities:			
Stock options and warrants	1,189	667	917
Stockholder litigation	-	310	115
Convertible notes	3,362	6,733	4,523
Restricted stock-based compensation	42	222	249
Weighted average shares and assumed conversions-diluted	39,558	35,646	38,049
Basic earnings (loss) per share:			
Income from continuing operations	\$ 0.40	\$ 0.69	\$ 3.95
Income (loss) from discontinued operations, net of taxes	0.01	(0.06)	(0.03)
Net income available to common stockholders	\$ 0.41	\$ 0.63	\$ 3.92
Diluted earnings (loss) per share:			
Income from continuing operations	\$ 0.36	\$ 0.61	\$ 3.46
Income (loss) from discontinued operations, net of taxes	0.01	(0.05)	(0.02)
Diluted net income available to common stockholders	\$ 0.37	\$ 0.56	\$ 3.44

ILLUSTRATION OF 2003 RESULTS, ADJUSTED FOR SPECIAL ITEMS AND ASSUMING A TAX PROVISION

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(Unaudited and amounts in thousands, except per share amounts)

	March 31, 2003	For the Three Months Ended June 30, 2003	September 30, 2003	December 31, 2003	For the Year Ended December 31, 2003
Pre-tax net income, as reported	\$ 22,732	\$ 20,230	\$ 19,314	\$ 26,235	\$ 88,511
Special items:					
Expenses associated with debt refinancing and recapitalization transactions	-	4,135	2,552	-	6,687
Change in fair value of derivative instruments	-	(2,900)	-	-	(2,900)
	<u>22,732</u>	<u>21,465</u>	<u>21,866</u>	<u>26,235</u>	<u>92,298</u>
Income tax adjustment	(9,093)	(8,586)	(8,746)	(10,494)	(36,919)
Net income, as adjusted for special items	<u>13,639</u>	<u>12,879</u>	<u>13,120</u>	<u>15,741</u>	<u>55,379</u>
Preferred stock distributions, as reported	(5,480)	(8,090)	(836)	(856)	(15,262)
Special item: Excess distributions to series B preferred stockholders	-	4,472	-	-	4,472
Net income available to common stockholders, as adjusted for special items	<u>\$ 8,159</u>	<u>\$ 9,261</u>	<u>\$ 12,284</u>	<u>\$ 14,885</u>	<u>\$ 44,589</u>
Basic:					
Income from continuing operations, as adjusted for special items	\$ 9,174	\$ 9,261	\$ 12,284	\$ 14,885	\$ 45,604
Income (loss) from discontinued operations, net of taxes	(1,015)	-	-	-	(1,015)
Net income available to common stockholders, as adjusted for special items	<u>\$ 8,159</u>	<u>\$ 9,261</u>	<u>\$ 12,284</u>	<u>\$ 14,885</u>	<u>\$ 44,589</u>
Diluted:					
Income from continuing operations, as adjusted for special items	\$ 9,174	\$ 9,261	\$ 12,284	\$ 14,885	\$ 45,604
Interest expense applicable to convertible notes, net of taxes *	355	235	181	181	952
Diluted income from continuing operations, as adjusted for special items	<u>9,529</u>	<u>9,496</u>	<u>12,465</u>	<u>15,066</u>	<u>46,556</u>
Income (loss) from discontinued operations, net of taxes	(1,015)	-	-	-	(1,015)
Diluted net income available to common stockholders, as adjusted for special items	<u>\$ 8,514</u>	<u>\$ 9,496</u>	<u>\$ 12,465</u>	<u>\$ 15,066</u>	<u>\$ 45,541</u>
Basic:					
Weighted average common shares outstanding	27,714	31,840	34,649	34,672	32,245
Effect of dilutive securities:					
Stock options and warrants	667	934	937	1,046	917
Stockholder litigation	310	153	-	-	115
Convertible notes **	3,370	3,362	3,362	3,362	3,362
Restricted stock-based compensation	222	252	263	273	249
Diluted:					
Weighted average common shares outstanding	<u>32,283</u>	<u>36,541</u>	<u>39,211</u>	<u>39,353</u>	<u>36,888</u>
Basic earnings (loss) per share:					
Income from continuing operations, as adjusted for special items	\$ 0.33	\$ 0.29	\$ 0.35	\$ 0.43	\$ 1.41
Income (loss) from discontinued operations, net of taxes	(0.04)	-	-	-	(0.03)
Net income available to common stockholders, as adjusted for special items	<u>\$ 0.29</u>	<u>\$ 0.29</u>	<u>\$ 0.35</u>	<u>\$ 0.43</u>	<u>\$ 1.38</u>
Diluted earnings (loss) per share:					
Income from continuing operations, as adjusted for special items	\$ 0.29	\$ 0.26	\$ 0.32	\$ 0.38	\$ 1.26
Income (loss) from discontinued operations, net of taxes	(0.03)	-	-	-	(0.03)
Net income available to common stockholders, as adjusted for special items	<u>\$ 0.26</u>	<u>\$ 0.26</u>	<u>\$ 0.32</u>	<u>\$ 0.38</u>	<u>\$ 1.23</u>

