



**CORRECTIONS CORPORATION OF AMERICA**

**Supplemental Financial Information  
For the Quarter Ended September 30, 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 September 30, 2004

## TABLE OF CONTENTS

Consolidated Balance Sheets .....	1
Consolidated Statements of Operations .....	2
Reconciliation of Basic to Diluted Earnings Per Share .....	3
Illustration of 2003 Results, Adjusted for Special Items and Assuming a Tax Provision .....	4
Selected Financial Information .....	5
Analysis of Outstanding Debt and Preferred Stock .....	8
Selected Operating Ratios .....	9
Facility Portfolio .....	10
Diversification of Revenue .....	16
Research Coverage / Credit Ratings .....	17

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

1 of 17

<b>ASSETS</b>	<b>September 30, 2004</b>	<b>June 30, 2004</b>	<b>March 31, 2004</b>	<b>December 31, 2003</b>	<b>September 30, 2003</b>
Cash and cash equivalents	\$ 68,651	\$ 50,137	\$ 88,451	\$ 84,231	\$ 68,943
Restricted cash	12,912	12,876	12,849	12,823	12,796
Accounts receivable, net of allowance	157,650	158,489	153,134	137,623	140,636
Deferred tax assets	51,662	46,092	47,442	50,473	-
Prepaid expenses and other current assets	15,791	14,532	6,502	8,028	7,008
Total current assets	306,666	282,126	308,378	293,178	229,383
Property and equipment, net	1,650,434	1,630,612	1,604,024	1,586,979	1,580,571
Investment in direct financing lease	17,255	17,426	17,591	17,751	17,907
Goodwill	15,563	15,563	15,563	15,563	20,294
Deferred tax assets	-	-	-	6,739	-
Other assets	29,926	32,492	32,646	38,818	35,562
Total assets	\$ 2,019,844	\$ 1,978,219	\$ 1,978,202	\$ 1,959,028	\$ 1,883,717
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 178,261	\$ 168,685	\$ 168,168	\$ 157,417	\$ 156,304
Income tax payable	2,572	489	541	913	4,520
Distributions payable	-	-	-	150	150
Current portion of long-term debt	3,220	2,529	1,837	1,146	2,914
Total current liabilities	184,053	171,703	170,546	159,626	163,888
Long-term debt, net of current portion	999,868	1,000,676	1,001,482	1,002,282	1,004,128
Deferred tax liabilities	17,668	6,002	353	-	-
Other liabilities	21,673	21,799	21,898	21,655	21,817
Total liabilities	1,223,262	1,200,180	1,194,279	1,183,563	1,189,833
Commitments and contingencies					
Preferred stock - \$0.01 par value:					
Series A - stated at liquidation preference of \$25.00 per share	-	-	-	7,500	7,500
Series B - stated at liquidation preference of \$24.46 per share	-	-	23,528	23,528	23,528
Common stock - \$0.01 par value	352	352	351	350	350
Additional paid-in capital	1,447,685	1,446,455	1,444,240	1,441,742	1,439,587
Deferred compensation	(2,019)	(2,324)	(2,720)	(1,479)	(1,913)
Retained deficit	(649,436)	(666,444)	(681,220)	(695,590)	(774,348)
Accumulated other comprehensive loss	-	-	(256)	(586)	(820)
Total stockholders' equity	796,582	778,039	783,923	775,465	693,884
Total liabilities and stockholders' equity	\$ 2,019,844	\$ 1,978,219	\$ 1,978,202	\$ 1,959,028	\$ 1,883,717

**CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
<b>REVENUE:</b>				
Management:				
Federal	\$ 108,849	\$ 97,709	\$ 318,174	\$ 283,875
State	140,072	124,479	415,572	365,591
Local	26,093	25,249	76,119	72,087
Other	11,073	9,911	32,909	29,310
Total management revenue	<u>286,087</u>	<u>257,348</u>	<u>842,774</u>	<u>750,863</u>
Transportation	5,298	5,105	14,687	14,141
Rental	971	945	2,874	2,797
Other	100	33	278	76
	<u>292,456</u>	<u>263,431</u>	<u>860,613</u>	<u>767,877</u>
<b>EXPENSES:</b>				
Operating:				
Facility fixed	162,882	141,768	477,341	414,593
Facility variable	53,538	51,248	158,267	144,699
Transportation	6,446	6,438	19,734	15,352
Other	210	200	586	811
Total operating expenses	<u>223,076</u>	<u>199,654</u>	<u>655,928</u>	<u>575,455</u>
General and administrative	12,328	9,819	35,350	29,366
Depreciation and amortization	14,008	13,157	40,063	39,106
	<u>249,412</u>	<u>222,630</u>	<u>731,341</u>	<u>643,927</u>
<b>OPERATING INCOME</b>	<u>43,044</u>	<u>40,801</u>	<u>129,272</u>	<u>123,950</u>
<b>OTHER (INCOME) EXPENSE:</b>				
Equity in (earnings) loss of joint venture	150	(88)	450	(44)
Interest expense, net	16,831	19,078	51,809	56,459
Expenses associated with debt refinancing and recapitalization transactions	-	2,552	101	6,687
Change in fair value of derivative instruments	-	-	-	(2,900)
(Gain) loss on disposal of assets	59	(6)	100	(21)
Unrealized foreign currency transaction (gain) loss	30	(49)	(56)	(199)
	<u>17,070</u>	<u>21,487</u>	<u>52,404</u>	<u>59,982</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	25,974	19,314	76,868	63,968
Income tax benefit (expense)	<u>(8,966)</u>	<u>(277)</u>	<u>(29,681)</u>	<u>(107)</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>	17,008	19,037	47,187	63,861
Income (loss) from discontinued operations, net of taxes	<u>-</u>	<u>-</u>	<u>429</u>	<u>(1,692)</u>
<b>NET INCOME</b>	17,008	19,037	47,616	62,169
Distributions to preferred stockholders	<u>-</u>	<u>(836)</u>	<u>(1,462)</u>	<u>(14,406)</u>
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS</b>	<u>\$ 17,008</u>	<u>\$ 18,201</u>	<u>\$ 46,154</u>	<u>\$ 47,763</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.49</u>	<u>\$ 0.53</u>	<u>\$ 1.32</u>	<u>\$ 1.52</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.43</u>	<u>\$ 0.47</u>	<u>\$ 1.18</u>	<u>\$ 1.36</u>

## RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

3 of 17

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>Basic:</b>				
Income from continuing operations	\$ 17,008	\$ 18,201	\$ 45,725	\$ 49,455
Income (loss) from discontinued operations, net of taxes	-	-	429	(1,692)
Net income available to common stockholders	\$ 17,008	\$ 18,201	\$ 46,154	\$ 47,763
<b>Diluted:</b>				
Income from continuing operations	\$ 17,008	\$ 18,201	\$ 45,725	\$ 49,455
Interest expense applicable to convertible notes, net of taxes *	199	302	553	1,285
Diluted income from continuing operations	17,207	18,503	46,278	50,740
Income (loss) from discontinued operations, net of taxes	-	-	429	(1,692)
Diluted net income available to common stockholders	\$ 17,207	\$ 18,503	\$ 46,707	\$ 49,048
<b>Basic:</b>				
Weighted average common shares outstanding	35,202	35,018	35,148	31,781
Unvested restricted common stock	(141)	(369)	(134)	(355)
Weighted average common shares outstanding-basic	35,061	34,649	35,014	31,426
<b>Diluted:</b>				
Weighted average common shares outstanding-basic	35,061	34,649	35,014	31,426
<b>Effect of dilutive securities:</b>				
Stock options and warrants	1,330	937	1,304	860
Stockholder litigation	-	-	-	153
Convertible notes**	3,362	3,362	3,362	3,362
Restricted stock-based compensation	63	263	55	240
Weighted average shares and assumed conversions-diluted	39,816	39,211	39,735	36,041
<b>Basic earnings (loss) per share:</b>				
Income from continuing operations	\$ 0.49	\$ 0.53	\$ 1.31	\$ 1.57
Income (loss) from discontinued operations, net of taxes	-	-	0.01	(0.05)
Net income available to common stockholders	\$ 0.49	\$ 0.53	\$ 1.32	\$ 1.52
<b>Diluted earnings (loss) per share:</b>				
Income from continuing operations	\$ 0.43	\$ 0.47	\$ 1.17	\$ 1.41
Income (loss) from discontinued operations, net of taxes	-	-	0.01	(0.05)
Diluted net income available to common stockholders	\$ 0.43	\$ 0.47	\$ 1.18	\$ 1.36
* For the nine months ended September 30, 2003, \$2,908 is not presented, as the effect is anti-dilutive.				
** Although amounts are not included for the periods presented, as the effects are anti-dilutive, additional shares would have been as follows, if dilutive:				
Convertible notes using the if-converted method	-	-	-	1,552

