



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended September 30, 2008**

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, 2008

TABLE OF CONTENTS

Consolidated Balance Sheets	1
Consolidated Statements of Operations	2
Reconciliation of Basic to Diluted Earnings Per Share	5
Selected Financial Information	6
Analysis of Outstanding Debt	9
Selected Operating Ratios	10
Facility Portfolio	11
Diversification of Revenue	17
Research Coverage / Credit Ratings	18

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

ASSETS	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
Cash and cash equivalents	\$ 28,736	\$ 14,287	\$ 50,470	\$ 57,968	\$ 89,443
Investments	-	-	-	-	76,035
Accounts receivable, net of allowance	242,732	246,618	231,547	241,722	216,397
Deferred tax assets	14,789	12,843	14,916	12,250	11,573
Prepaid expenses and other current assets	20,717	24,423	13,584	21,142	17,538
Assets held for sale	-	-	7,578	7,581	-
Total current assets	<u>306,974</u>	<u>298,171</u>	<u>318,095</u>	<u>340,663</u>	<u>410,986</u>
Property and equipment, net	2,456,949	2,370,892	2,231,354	2,086,980	1,974,629
Restricted cash	6,669	6,628	6,580	6,511	6,430
Investment in direct financing lease	13,698	13,975	14,243	14,503	14,755
Goodwill	13,672	13,672	13,672	13,672	15,246
Other assets	21,907	22,850	22,781	23,411	22,567
Total assets	<u>\$ 2,819,869</u>	<u>\$ 2,726,188</u>	<u>\$ 2,606,725</u>	<u>\$ 2,485,740</u>	<u>\$ 2,444,613</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 219,587	\$ 244,517	\$ 207,471	\$ 213,477	\$ 216,344
Income taxes payable	8,905	6,632	11,450	964	3,500
Current portion of long-term debt	290	290	290	290	290
Total current liabilities	<u>228,782</u>	<u>251,439</u>	<u>219,211</u>	<u>214,731</u>	<u>220,134</u>
Long-term debt, net of current portion	1,155,460	1,085,532	1,045,605	975,677	975,750
Deferred tax liabilities	42,884	41,703	39,338	34,271	29,466
Other liabilities	39,505	39,018	39,392	39,086	40,596
Total liabilities	<u>1,466,631</u>	<u>1,417,692</u>	<u>1,343,546</u>	<u>1,263,765</u>	<u>1,265,946</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,256	1,253	1,250	1,245	1,241
Additional paid-in capital	1,589,572	1,582,724	1,574,937	1,568,736	1,560,378
Retained deficit	(237,590)	(275,481)	(313,008)	(348,006)	(382,952)
Total stockholders' equity	<u>1,353,238</u>	<u>1,308,496</u>	<u>1,263,179</u>	<u>1,221,975</u>	<u>1,178,667</u>
Total liabilities and stockholders' equity	<u>\$ 2,819,869</u>	<u>\$ 2,726,188</u>	<u>\$ 2,606,725</u>	<u>\$ 2,485,740</u>	<u>\$ 2,444,613</u>

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,	
	2008	2007	2008	2007
REVENUE:				
Management:				
Federal	\$ 158,709	\$ 151,270	\$ 467,109	\$ 443,206
State	213,993	185,207	613,683	525,602
Local	20,976	21,548	60,741	61,194
Other	15,417	14,684	46,205	43,246
Total management revenue	<u>409,095</u>	<u>372,709</u>	<u>1,187,738</u>	<u>1,073,248</u>
Transportation	1,563	4,118	5,717	11,108
Rental	1,221	1,187	3,617	3,375
Other	6	242	75	802
	<u>411,885</u>	<u>378,256</u>	<u>1,197,147</u>	<u>1,088,533</u>
EXPENSES:				
Operating:				
Facility fixed	218,009	198,427	624,347	564,845
Facility variable	70,283	67,697	209,430	195,892
Transportation	4,110	7,278	12,702	17,586
Other	197	48	3,741	614
Total operating expenses	<u>292,599</u>	<u>273,450</u>	<u>850,220</u>	<u>778,937</u>
General and administrative	20,866	18,362	60,222	54,497
Depreciation and amortization	23,564	20,074	67,152	57,272
	<u>337,029</u>	<u>311,886</u>	<u>977,594</u>	<u>890,706</u>
OPERATING INCOME	<u>74,856</u>	<u>66,370</u>	<u>219,553</u>	<u>197,827</u>
OTHER (INCOME) EXPENSE:				
Interest expense, net	15,087	13,249	42,671	40,838
Other (income) expenses	(360)	(200)	(356)	(281)
	<u>14,727</u>	<u>13,049</u>	<u>42,315</u>	<u>40,557</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	60,129	53,321	177,238	157,270
Income tax expense	<u>(22,038)</u>	<u>(20,170)</u>	<u>(66,765)</u>	<u>(59,275)</u>
INCOME FROM CONTINUING OPERATIONS	38,091	33,151	110,473	97,995
Income (loss) from discontinued operations, net of taxes	<u>(200)</u>	<u>104</u>	<u>(57)</u>	<u>432</u>
NET INCOME	<u>\$ 37,891</u>	<u>\$ 33,255</u>	<u>\$ 110,416</u>	<u>\$ 98,427</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.30</u>	<u>\$ 0.27</u>	<u>\$ 0.89</u>	<u>\$ 0.81</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.30</u>	<u>\$ 0.26</u>	<u>\$ 0.87</u>	<u>\$ 0.79</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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