* For the first and second quarters of 2003, and for the year ended December 31, 2003, \$1,223, \$522, and \$1,745, respectively, have been excluded as the effect is anti-dilutive.

** For the first and second quarters of 2003, and for the year ended December 31, 2003, 3,363, 1,330 and 1,161 shares, respectively, have been excluded as the effect is anti-dilutive.

SELECTED FINANCIAL INFORMATION
(Unaudited and amounts in thousands, except per share amounts)

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	<u>March 31, 2004</u>	<u>December 31, 2003</u>	<u>September 30, 2003</u>	<u>June 30, 2003</u>	<u>March 31, 2003</u>
BALANCE SHEET:					
Property and equipment	\$ 1,858,817	\$ 1,828,482	\$ 1,807,896	\$ 1,798,146	\$ 1,790,422
Accumulated depreciation and amortization	(254,793)	(241,503)	(227,325)	(213,321)	(199,303)
Property and equipment, net	<u>\$ 1,604,024</u>	<u>\$ 1,586,979</u>	<u>\$ 1,580,571</u>	<u>\$ 1,584,825</u>	<u>\$ 1,591,119</u>
Total assets	\$ 1,978,202	\$ 1,959,028	\$ 1,883,717	\$ 1,882,639	\$ 1,917,730
Maintenance and technology capital expenditures for the quarter ended	\$ 11,821	\$ 13,167	\$ 9,435	\$ 7,438	\$ 5,482
Total debt	\$ 1,003,319	\$ 1,003,428	\$ 1,007,042	\$ 1,049,157	\$ 980,622
Equity book value	\$ 783,923	\$ 775,465	\$ 693,884	\$ 674,310	\$ 758,427
LIQUIDITY:					
Cash and cash equivalents	\$ 88,451	\$ 84,231	\$ 68,943	\$ 70,464	\$ 69,955
Availability under revolving credit facility	\$ 97,671	\$ 97,741	\$ 98,141	\$ 45,891	\$ 51,891
CAPITALIZATION:					
Common shares outstanding	35,139	35,020	35,029	35,016	28,103
Common share price at end of period	\$ 35.60	\$ 28.83	\$ 24.67	\$ 25.33	\$ 17.46
Market value of common equity at end of period	<u>\$ 1,250,948</u>	<u>\$ 1,009,627</u>	<u>\$ 864,165</u>	<u>\$ 886,955</u>	<u>\$ 490,678</u>
Preferred shares outstanding - Series A	-	300	300	300	4,300
Preferred share price at end of period - Series A	\$ -	\$ 25.10	\$ 25.30	\$ 25.20	\$ 22.40
Market value of preferred equity at end of period - Series A	<u>\$ -</u>	<u>\$ 7,530</u>	<u>\$ 7,590</u>	<u>\$ 7,560</u>	<u>\$ 96,320</u>
Preferred shares outstanding - Series B	962	962	962	938	4,672
Preferred share price at end of period - Series B	\$ 25.02	\$ 25.25	\$ 25.40	\$ 25.49	\$ 24.85
Market value of preferred equity at end of period - Series B	<u>\$ 24,069</u>	<u>\$ 24,291</u>	<u>\$ 24,435</u>	<u>\$ 23,910</u>	<u>\$ 116,099</u>
Total equity market capitalization	<u>\$ 1,275,018</u>	<u>\$ 1,041,447</u>	<u>\$ 896,190</u>	<u>\$ 918,425</u>	<u>\$ 703,098</u>
Total market capitalization (market value of equity plus debt)	<u><u>\$ 2,278,337</u></u>	<u><u>\$ 2,044,875</u></u>	<u><u>\$ 1,903,232</u></u>	<u><u>\$ 1,967,582</u></u>	<u><u>\$ 1,683,720</u></u>
EBITDA	\$ 55,254	\$ 58,053	\$ 51,549	\$ 52,925	\$ 55,059
ADJUSTED EBITDA	\$ 55,279	\$ 58,053	\$ 54,101	\$ 54,160	\$ 55,059
ADJUSTED FREE CASH FLOW	\$ 27,058	\$ 27,387	\$ 27,299	\$ 26,169	\$ 30,468
ADJUSTED FREE CASH FLOW PER SHARE:					
Basic adjusted free cash flow per share	<u>\$ 0.77</u>	<u>\$ 0.79</u>	<u>\$ 0.79</u>	<u>\$ 0.82</u>	<u>\$ 1.10</u>
Diluted adjusted free cash flow per share	<u><u>\$ 0.69</u></u>	<u><u>\$ 0.70</u></u>	<u><u>\$ 0.70</u></u>	<u><u>\$ 0.72</u></u>	<u><u>\$ 0.93</u></u>