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

4 of 17

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

	For the Three Months Ended				For the Year Ended December 31, 2003
	March 31, 2003	June 30, 2003	September 30, 2003	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

5 of 17

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

	<u>September 30, 2004</u>	<u>June 30, 2004</u>	<u>March 31, 2004</u>	<u>December 31, 2003</u>	<u>September 30, 2003</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 1,933,564	\$ 1,899,179	\$ 1,858,817	\$ 1,828,482	\$ 1,807,896
Accumulated depreciation and amortization	(283,130)	(268,567)	(254,793)	(241,503)	(227,325)
Property and equipment, net	<u>\$ 1,650,434</u>	<u>\$ 1,630,612</u>	<u>\$ 1,604,024</u>	<u>\$ 1,586,979</u>	<u>\$ 1,580,571</u>
 Total assets	 \$ 2,019,844	 \$ 1,978,219	 \$ 1,978,202	 \$ 1,959,028	 \$ 1,883,717
 Maintenance & technology capital expenditures for the quarter ended	 \$ 11,145	 \$ 12,687	 \$ 11,821	 \$ 13,167	 \$ 9,435
 Total debt	 \$ 1,003,088	 \$ 1,003,205	 \$ 1,003,319	 \$ 1,003,428	 \$ 1,007,042
 Equity book value	 \$ 796,582	 \$ 778,039	 \$ 783,923	 \$ 775,465	 \$ 693,884
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 68,651	\$ 50,137	\$ 88,451	\$ 84,231	\$ 68,943
 Availability under revolving credit facility	 \$ 89,871	 \$ 89,871	 \$ 97,671	 \$ 97,741	 \$ 98,141
<b>CAPITALIZATION:</b>					
Common shares outstanding	35,235	35,185	35,139	35,020	35,029
Common share price at end of period	\$ 35.36	\$ 39.49	\$ 35.60	\$ 28.83	\$ 24.67
Market value of common equity at end of period	<u>\$ 1,245,910</u>	<u>\$ 1,389,456</u>	<u>\$ 1,250,948</u>	<u>\$ 1,009,627</u>	<u>\$ 864,165</u>
 Preferred shares outstanding - Series A	 -	 -	 -	 300	 300
Preferred share price at end of period - Series A	\$ -	\$ -	\$ -	\$ 25.10	\$ 25.30
Market value of preferred equity at end of period - Series A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,530</u>	<u>\$ 7,590</u>
 Preferred shares outstanding - Series B	 -	 -	 962	 962	 962
Preferred share price at end of period - Series B	\$ -	\$ -	\$ 25.02	\$ 25.25	\$ 25.40
Market value of preferred equity at end of period - Series B	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,069</u>	<u>\$ 24,291</u>	<u>\$ 24,435</u>
 Total equity market capitalization	 <u>\$ 1,245,910</u>	 <u>\$ 1,389,456</u>	 <u>\$ 1,275,018</u>	 <u>\$ 1,041,447</u>	 <u>\$ 896,190</u>
 Total market capitalization (market value of equity plus debt)	 <u>\$ 2,248,998</u>	 <u>\$ 2,392,661</u>	 <u>\$ 2,278,337</u>	 <u>\$ 2,044,875</u>	 <u>\$ 1,903,232</u>
 <b>EBITDA</b>	 \$ 56,813	 \$ 56,673	 \$ 55,254	 \$ 58,053	 \$ 51,549
 <b>ADJUSTED EBITDA</b>	 \$ 56,813	 \$ 56,749	 \$ 55,279	 \$ 58,053	 \$ 54,101
 <b>ADJUSTED FREE CASH FLOW</b>	 \$ 29,690	 \$ 25,764	 \$ 27,058	 \$ 27,387	 \$ 27,299
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>					
Basic adjusted free cash flow per share	\$ 0.85	\$ 0.74	\$ 0.77	\$ 0.79	\$ 0.79
Diluted adjusted free cash flow per share	<u>\$ 0.75</u>	<u>\$ 0.65</u>	<u>\$ 0.69</u>	<u>\$ 0.70</u>	<u>\$ 0.70</u>