3 of 18

	As Adjusted for Discontinued Operations	
	For the Three Months Ended	
	March 31, 2008	June 30, 2008
REVENUE:		
Management:		
Federal	\$ 151,841	\$ 156,559
State	196,394	203,296
Local	19,717	20,048
Other	15,227	15,561
Total management revenue	383,179	395,464
Transportation	2,692	1,462
Rental	1,187	1,209
Other	47	22
	<u>387,105</u>	<u>398,157</u>
EXPENSES:		
Operating:		
Facility fixed	202,884	203,454
Facility variable	67,709	71,438
Transportation	4,591	4,001
Other	630	2,914
Total operating expenses	275,814	281,807
General and administrative	19,553	19,803
Depreciation and amortization	21,412	22,176
	<u>316,779</u>	<u>323,786</u>
OPERATING INCOME	<u>70,326</u>	<u>74,371</u>
OTHER (INCOME) EXPENSE:		
Interest expense, net	13,650	13,934
Other (income) expenses	93	(89)
	<u>13,743</u>	<u>13,845</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	56,583	60,526
Income tax expense	(21,687)	(23,040)
INCOME FROM CONTINUING OPERATIONS	34,896	37,486
Income from discontinued operations, net of taxes	102	41
NET INCOME	<u>\$ 34,998</u>	<u>\$ 37,527</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.28</u>	<u>\$ 0.30</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.28</u>	<u>\$ 0.30</u>
TOTAL COMPENSATED MAN-DAYS	6,859,584	6,988,097
TOTAL AVAILABLE BED-DAYS	7,088,801	7,214,031
AVERAGE COMPENSATED OCCUPANCY	96.8%	96.9%

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	As Adjusted for Discontinued Operations			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
REVENUE:				
Management:				
Federal	\$ 142,079	\$ 149,857	\$ 151,270	\$ 150,637
State	168,706	171,689	185,207	193,975
Local	19,369	20,277	21,548	20,859
Other	14,290	14,272	14,684	14,921
Total management revenue	344,444	356,095	372,709	380,392
Transportation	3,517	3,473	4,118	3,089
Rental	1,077	1,111	1,187	1,187
Other	195	365	242	467
	<u>349,233</u>	<u>361,044</u>	<u>378,256</u>	<u>385,135</u>
EXPENSES:				
Operating:				
Facility fixed	181,708	184,710	198,427	198,434
Facility variable	60,524	67,671	67,697	70,643
Transportation	4,880	5,428	7,278	4,107
Other	500	66	48	89
Total operating expenses	247,612	257,875	273,450	273,273
General and administrative	17,318	18,817	18,362	19,902
Depreciation and amortization	18,270	18,928	20,074	21,410
Goodwill impairment	-	-	-	1,574
	<u>283,200</u>	<u>295,620</u>	<u>311,886</u>	<u>316,159</u>
OPERATING INCOME	<u>66,033</u>	<u>65,424</u>	<u>66,370</u>	<u>68,976</u>
OTHER (INCOME) EXPENSE:				
Interest expense, net	13,934	13,655	13,249	12,938
Other (income) expenses	(11)	(70)	(200)	(27)
	<u>13,923</u>	<u>13,585</u>	<u>13,049</u>	<u>12,911</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	52,110	51,839	53,321	56,065
Income tax expense	(19,642)	(19,463)	(20,170)	(21,228)
INCOME FROM CONTINUING OPERATIONS	32,468	32,376	33,151	34,837
Income from discontinued operations, net of taxes	102	226	104	109
NET INCOME	<u>\$ 32,570</u>	<u>\$ 32,602</u>	<u>\$ 33,255</u>	<u>\$ 34,946</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.27</u>	<u>\$ 0.27</u>	<u>\$ 0.27</u>	<u>\$ 0.28</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.26</u>	<u>\$ 0.26</u>	<u>\$ 0.26</u>	<u>\$ 0.28</u>
TOTAL COMPENSATED MAN-DAYS	6,391,801	6,599,893	6,784,057	6,877,374
TOTAL AVAILABLE BED-DAYS	6,537,912	6,683,985	6,930,149	7,038,326
AVERAGE COMPENSATED OCCUPANCY	97.8%	98.7%	97.9%	97.7%