SELECTED FINANCIAL INFORMATION
(Unaudited and amounts in thousands, except per share amounts)

	For the Three Months Ended March 31, 2004	2003	For the Year Ended December 31, 2003
Number of days per period	91	90	365
ALL FACILITIES:			
Average available beds	<u>64,211</u>	<u>58,505</u>	<u>58,676</u>
Average compensated occupancy	<u>95.6%</u>	<u>91.6%</u>	<u>92.9%</u>
Total compensated man-days	<u>5,586,471</u>	<u>4,823,163</u>	<u>19,906,312</u>
Revenue per compensated man-day	\$ 48.82	\$ 50.78	\$ 50.94
Operating expenses per compensated man-day:			
Fixed expense	27.67	27.91	28.01
Variable expense	9.16	9.59	9.84
Total	<u>36.83</u>	<u>37.50</u>	<u>37.85</u>
Operating margin per compensated man-day	<u>\$ 11.99</u>	<u>\$ 13.28</u>	<u>\$ 13.09</u>
Operating margin rate	<u>24.6%</u>	<u>26.2%</u>	<u>25.7%</u>
DEPRECIATION AND AMORTIZATION:			
Depreciation expense	\$ 13,717	\$ 13,796	\$ 56,299
Amortization of goodwill	-	-	244
Amortization of intangible assets	32	11	157
Amortization of negative contract values	(879)	(894)	(3,763)
Depreciation and amortization	<u>\$ 12,870</u>	<u>\$ 12,913</u>	<u>\$ 52,937</u>
ADJUSTED FREE CASH FLOW:			
Pre-tax income (loss) available to common stockholders	\$ 24,267	\$ 17,252	\$ 74,169
Expenses associated with debt refinancing and recapitalization transactions	25	-	6,687
Income taxes paid	(385)	(6)	(2,183)
Depreciation and amortization	12,870	12,913	52,937
Depreciation and amortization for discontinued operations	-	1,074	1,074
Income tax (benefit) expense for discontinued operations	226	-	(920)
Amortization of debt costs and other non-cash interest	1,876	1,387	7,505
Change in fair value of derivative instruments	-	-	(2,900)
Series B preferred stock dividends satisfied with series B preferred stock and non-recurring tender premium	-	3,330	10,476
Maintenance and technology capital expenditures	(11,821)	(5,482)	(35,522)
Adjusted free cash flow	<u>\$ 27,058</u>	<u>\$ 30,468</u>	<u>\$ 111,323</u>
ADJUSTED FREE CASH FLOW PER SHARE:			
Basic	<u>\$ 0.77</u>	<u>\$ 1.10</u>	<u>\$ 3.45</u>
Diluted	<u>\$ 0.69</u>	<u>\$ 0.93</u>	<u>\$ 3.04</u>

SELECTED FINANCIAL INFORMATION
(Unaudited and amounts in thousands, except per share amounts)