## SELECTED FINANCIAL INFORMATION

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Number of days per period	92	92	274	273
<b>ALL FACILITIES:</b>				
Average available beds	<u>66,873</u>	<u>58,732</u>	<u>65,789</u>	<u>58,657</u>
Average compensated occupancy	<u>94.9%</u>	<u>93.7%</u>	<u>95.5%</u>	<u>92.1%</u>
Total compensated man-days	<u>5,841,218</u>	<u>5,063,682</u>	<u>17,206,300</u>	<u>14,753,909</u>
Revenue per compensated man-day	\$ 48.98	\$ 50.82	\$ 48.98	\$ 50.89
Operating expenses per compensated man-day:				
Fixed expense	27.88	28.00	27.74	28.10
Variable expense	<u>9.17</u>	<u>10.12</u>	<u>9.20</u>	<u>9.81</u>
Total	<u>37.05</u>	<u>38.12</u>	<u>36.94</u>	<u>37.91</u>
Operating margin per compensated man-day	<u>\$ 11.93</u>	<u>\$ 12.70</u>	<u>\$ 12.04</u>	<u>\$ 12.98</u>
Operating margin rate	<u>24.4%</u>	<u>25.0%</u>	<u>24.6%</u>	<u>25.5%</u>
<b>DEPRECIATION AND AMORTIZATION:</b>				
Depreciation expense	14,854	14,110	42,602	41,940
Amortization of intangible assets	32	18	96	50
Amortization of negative contract values	(878)	(971)	(2,635)	(2,884)
Depreciation and amortization	<u>\$ 14,008</u>	<u>\$ 13,157</u>	<u>\$ 40,063</u>	<u>\$ 39,106</u>
<b>ADJUSTED FREE CASH FLOW:</b>				
Pre-tax income (loss) available to common stockholders	\$ 25,974	\$ 18,478	\$ 75,835	\$ 47,870
Expenses associated with debt refinancing and recapitalization transactions	-	2,552	101	6,687
Income taxes paid	(693)	(228)	(3,341)	(1,729)
Depreciation and amortization	14,008	13,157	40,063	39,106
Depreciation and amortization for discontinued operations	-	-	-	1,074
Income tax (benefit) expense for discontinued operations	-	-	287	-
Amortization of debt costs and other non-cash interest	1,546	2,089	5,220	5,707
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	-	686	-	10,476
Maintenance and technology capital expenditures	(11,145)	(9,435)	(35,653)	(22,355)
Adjusted free cash flow	<u>\$ 29,690</u>	<u>\$ 27,299</u>	<u>\$ 82,512</u>	<u>\$ 83,936</u>
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>				
Basic	<u>\$ 0.85</u>	<u>\$ 0.79</u>	<u>\$ 2.36</u>	<u>\$ 2.67</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.70</u>	<u>\$ 2.09</u>	<u>\$ 2.34</u>