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Basic:				
Income from continuing operations	\$ 38,091	\$ 33,151	\$ 110,473	\$ 97,995
Income (loss) from discontinued operations, net of taxes	(200)	104	(57)	432
Net income	<u>\$ 37,891</u>	<u>\$ 33,255</u>	<u>\$ 110,416</u>	<u>\$ 98,427</u>
Diluted:				
Income from continuing operations	\$ 38,091	\$ 33,151	\$ 110,473	\$ 97,995
Income (loss) from discontinued operations, net of taxes	(200)	104	(57)	432
Diluted net income	<u>\$ 37,891</u>	<u>\$ 33,255</u>	<u>\$ 110,416</u>	<u>\$ 98,427</u>
Basic:				
Weighted average common shares outstanding	125,433	123,839	125,092	123,171
Unvested restricted common stock	(737)	(900)	(726)	(902)
Weighted average common shares outstanding-basic	<u>124,696</u>	<u>122,939</u>	<u>124,366</u>	<u>122,269</u>
Diluted:				
Weighted average common shares outstanding-basic	124,696	122,939	124,366	122,269
Effect of dilutive securities:				
Stock options and warrants	1,596	2,307	1,722	2,605
Restricted stock-based compensation	255	385	214	329
Weighted average shares and assumed conversions-diluted	<u>126,547</u>	<u>125,631</u>	<u>126,302</u>	<u>125,203</u>
Basic earnings per share:				
Income from continuing operations	\$ 0.30	\$ 0.27	\$ 0.89	\$ 0.81
Income (loss) from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.30</u>	<u>\$ 0.27</u>	<u>\$ 0.89</u>	<u>\$ 0.81</u>
Diluted earnings per share:				
Income from continuing operations	\$ 0.30	\$ 0.26	\$ 0.87	\$ 0.79
Income (loss) from discontinued operations, net of taxes	-	-	-	-
Net income	<u>\$ 0.30</u>	<u>\$ 0.26</u>	<u>\$ 0.87</u>	<u>\$ 0.79</u>