	For the Three Months Ended March 31, 2004	2003	For the Year Ended December 31, 2003
MANAGED ONLY FACILITIES:			
Management revenue	\$ 82,304	\$ 68,586	\$ 281,524
Operating expenses:			
Fixed expense	50,572	40,938	168,572
Variable expense	18,178	15,143	61,645
Total	<u>68,750</u>	<u>56,081</u>	<u>230,217</u>
Contribution	<u>\$ 13,554</u>	<u>\$ 12,505</u>	<u>\$ 51,307</u>
Average available beds	<u>23,167</u>	<u>17,688</u>	<u>17,688</u>
Average compensated occupancy	<u>102.5%</u>	<u>102.0%</u>	<u>103.0%</u>
Total compensated man-days	<u>2,160,392</u>	<u>1,623,776</u>	<u>6,649,609</u>
Revenue per compensated man-day	\$ 38.10	\$ 42.24	\$ 42.34
Operating expenses per compensated man-day:			
Fixed expense	23.41	25.21	25.35
Variable expense	8.41	9.33	9.27
Total	<u>31.82</u>	<u>34.54</u>	<u>34.62</u>
Operating margin per compensated man-day	<u>\$ 6.28</u>	<u>\$ 7.70</u>	<u>\$ 7.72</u>
Operating margin rate	<u>16.5%</u>	<u>18.2%</u>	<u>18.2%</u>
OWNED AND MANAGED FACILITIES:			
Management revenue	\$ 190,432	\$ 176,336	\$ 732,465
Operating expenses:			
Fixed expense	103,980	93,665	388,957
Variable expense	32,971	31,133	134,245
Total	<u>136,951</u>	<u>124,798</u>	<u>523,202</u>
Contribution	<u>\$ 53,481</u>	<u>\$ 51,538</u>	<u>\$ 209,263</u>
Average available beds	<u>41,044</u>	<u>40,817</u>	<u>40,988</u>
Average compensated occupancy	<u>91.7%</u>	<u>87.1%</u>	<u>88.6%</u>
Total compensated man-days	<u>3,426,079</u>	<u>3,199,387</u>	<u>13,256,703</u>
Revenue per compensated man-day	\$ 55.58	\$ 55.12	\$ 55.25
Operating expenses per compensated man-day:			
Fixed	30.35	29.28	29.34
Variable	9.62	9.73	10.13
Total	<u>39.97</u>	<u>39.01</u>	<u>39.47</u>
Operating margin per compensated man-day	<u>\$ 15.61</u>	<u>\$ 16.11</u>	<u>\$ 15.78</u>
Operating margin rate	<u>28.1%</u>	<u>29.2%</u>	<u>28.6%</u>

ANALYSIS OF OUTSTANDING DEBT AND PREFERRED STOCK

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(Unaudited and amounts in thousands)

	Outstanding Balance 12/31/2003	Outstanding Balance 3/31/2004	Stated Interest Rate	Effective Interest Rate	Maturity Date	Callable/ Redeemable
Fixed Rate:						
\$250.0 Million Senior Notes	\$ 250,000	\$ 250,000	9.875%	10.42%	May 2009	On or prior to May 1, 2005, 35% redeemable at 109.875% with proceeds from equity offerings; on or after May 1, 2006, 100% redeemable at various premium prices until May 1, 2008 at par
\$250.0 Million Senior Notes	250,000	250,000	7.50%	7.91%	May 2011	On or prior to May 1, 2006, 35% redeemable at 107.5% with proceeds from equity offerings; on or after May 1, 2007, 100% redeemable at various premium prices until May 1, 2009 at par
\$200.0 Million Senior Notes	202,129	202,056	7.50%	7.65%	May 2011	On or prior to May 1, 2006, 35% redeemable at 107.5% with proceeds from equity offerings; on or after May 1, 2007, 100% redeemable at various premium prices until May 1, 2009 at par
\$30.0 Million Convertible Notes	30,000	30,000	4.00%	4.02%	February 2007	Beginning March 1, 2005, may force conversion if the common stock price is greater than \$13.38
Other Debt	486	450	Various	Various	Various	
Total Fixed Rate Debt	<u>732,615</u>	<u>732,506</u>				
Floating Rate:						
Lehman Credit Facility, Term C	270,813	270,813	4.48%	5.51%	March 31, 2008	
\$125.0 Million Revolver	-	-	None	None	March 31, 2006	
Total Floating Rate Debt	<u>270,813</u>	<u>270,813</u>				
Grand Total Debt	<u>\$ 1,003,428</u>	<u>\$ 1,003,319</u>	7.21%	7.76%	5.63 Years	

¹⁾ Includes amortization of debt issuance costs, net of debt premiums.