## SELECTED FINANCIAL INFORMATION

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
<b>MANAGED ONLY FACILITIES:</b>				
Management revenue	\$ 88,951	\$ 71,684	\$ 257,790	\$ 209,587
Operating expenses:				
Fixed expense	54,278	42,806	159,231	125,362
Variable expense	19,445	15,203	56,682	45,408
Total	<u>73,723</u>	<u>58,009</u>	<u>215,913</u>	<u>170,770</u>
Contribution	<u>\$ 15,228</u>	<u>\$ 13,675</u>	<u>\$ 41,877</u>	<u>\$ 38,817</u>
Average available beds	<u>25,190</u>	<u>17,688</u>	<u>24,530</u>	<u>17,688</u>
Average compensated occupancy	<u>103.1%</u>	<u>103.8%</u>	<u>102.2%</u>	<u>102.6%</u>
Total compensated man-days	<u>2,388,389</u>	<u>1,689,492</u>	<u>6,870,965</u>	<u>4,955,910</u>
Revenue per compensated man-day	\$ 37.24	\$ 42.43	\$ 37.52	\$ 42.29
Operating expenses per compensated man-day:				
Fixed expense	22.73	25.34	23.17	25.30
Variable expense	8.14	9.00	8.25	9.16
Total	<u>30.87</u>	<u>34.34</u>	<u>31.42</u>	<u>34.46</u>
Operating margin per compensated man-day	<u>\$ 6.37</u>	<u>\$ 8.09</u>	<u>\$ 6.10</u>	<u>\$ 7.83</u>
Operating margin rate	<u>17.1%</u>	<u>19.1%</u>	<u>16.3%</u>	<u>18.5%</u>
 <b>OWNED AND MANAGED FACILITIES:</b>				
Management revenue	\$ 197,136	\$ 185,664	\$ 584,984	\$ 541,276
Operating expenses:				
Fixed expense	108,604	98,962	318,110	289,231
Variable expense	34,093	36,045	101,585	99,291
Total	<u>142,697</u>	<u>135,007</u>	<u>419,695</u>	<u>388,522</u>
Contribution	<u>\$ 54,439</u>	<u>\$ 50,657</u>	<u>\$ 165,289</u>	<u>\$ 152,754</u>
Average available beds	<u>41,683</u>	<u>41,044</u>	<u>41,259</u>	<u>40,969</u>
Average compensated occupancy	<u>90.0%</u>	<u>89.4%</u>	<u>91.4%</u>	<u>87.6%</u>
Total compensated man-days	<u>3,452,829</u>	<u>3,374,190</u>	<u>10,335,335</u>	<u>9,797,999</u>
Revenue per compensated man-day	\$ 57.09	\$ 55.02	\$ 56.60	\$ 55.24
Operating expenses per compensated man-day:				
Fixed	31.45	29.33	30.78	29.52
Variable	9.87	10.68	9.83	10.13
Total	<u>41.32</u>	<u>40.01</u>	<u>40.61</u>	<u>39.65</u>
Operating margin per compensated man-day	<u>\$ 15.77</u>	<u>\$ 15.01</u>	<u>\$ 15.99</u>	<u>\$ 15.59</u>
Operating margin rate	<u>27.6%</u>	<u>27.3%</u>	<u>28.3%</u>	<u>28.2%</u>

## ANALYSIS OF OUTSTANDING DEBT AND PREFERRED STOCK

(Unaudited and amounts in thousands)

	Outstanding Balance 12/31/2003	Outstanding Balance 9/30/2004	Stated Interest Rate	Effective Interest Rate	Maturity Date	Callable/ Redeemable
<b>Fixed Rate:</b>						
\$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	201,911	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	364	Various	Various	Various	
Total Fixed Rate Debt	<u>732,615</u>	<u>732,275</u>				
<b>Floating Rate:</b>						
Lehman Credit Facility:						
Term C	270,813					
Term D		270,813	4.62%	5.16%	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>\$ 1,003,088</u>	7.20%	7.62%	5.13 Years	

<sup>1)</sup> Includes amortization of debt issuance costs, net of debt premiums.

<sup>2)</sup> The variable interest rate on the Term D portion of the Lehman Credit Facility is LIBOR + 2.25%.

<sup>3)</sup> The variable interest rate is LIBOR + 3.50%. As of September 30, 2004, the Company had outstanding letters of credit totaling \$35.1 million, reducing the available borrowing capacity to \$89.9 million.

<sup>4)</sup> Represents the weighted average debt maturity in years.

### Debt Maturity Schedule:

Year	Total Debt Maturing	% of Debt Maturing	% of Debt Maturing
2004	\$ 796	0.08%	0.08%
2005	3,182	0.32%	0.40%
2006	3,133	0.31%	0.71%
2007	228,999	22.83%	23.54%
2008	66,301	6.61%	30.15%
Thereafter	<u>700,677</u>	<u>69.85%</u>	100.00%
	<u>\$ 1,003,088</u>	<u>100.00%</u>	