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

6 of 18

	<u>September 30, 2008</u>	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>
BALANCE SHEET:					
Property and equipment	\$ 3,035,753	\$ 2,925,509	\$ 2,761,445	\$ 2,595,677	\$ 2,463,615
Accumulated depreciation and amortization	(578,804)	(554,617)	(530,091)	(508,697)	(488,986)
Property and equipment, net	<u>\$ 2,456,949</u>	<u>\$ 2,370,892</u>	<u>\$ 2,231,354</u>	<u>\$ 2,086,980</u>	<u>\$ 1,974,629</u>
Total assets	\$ 2,819,869	\$ 2,726,188	\$ 2,606,725	\$ 2,485,740	\$ 2,444,613
Maintenance & technology capital expenditures for the quarter ended	\$ 7,861	\$ 7,054	\$ 8,138	\$ 15,042	\$ 11,353
Total debt	\$ 1,155,750	\$ 1,085,822	\$ 1,045,895	\$ 975,967	\$ 976,040
Equity book value	\$ 1,353,238	\$ 1,308,496	\$ 1,263,179	\$ 1,221,975	\$ 1,178,667
LIQUIDITY:					
Cash and cash equivalents	\$ 28,736	\$ 14,287	\$ 50,470	\$ 57,968	\$ 89,443
Investments	\$ -	\$ -	\$ -	\$ -	\$ 76,035
Availability under revolving credit facility	\$ 237,208	\$ 306,368	\$ 345,117	\$ 415,117	\$ 215,367
CAPITALIZATION:					
Common shares outstanding	125,597	125,302	124,965	124,472	124,051
Common share price at end of period	\$ 24.85	\$ 27.47	\$ 27.52	\$ 29.51	\$ 26.17
Market value of common equity at end of period	<u>\$ 3,121,085</u>	<u>\$ 3,442,046</u>	<u>\$ 3,439,037</u>	<u>\$ 3,673,169</u>	<u>\$ 3,246,415</u>
Total equity market capitalization	<u>\$ 3,121,085</u>	<u>\$ 3,442,046</u>	<u>\$ 3,439,037</u>	<u>\$ 3,673,169</u>	<u>\$ 3,246,415</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 4,276,835</u>	<u>\$ 4,527,868</u>	<u>\$ 4,484,932</u>	<u>\$ 4,649,136</u>	<u>\$ 4,222,455</u>
EBITDA	\$ 98,780	\$ 96,636	\$ 91,645	\$ 91,987	\$ 86,644
ADJUSTED FREE CASH FLOW	\$ 61,953	\$ 56,404	\$ 72,659	\$ 47,078	\$ 55,103
ADJUSTED FREE CASH FLOW PER SHARE:					
Basic adjusted free cash flow per share	<u>\$ 0.50</u>	<u>\$ 0.45</u>	<u>\$ 0.59</u>	<u>\$ 0.38</u>	<u>\$ 0.45</u>
Diluted adjusted free cash flow per share	<u>\$ 0.49</u>	<u>\$ 0.45</u>	<u>\$ 0.58</u>	<u>\$ 0.37</u>	<u>\$ 0.44</u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Number of days per period	92	92	274	273
ALL FACILITIES:				
Average available beds	81,505	75,328	79,567	73,817
Average compensated occupancy	95.3%	97.9%	96.3%	98.1%
Total compensated man-days	7,147,895	6,784,057	20,995,576	19,775,751
Revenue per compensated man-day	\$ 57.23	\$ 54.94	\$ 56.57	\$ 54.27
Operating expenses per compensated man-day:				
Fixed expense	30.50	29.25	29.74	28.56
Variable expense	9.83	9.98	9.97	9.91
Total	40.33	39.23	39.71	38.47
Operating margin per compensated man-day	\$ 16.90	\$ 15.71	\$ 16.86	\$ 15.80
Operating margin rate	29.5%	28.6%	29.8%	29.1%
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	15,169	13,016	42,632	37,698
Other depreciation expense	9,560	8,196	28,017	22,988
Amortization of intangible assets	-	28	-	84
Amortization of negative contract values	(1,165)	(1,166)	(3,497)	(3,498)
Depreciation and amortization	\$ 23,564	\$ 20,074	\$ 67,152	\$ 57,272
ADJUSTED FREE CASH FLOW:				
Income from continuing operations before income taxes	\$ 60,129	\$ 53,321	\$ 177,238	\$ 157,270
Income taxes paid	(16,702)	(9,655)	(39,474)	(31,331)
Depreciation and amortization	23,564	20,074	67,152	57,272
Income (loss) from discontinued operations, net of taxes	(200)	104	(57)	432
Income tax expense (benefit) for discontinued operations	(115)	64	(26)	262
Stock-based compensation reflected in G&A expenses	2,198	1,579	6,336	4,618
Amortization of debt costs and other non-cash interest	940	969	2,900	2,972
Maintenance and technology capital expenditures	(7,861)	(11,353)	(23,053)	(32,458)
Adjusted free cash flow	\$ 61,953	\$ 55,103	\$ 191,016	\$ 159,037
ADJUSTED FREE CASH FLOW PER SHARE:				
Basic	\$ 0.50	\$ 0.45	\$ 1.54	\$ 1.30
Diluted	\$ 0.49	\$ 0.44	\$ 1.51	\$ 1.27