²⁾ The variable interest rate on the Term C portion of the Lehman Credit Facility is LIBOR + 2.75%. The Company has entered into an interest rate cap agreement that caps LIBOR at 5% on outstanding balances of \$200.0 million through May 20, 2004.

³⁾ The variable interest rate is LIBOR + 3.50%. As of December 31, 2003, the Company had outstanding letters of credit totaling \$27.3 million, reducing the available borrowing capacity to \$97.7 million.

⁴⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule:

Year	Total Debt Maturing	% of Debt Maturing	% of Debt Maturing
2004	\$ 1,037	0.10%	0.10%
2005	3,224	0.32%	0.42%
2006	3,175	0.32%	0.74%
2007	229,493	22.87%	23.61%
2008	65,712	6.55%	30.16%
Thereafter	700,678	69.84%	100.00%
	<u>\$ 1,003,319</u>	<u>100.00%</u>	

	Outstanding Balance 12/31/2003	Outstanding Balance 3/31/2004	Dividend Rate
Preferred Stock:			
Series A Preferred Stock	\$ 7,500	\$ -	8.0% cash
Series B Preferred Stock	\$ 23,528	\$ 23,528	12.0%, cash

Redeemed during March 2004 at \$25.00 per share plus dividends accrued and unpaid at the redemption date of \$0.36 per share

Redeemable at any time on or after April 30, 2004 at \$24.46 per share plus dividends accrued and unpaid at the redemption date

SELECTED OPERATING RATIOS
(Unaudited and amounts in thousands, except per share amounts)

	For the Three Months Ended March 31, 2004	2003	For the Year Ended December 31, 2003
<u>COVERAGE RATIOS:</u>			
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	3.1	3.2	3.1
Debt service coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled principal pmts)) (x)	3.1	2.4	2.8
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts + Pfd dist.)) (x)	2.9	2.0	2.4
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	4.4	4.1	4.4
Total debt and preferred stock coverage ratio (Total debt and pfd stk/Annualized Adjusted EBITDA) (x)	4.6	5.5	4.7
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.3	7.3	7.5
<u>DEBT/EQUITY RATIOS:</u>			
Total debt/Total market capitalization	44.0%	58.2%	49.1%
Total debt/Equity market capitalization	78.7%	139.5%	96.3%
Total debt/Book equity capitalization	128.0%	129.3%	129.4%
Total debt/Gross book value of real estate assets	53.5%	54.2%	54.4%
<u>RETURN ON INVESTMENT RATIOS:</u>			
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	11.9%	12.4%	12.3%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	10.0%	10.5%	10.4%
<u>OVERHEAD RATIOS:</u>			
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.0%	1.8%	1.9%
General & administrative expenses/Total revenues	3.9%	3.8%	3.9%
<u>INTEREST EXPENSE, NET</u>			
Interest income from continuing operations	\$ (991)	\$ (1,010)	\$ (3,602)
Interest incurred	17,991	17,345	71,443
Amortization of debt costs and other non-cash interest	1,876	1,387	7,505
Capitalized interest	(1,235)	-	(900)
Interest expense, net	<u>\$ 17,641</u>	<u>\$ 17,722</u>	<u>\$ 74,446</u>
<u>EBITDA CALCULATION:</u>			
Net income	\$ 15,184	\$ 22,902	\$ 141,783
Interest expense, net	17,641	17,722	74,446
Depreciation and amortization	12,870	12,913	52,937
Income tax (benefit) expense	9,897	(170)	(52,352)
(Income) loss from discontinued operations, net of taxes	(338)	1,692	772
EBITDA	<u>55,254</u>	<u>55,059</u>	<u>217,586</u>
Expenses associated with debt refinancing and recapitalization transactions	25	-	6,687
Change in fair value of derivative instruments	-	-	(2,900)
ADJUSTED EBITDA	<u>\$ 55,279</u>	<u>\$ 55,059</u>	<u>\$ 221,373</u>