	Outstanding Balance 12/31/2003	Outstanding Balance 9/30/2004	Dividend Rate	
Preferred Stock:				
Series A Preferred Stock	\$ 7,500	\$ -	8.0% cash	Redeemed during the first quarter of 2004 at \$25.00 per share plus dividends accrued and unpaid through the redemption date
Series B Preferred Stock	\$ 23,528	\$ -	12.0% cash	Redeemed during the second quarter of 2004 at \$24.46 per share plus dividends accrued and unpaid through the redemption date

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
<b><u>COVERAGE RATIOS:</u></b>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	3.2	3.0	3.1	3.1
Debt service coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled principal pmts)) (x)	3.1	2.9	3.1	2.7
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts + Pfd dist.)) (x)	3.1	2.8	3.0	2.2
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	4.3	4.5	4.3	4.5
Total debt and preferred stock coverage ratio (Total debt and pfd stk/Annualized Adjusted EBITDA) (x)	4.4	4.8	4.5	4.8
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	7.4	7.5	7.3	7.3
<b><u>DEBT/EQUITY RATIOS:</u></b>				
Total debt/Total market capitalization	44.6%	52.9%	44.6%	52.9%
Total debt/Equity market capitalization	80.5%	112.4%	80.5%	112.4%
Total debt/Book equity capitalization	125.9%	145.1%	125.9%	145.1%
Total debt/Gross book value of real estate assets	51.4%	55.2%	51.4%	55.2%
<b><u>RETURN ON INVESTMENT RATIOS:</u></b>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	11.8%	11.9%	11.9%	12.2%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	10.0%	10.3%	10.0%	10.4%
<b><u>OVERHEAD RATIOS:</u></b>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.2%	1.9%	2.1%	1.9%
General & administrative expenses/Total revenues	4.2%	3.7%	4.1%	3.8%
<b><u>INTEREST EXPENSE, NET</u></b>				
Interest income from continuing operations	\$ (975)	\$ (953)	\$ (2,912)	\$ (2,637)
Interest incurred	18,008	17,956	53,949	53,403
Amortization of debt costs and other non-cash interest	1,546	2,089	5,220	5,707
Capitalized interest	(1,748)	(14)	(4,448)	(14)
Interest expense, net	<u>\$ 16,831</u>	<u>\$ 19,078</u>	<u>\$ 51,809</u>	<u>\$ 56,459</u>
<b><u>EBITDA CALCULATION:</u></b>				
Net income	\$ 17,008	\$ 19,037	\$ 47,616	\$ 62,169
Interest expense, net	16,831	19,078	51,809	56,459
Depreciation and amortization	14,008	13,157	40,063	39,106
Income tax (benefit) expense	8,966	277	29,681	107
(Income) loss from discontinued operations, net of taxes	-	-	(429)	1,692
EBITDA	<u>56,813</u>	<u>51,549</u>	<u>168,740</u>	<u>159,533</u>
Expenses associated with debt refinancing and recapitalization transactions	-	2,552	101	6,687
Change in fair value of derivative instruments	-	-	-	(2,900)
ADJUSTED EBITDA	<u>\$ 56,813</u>	<u>\$ 54,101</u>	<u>\$ 168,841</u>	<u>\$ 163,320</u>

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

**FACILITY PORTFOLIO**

<b>Facility Name</b>	<b>Year Constructed (A)</b>	<b>Primary Customer</b>	<b>Design Capacity (B)</b>	<b>Security Level</b>	<b>Facility Type (C)</b>	<b>Term</b>	<b>Remaining Renewal Options (D)</b>	<b>Compensated Occupancy % for the Quarter ended 9/30/04</b>
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	May-05	(3) 1 year	140.19%
Eloy Detention Center Eloy, Arizona	1995, 1996	BOP, ICE	1,500	Medium	Detention	Feb-05	(4) 1 year	90.98%
Florence Correctional Center Florence, Arizona	1999	State of Alaska	1,600	Multi	Correctional	Oct-04	-	107.15%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-05	(5) 1 year	114.02%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,232	Minimum/ Medium	Detention	Dec-04	-	121.20%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997	State of Colorado	700	Medium	Correctional	Jun-05	(1) 2 year	101.49%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,512	Medium	Correctional	Jun-05	(1) 2 year	57.27%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-05	(1) 2 year	97.85%
Kit Carson Correctional Center Burlington, Colorado	1998	State of Colorado	768	Medium	Correctional	Jun-05	(1) 2 year	102.07%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-05	(14) 1 year	98.09%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Dec-05	(7) 1 year	109.44%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-05	(14) 1 year	98.02%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000	USMS	483	Maximum	Detention	Dec-04	(1) 1 year	139.73%
Lee Adjustment Center Beattyville, Kentucky	1990	Commonwealth of Kentucky	756	Minimum/ Medium	Correctional	May-05	(2) 2 year	103.78%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	790	Minimum	Correctional	Dec-07	(3) 2 year	88.16%