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
MANAGED ONLY FACILITIES:				
Management revenue	\$ 94,744	\$ 93,167	\$ 279,195	\$ 269,373
Operating expenses:				
Fixed expense	61,938	60,595	181,998	172,089
Variable expense	20,144	20,040	61,346	58,396
Total	<u>82,082</u>	<u>80,635</u>	<u>243,344</u>	<u>230,485</u>
Contribution	<u>\$ 12,662</u>	<u>\$ 12,532</u>	<u>\$ 35,851</u>	<u>\$ 38,888</u>
Average available beds	<u>26,651</u>	<u>26,373</u>	<u>26,717</u>	<u>26,061</u>
Average compensated occupancy	<u>97.7%</u>	<u>98.6%</u>	<u>96.9%</u>	<u>97.7%</u>
Total compensated man-days	<u>2,394,825</u>	<u>2,393,276</u>	<u>7,093,355</u>	<u>6,951,361</u>
Revenue per compensated man-day	\$ 39.56	\$ 38.93	\$ 39.36	\$ 38.75
Operating expenses per compensated man-day:				
Fixed expense	25.86	25.32	25.66	24.76
Variable expense	8.41	8.37	8.65	8.40
Total	<u>34.27</u>	<u>33.69</u>	<u>34.31</u>	<u>33.16</u>
Operating margin per compensated man-day	<u>\$ 5.29</u>	<u>\$ 5.24</u>	<u>\$ 5.05</u>	<u>\$ 5.59</u>
Operating margin rate	<u>13.4%</u>	<u>13.5%</u>	<u>12.8%</u>	<u>14.4%</u>
OWNED AND MANAGED FACILITIES:				
Management revenue	\$ 314,351	\$ 279,542	\$ 908,543	\$ 803,875
Operating expenses:				
Fixed expense	156,071	137,832	442,349	392,756
Variable expense	50,139	47,657	148,084	137,496
Total	<u>206,210</u>	<u>185,489</u>	<u>590,433</u>	<u>530,252</u>
Contribution	<u>\$ 108,141</u>	<u>\$ 94,053</u>	<u>\$ 318,110</u>	<u>\$ 273,623</u>
Average available beds	<u>54,854</u>	<u>48,955</u>	<u>52,850</u>	<u>47,756</u>
Average compensated occupancy	<u>94.2%</u>	<u>97.5%</u>	<u>96.0%</u>	<u>98.4%</u>
Total compensated man-days	<u>4,753,070</u>	<u>4,390,781</u>	<u>13,902,221</u>	<u>12,824,390</u>
Revenue per compensated man-day	\$ 66.14	\$ 63.67	\$ 65.35	\$ 62.68
Operating expenses per compensated man-day:				
Fixed	32.84	31.39	31.82	30.63
Variable	10.55	10.85	10.65	10.72
Total	<u>43.39</u>	<u>42.24</u>	<u>42.47</u>	<u>41.35</u>
Operating margin per compensated man-day	<u>\$ 22.75</u>	<u>\$ 21.43</u>	<u>\$ 22.88</u>	<u>\$ 21.33</u>
Operating margin rate	<u>34.4%</u>	<u>33.7%</u>	<u>35.0%</u>	<u>34.0%</u>

ANALYSIS OF OUTSTANDING DEBT

9 of 18

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2007</u>	<u>Outstanding Balance 9/30/2008</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u> ¹⁾	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
Fixed Rate:						
\$250.0 Million Senior Notes	250,000	250,000	7.50%	7.87%	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	200,967	200,750	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
\$375.0 Million Senior Notes	375,000	375,000	6.25%	6.50%	March 2013	On or prior to March 15, 2008, 35% redeemable at 106.25% with proceeds from equity offerings; on or after March 15, 2009, 100% redeemable at various premium prices until March 15, 2011 at par
\$150.0 Million Senior Notes	150,000	150,000	6.75%	6.99%	January 2014	On or prior to January 31, 2009, 35% redeemable at 106.75% with proceeds from equity offerings; on or after January 31, 2010, 100% redeemable at various premium prices until January 31, 2012 at par
Total Fixed Rate Debt	<u>975,967</u>	<u>975,750</u>				
Floating Rate:						
Revolving Credit Facility	<u>-</u>	<u>180,000</u>	4.23%	4.57%	December 2012	
Grand Total Debt	<u>\$ 975,967</u>	<u>\$ 1,155,750</u>	6.54%	6.81%	3.79	³⁾

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

²⁾ The Company also has \$32.8 million of letters of credit outstanding under a sub-facility, which effectively reduces the Company's borrowing capacity under the Revolving Credit Facility to \$237.2 million. The Revolving Credit facility currently bears interest at LIBOR plus a margin of 0.75%.