*Calculated as a simple average (beginning of period plus end of period divided by 2)

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/04</u>
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	May-05	(3) 1 year	143.70%
Eloy Detention Center Eloy, Arizona	1995, 1996	BOP, ICE	1,500	Medium	Detention	Feb-05	(4) 1 year	93.94%
Florence Correctional Center Florence, Arizona	1999	State of Alaska	1,600	Multi	Correctional	Jun-04	-	113.34%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-04	(6) 1 year	113.40%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,232	Minimum/ Medium	Detention	Dec-04	-	98.52%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997	State of Colorado	700	Medium	Correctional	Jun-04	(1) 1 year	100.00%
Crowley County Correctional Facility Olney Springs, Colorado	1998	State of Colorado	1,200	Medium	Correctional	Jun-04	(1) 1 year	91.89%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-04	(1) 1 year	92.18%
Kit Carson Correctional Center Burlington, Colorado	1998	State of Colorado	768	Medium	Correctional	Jun-04	(1) 1 year	99.38%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jul-04	(15) 1 year	97.93%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Dec-05	(7) 1 year	111.60%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jul-04	(15) 1 year	97.86%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000	USMS	483	Maximum	Detention	Dec-04	(1) 1 year	137.52%
Lee Adjustment Center Beattyville, Kentucky	1990	Commonwealth of Kentucky	756	Minimum/ Medium	Correctional	May-05	(2) 2 year	82.21%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	790	Minimum	Correctional	Dec-07	(3) 2 year	81.77%

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/04</u>
Otter Creek Correctional Center Wheelwright, Kentucky	1993	State of Indiana	656	Minimum/ Medium	Correctional	Jan-11	-	99.77%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Wisconsin	1,338	Medium	Correctional	Dec-05	(2) 1 year	102.97%
Tallahatchie County Correctional Facility (H) Tutwiler, Mississippi	2000	State of Alabama (I)	1,104	Medium	Correctional	(I)	-	102.28%
Crossroads Correctional Center (J) Shelby, Montana	1999	State of Montana	512	Multi	Correctional	Jun-05	(7) 2 year	95.09%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,072	Medium	Correctional	Sep-04	(6) 1 year	96.19%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-04	(1) 1 year	96.46%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	83.62%
Northeast Ohio Correctional Center (K) Youngstown, Ohio	1997	-	2,016	Medium	Correctional	-	-	0.00%
Cimarron Correctional Facility (L) Cushing, Oklahoma	1997	State of Oklahoma	960	Medium	Correctional	Jan-04	-	92.64%
Davis Correctional Facility (L) Holdenville, Oklahoma	1996	State of Oklahoma	960	Medium	Correctional	Jan-04	-	99.21%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Hawaii	2,160	Medium	Correctional	Jun-04	-	56.69%
North Fork Correctional Facility (M) Sayre, Oklahoma	1998	-	1,440	Medium	Correctional	-	-	0.00%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-05	(2) 1 year	70.28%
Shelby Training Center (N) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Apr-15	-	92.34%
Whiteville Correctional Facility (O) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-05	(2) 1 year	96.11%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-07	(4) 1 year	97.03%

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/04</u>
Eden Detention Center Eden, Texas	1990	BOP	1,225	Medium	Correctional	Apr-05	(2) 1 year	104.93%
Houston Processing Center Houston, Texas	1984	ICE	411	Medium	Detention	Sep-04	(4) 1 year	119.52%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Jun-04	(1) 3 month	148.70%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Aug-05	-	121.85%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-07	(4) 1 year	97.96%
T. Don Hutto Correctional Center Taylor, Texas	1997	ICE	480	Minimum	Correctional	May-04	(2) 2 year	29.23%
D.C. Correctional Treatment Facility (P) Washington D.C.	1992	District of Columbia	866	Medium	Detention	Mar-17	-	128.21%
Total design capacity for Owned and Managed Facilities (38 Owned and Managed Facilities)			<u>41,044</u>					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	750	Medium	Correctional	Jun-04	(1) 2 year	99.49%
Bay County Jail and Annex Panama City, Florida	N/A	Bay County, FL	677	Multi	Detention	Sep-06	-	153.22%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	400	Multi	Detention	Sep-05	(1) 5 year	103.06%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	896	Minimum/ Medium	Correctional	Jun-04	-	115.12%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	302	Multi	Detention	Oct-10	-	122.92%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	350	Secure	Correctional	Jun-04	(1) 2 year	99.33%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-05	-	99.93%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	670	Multi	Detention	Nov-05	-	145.49%