**FACILITY PORTFOLIO**

<b>Facility Name</b>	<b>Year Constructed (A)</b>	<b>Primary Customer</b>	<b>Design Capacity (B)</b>	<b>Security Level</b>	<b>Facility Type (C)</b>	<b>Term</b>	<b>Remaining Renewal Options (D)</b>	<b>Compensated Occupancy % for the Quarter ended 9/30/04</b>
Otter Creek Correctional Center Wheelwright, Kentucky	1993	State of Indiana	656	Minimum/ Medium	Correctional	Jan-11	-	99.53%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Wisconsin	1,550	Medium	Correctional	Dec-05	(2) 1 year	43.26%
Tallahatchie County Correctional Facility (H) Tutwiler, Mississippi	2000	State of Hawaii	1,104	Medium	Correctional	Jun-06	-	77.42%
Crossroads Correctional Center (I) Shelby, Montana	1999	State of Montana	568	Multi	Correctional	Jun-05	(7) 2 year	87.37%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,072	Medium	Correctional	Sep-05	(5) 1 year	96.56%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-05	-	96.74%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	90.59%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	USMS	2,016	Medium	Correctional	Nov-04	(4) 1 year	7.05%
Cimarron Correctional Facility (J) Cushing, Oklahoma	1997	State of Oklahoma	960	Medium	Correctional	Jun-04	-	97.87%
Davis Correctional Facility (J) Holdenville, Oklahoma	1996	State of Oklahoma	960	Medium	Correctional	Jun-04	-	99.55%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	Jun-05	(2) 1 year	77.68%
North Fork Correctional Facility (K) 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	64.65%
Shelby Training Center (L) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Apr-15	-	93.25%
Whiteville Correctional Facility (M) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-05	(2) 1 year	95.29%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-07	(4) 1 year	97.09%

**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 9/30/04</u>
Eden Detention Center Eden, Texas	1990	BOP	1,225	Medium	Correctional	Apr-05	(2) 1 year	110.94%
Houston Processing Center Houston, Texas	1984	ICE	411	Medium	Detention	Sep-05	(3) 1 year	115.75%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Dec-04	-	142.51%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Aug-05	-	113.02%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-07	(4) 1 year	97.34%
T. Don Hutto Correctional Center Taylor, Texas	1997	USMS	480	Minimum	Correctional	Nov-04	indefinite	43.52%
D.C. Correctional Treatment Facility (N) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Mar-17	-	111.27%
Total design capacity for Owned and Managed Facilities (38 Owned and Managed Facilities)			<u>42,258</u>					
<b>Managed Only Facilities:</b>								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	750	Medium	Correctional	Jun-05	-	99.19%
Bay County Jail and Annex Panama City, Florida	N/A	Bay County, FL	677	Multi	Detention	Sep-06	-	161.59%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	400	Multi	Detention	Sep-05	(1) 5 year	103.98%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	896	Minimum/ Medium	Correctional	Jun-05	-	115.07%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	302	Multi	Detention	Oct-10	-	143.86%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	350	Secure	Correctional	Jun-05	-	99.38%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-05	-	100.90%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	670	Multi	Detention	Nov-05	-	146.04%