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/04</u>
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Sep-06	(1) 2 year	95.00%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Sep-05	(3) 1 year	99.05%
Southern Nevada Women’s Correctional Center (Q) Las Vegas, Nevada	N/A	State of Nevada	500	Multi	Correctional	Oct-04	3 year indefinite	90.33%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Jan-05	-	87.55%
David L. Moss Criminal Justice Center Tulsa, Oklahoma	N/A	Tulsa County, OK	1,440	Multi	Detention	Jun-05	(2) 1 year	92.37%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	784	Multi	Detention	Sep-04	(3) 4 year	87.78%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,506	Medium	Correctional	Jun-05	(1) 2 year	106.98%
Tall Trees (R) Memphis, Tennessee	N/A	Shelby County, TN	63	Non-secure	Juvenile	Indefinite	-	74.05%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-06	(2) 1 year	116.60%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	Jul-05	(1) 2 year	96.88%
B. M. Moore Correctional Center Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.28%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	962	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	103.02%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.00%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	96.81%
Diboll Correctional Center Diboll, Texas	N/A	State of Texas	518	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.44%
Liberty County Jail/Juvenile Center Liberty, Texas	N/A	Liberty County, Texas	380	Multi	Detention	Jan-05	(2) 1 year	88.83%

FACILITY PORTFOLIO

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Facility Name	Year Constructed (A)	Primary Customer	Design Capacity (B)	Security Level	Facility Type (C)	Term	Remaining Renewal Options (D)	Compensated Occupancy % for the Quarter ended 3/31/04
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	98.04%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	94.97%
Total design capacity for Managed Only Facilities (26 Managed Only Facilities)			<u>24,210</u>					
Total design capacity for All Facilities			<u><u>65,254</u></u>					
Leased Facilities:								
Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Jun-04	-	N/A
Queensgate Correctional Facility Cincinnati, Ohio	1906	Hamilton County, OH	850	Medium	Owned/Leased	Feb-05	(2) 1 year	N/A
Community Education Partners (S) Houston, Texas	N/A	Community Education Partners	-	Non-secure	Owned/Leased	Jun-08	(3) 5 year	N/A

(A) The year constructed represents the initial completion of the facility's construction, as well as significant additions to the facility that occurred at a later date.

(B) Design capacity measures the number of beds, and accordingly, the number of inmates each facility is designed to accommodate. Facilities housing detainees on a short term basis may exceed the original intended design capacity for sentenced inmates due to the lower level of services required by detainees in custody for a brief period. We believe design capacity is an appropriate measure for evaluating prison operations, because the revenue generated by each facility is based on a per diem or monthly rate per inmate housed at the facility paid by the corresponding contracting governmental entity.

(C) We manage numerous facilities that have more than a single function (i.e., housing both long-term sentenced adult prisoners and pre-trial detainees). The primary functional categories into which facility types are identified was determined by the relative size of prisoner populations in a particular facility on March 31, 2004. If, for example, a 1,000-bed facility housed 900 adult prisoners with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correction facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.

(D) Remaining renewal options represents the number of renewals options, if applicable, and the remaining term of each option renewal.

(E) The facility is subject to a ground lease with the County of San Diego whereby the initial lease term is 18 years from the commencement of the contract, as defined. The County has the right to buy out all, or designated portions of, the premises at various times prior to the expiration of the term at a price generally equal to the cost of the premises, or the designated portion of the premises, less an allowance for the amortization over a 20-year period. Upon expiration of the lease, ownership of the facility automatically reverts to the County of San Diego.

(F) The facility is subject to a purchase option held by Huerfano County which grants Huerfano County the right to purchase the facility upon an early termination of the contract at a price generally equal to the cost of the facility plus 80% of the percentage increase in the Consumer Price Index, cumulated annually.

(G) The facility is subject to a purchase option held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value or fair market value at any time during the term of the contract between us and the GDOC.

(H) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization over a 20-year period.

(I) On January 13, 2004, we received notice from the Alabama Department of Corrections that it would withdraw all of its inmates housed at this facility. The inmates had been housed at this facility under a temporary emergency agreement to provide the State of Alabama immediate relief to its overcrowded prison system. All inmates were removed from the facility during the first quarter of 2004.

(J) The State of Montana has an option to purchase the facility at fair market value generally at any time during the term of the contract with us.

(K) On April 7, 2004 we announced that we had resumed operations at our Northeast Ohio Correctional Center. We began receiving inmates from the U.S. Marshals Service on April 6, 2004. We expect to initially manage an estimated population of 300 federal prisoners from Northeastern United States federal court districts that are experiencing a lack of detention space and/or high detention costs.

(L) The facility is subject to a purchase option held by the Oklahoma Department of Corrections, or ODC, which grants the ODC the right to purchase the facility at its fair market value at any time.

(M) All of the Wisconsin inmates housed at the North Fork Correctional Facility were transferred to the Diamondback Correctional Facility in order to satisfy a contractual provision mandated by the State of Wisconsin. Upon completion of the inmate transfers, North Fork Correctional Facility was closed and will remain closed for an indefinite period of time. The Company is currently pursuing new management contracts and other opportunities to take advantage of the beds that are available at the North Fork Correctional Facility, but can provide no assurance that it will be successful in doing so.

FACILITY PORTFOLIO

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/04</u>
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(N) Upon conclusion of the thirty-year lease with Shelby County, Tennessee, the facility will become the property of Shelby County. Prior to such time, if the County terminates the lease without cause, or breaches the lease or the State fails to fund the contract, we may purchase the property for \$150,000. If we terminate the lease without cause, or breach the contract, we will be required to purchase the property for its fair market value as agreed to by the County and us.

(O) The State of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational breach, as defined, at a price equal to the book value, as defined.

(P) The District of Columbia has the right to purchase the facility at any time during the term of the contract at a price generally equal to the present value of the remaining lease payments for the premises. Upon expiration of the lease, ownership of the facility automatically reverts to the District of Columbia.

(Q) On February 20, 2004 we provided notice to the Nevada Department of Corrections that we do not intend to renew our contract to manage this facility upon expiration of the contract.

(R) On March 29, 2004 we provided a mandatory six-month advance notice to the State of Tennessee, Department of Children's Services that we do not intend to renew our contract to manage this facility upon a brief transition period following the expiration of the contract.

(S) The alternative educational facility is currently configured to accommodate 900 at-risk juveniles and may be expanded to accommodate a total of 1,400 at-risk juveniles.

DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

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Customer	Management Revenue For the Three Months Ended March 31, 2004	Percent of Management Revenue For the Three Months Ended March 31, 2004
Bureau of Prisons	\$ 42,601	15.62%
United States Marshals	37,873	13.89%
Texas	20,959	7.68%
United States Immigration and Customs Enforcement	20,934	7.68%
Tennessee	17,272	6.33%
Colorado	13,421	4.92%
Georgia	12,045	4.42%
Florida	11,150	4.09%
Wisconsin	7,646	2.80%
Oklahoma	7,283	2.67%
	<u>\$ 191,184</u>	<u>70.10%</u>
Total Management Revenue	<u>\$ 272,736</u>	<u>26.90%</u>

RESEARCH / ANALYST COVERAGE

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Rating Agency Coverage:

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Standard & Poor's	Jean Stout	(212) 438-7865

Credit Ratings:

	<u>Standard & Poor's</u>	<u>Moody's</u>
Corporate Credit Rating	B+	Not rated
Senior Secured Bank Credit	BB-	Ba3
Senior Unsecured Debt	B	B1
Preferred Stock	Not rated	B3

Any opinions, estimates and/or forecasts regarding the Company's performance made by the analysts and/or rating agencies listed above are theirs alone and do not necessarily represent the opinions, forecasts or predictions of the Company or its management. The Company does not by its reference above imply its endorsement of or concurrence with such information, conclusions or recommendations and the Company has not undertaken to verify any of the information provided by such analysts or agencies.