**FACILITY PORTFOLIO**

<b>Facility Name</b>	<b>Year Constructed (A)</b>	<b>Primary Customer</b>	<b>Design Capacity (B)</b>	<b>Security Level</b>	<b>Facility Type (C)</b>	<b>Term</b>	<b>Remaining Renewal Options (D)</b>	<b>Compensated Occupancy % for the Quarter ended 9/30/04</b>
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Sep-06	(1) 2 year	94.99%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,016	Minimum/ Medium	Correctional	Mar-05	(1) 2 year	107.27%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Sep-05	(3) 1 year	99.28%
Southern Nevada Women's Correctional Center (O) Las Vegas, Nevada	N/A	State of Nevada	500	Multi	Correctional	Oct-04	3 year indefinite	96.15%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Jan-05	-	84.91%
David L. Moss Criminal Justice Center Tulsa, Oklahoma	N/A	Tulsa County, OK	1,440	Multi	Detention	Jun-05	(2) 1 year	85.41%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	784	Multi	Detention	Feb-07	indefinite	93.12%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,506	Medium	Correctional	Jun-05	(1) 2 year	106.51%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-06	(2) 1 year	118.66%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	Jul-05	(1) 2 year	96.59%
B. M. Moore Correctional Center Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.67%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	962	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	103.80%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.65%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	98.02%
Diboll Correctional Center Diboll, Texas	N/A	State of Texas	518	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.93%

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 9/30/04</u>
Liberty County Jail/Juvenile Center Liberty, Texas	N/A	Liberty County, Texas	380	Multi	Detention	Jan-05	(2) 1 year	90.80%
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	98.27%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	95.80%
Total design capacity for Managed Only Facilities (26 Managed Only Facilities)			<u>25,163</u>					
<b>Total design capacity for All Facilities</b>			<u><u>67,421</u></u>					
<b>Leased Facilities:</b>								
Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Jun-05	(1) 1 year	N/A
Queensgate Correctional Facility Cincinnati, Ohio	1906	Hamilton County, OH	850	Medium	Owned/Leased	Feb-06	(1) 1 year	N/A
Community Education Partners (P) 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 September 30, 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.



**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 9/30/04</u>
<p>(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.</p> <p>(I) The State of Montana has an option to purchase the facility generally at any time during the term of the contract with us at fair market value less the then present value of a pre-determined portion of per-diem payments made to us by the State of Montana.</p> <p>(J) 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.</p> <p>(K) During the third quarter of 2003, 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. We are 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 we will be successful in doing so.</p> <p>(L) 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.</p> <p>(M) 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> <p>(N) 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.</p> <p>(O) On February 20, 2004 we provided notice to the Nevada Department of Corrections that we did not intend to renew our contract to manage this facility upon expiration of the contract on October 1, 2004. Accordingly on October 1, 2004, we transferred operation to the Nevada Department of Corrections.</p> <p>(P) 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.</p>								

**DIVERSIFICATION OF REVENUE**

(Unaudited and amounts in thousands)

16 of 17

<b>Customer</b>	<b>Management Revenue For the Nine Months Ended September 30, 2004</b>	<b>Percent of Management Revenue For the Nine Months Ended September 30, 2004</b>
Bureau of Prisons	\$ 131,577	15.61%
United States Marshals	122,487	14.53%
Texas	67,320	7.99%
United States Immigration and Customs Enforcement	64,062	7.60%
Tennessee	52,485	6.23%
Colorado	40,106	4.76%
Georgia	36,296	4.31%
Florida	33,584	3.98%
Oklahoma	22,443	2.66%
Hawaii	19,731	2.34%
	<u>\$ 590,091</u>	<u>70.02%</u>
Total Management Revenue	<u>\$ 842,774</u>	<u>100.00%</u>

## RESEARCH / ANALYST COVERAGE

### Equity Research Coverage:

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Avondale Partners	Patrick Swindle	(615) 467-3462
BB&T Capital Markets	Barry Stouffer	(615) 340-8283
First Analysis Corporation	James Macdonald	(312) 258-1400
Jefferies & Company, Inc.	Andrew May	(615) 963-8310
Lehman Brothers	Jeffery T. Kessler	(212) 526-5162
Morgan Joseph & Co. Inc.	Devlin Lander	(212) 218-3759

### Debt Research Coverage:

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Lehman Brothers	Susan Jansen	(212) 526-6470
SG Cowen Securities Corporation	Brad E. Eilert	(212) 278-5290

### Rating Agency Coverage:

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Moody's Investors Service	Philip Kibel	(215) 967-6233
Standard & Poor's	Jean Stout	(212) 438-7865

### Credit Ratings:

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	<u>Standard &amp; 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

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