³⁾ Represents the weighted average debt maturity in years.

Debt Maturity Schedule:

<u>Year</u>	<u>Total Debt Maturing</u>	<u>% of Debt Maturing</u>	<u>% of Debt Maturing</u>
2008	73	0.01%	0.01%
2009	290	0.03%	0.03%
2010	290	0.03%	0.06%
2011	450,097	38.94%	39.00%
2012	180,000	15.57%	54.57%
Thereafter	<u>525,000</u>	<u>45.43%</u>	100.00%
	<u>\$ 1,155,750</u>	<u>100.00%</u>	

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

10 of 18

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	5.3	5.1	5.3	5.0
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	5.3	5.1	5.3	5.0
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.9	2.8	3.0	2.9
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.9	2.8	3.0	2.9
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.8	7.0	6.6	6.7
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	27.0%	23.1%	27.0%	23.1%
Total debt/Equity market capitalization	37.0%	30.1%	37.0%	30.1%
Total debt/Book equity capitalization	85.4%	82.8%	85.4%	82.8%
Total debt/Gross book value of real estate assets	37.9%	39.4%	37.9%	39.4%
<u>RETURN ON INVESTMENT RATIOS:</u>				
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	13.2%	14.3%	13.5%	14.4%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	11.8%	12.0%	12.0%	12.1%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.5%	2.5%	2.5%	2.6%
General & administrative expenses/Total revenues	5.1%	4.9%	5.0%	5.0%
<u>INTEREST EXPENSE, NET:</u>				
Interest income from continuing operations	\$ (784)	\$ (3,113)	\$ (2,680)	\$ (8,489)
Interest incurred	18,504	17,048	53,733	51,143
Amortization of debt costs and other non-cash interest	940	969	2,900	2,972
Capitalized interest	(3,573)	(1,655)	(11,282)	(4,788)
Interest expense, net	<u>\$ 15,087</u>	<u>\$ 13,249</u>	<u>\$ 42,671</u>	<u>\$ 40,838</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 37,891	\$ 33,255	\$ 110,416	\$ 98,427
Interest expense, net	15,087	13,249	42,671	40,838
Depreciation and amortization	23,564	20,074	67,152	57,272
Income tax (benefit) expense	22,038	20,170	66,765	59,275
(Income) loss from discontinued operations, net of taxes	200	(104)	57	(432)
EBITDA	<u>\$ 98,780</u>	<u>\$ 86,644</u>	<u>\$ 287,061</u>	<u>\$ 255,380</u>

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

FACILITY PORTFOLIO

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 9/30/08
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-13	(3) 5 year	131.44%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	97.79%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	Sep-13	(3) 5 year	99.81%
La Palma Correctional Center Eloy, Arizona	2008	State of California	1,020	Medium	Correctional	Jun-11	Indefinite	59.88%
Red Rock Correctional Center Eloy, Arizona	2006	State of Alaska	1,596	Medium	Correctional	Jun-09	(5) 1 year	95.12%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-09	(1) 2 year	98.64%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-09	(1) 1 year	113.99%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-08	(5) 3 year	104.09%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-09	(1) 1 year	67.51%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-09	(1) 1 year	90.29%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-09	(1) 1 year	100.14%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-09	(1) 1 year	72.37%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-09	(20) 1 year	110.88%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-08	(4) 1 year	113.95%

FACILITY PORTFOLIO

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 9/30/08
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Correctional	Indefinite	-	103.38%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-09	(20) 1 year	111.70%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-11	(3) 5 year	102.91%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-09	(2) 2 year	75.85%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Jun-09	(3) 2 year	76.91%
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jul-09	(3) 2 year	90.69%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-09	(3) 1 year	88.39%
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,544	Medium	Correctional	Jun-11	Indefinite	66.97%
Crossroads Correctional Center (J) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-09	(5) 2 year	96.39%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-09	(1) 1 year	101.49%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-09	-	98.76%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	84.15%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-09	(3) 2 year	97.25%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997, 2008	State of Oklahoma	1,032	Medium	Correctional	Jun-09	-	94.69%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996, 2008	State of Oklahoma	1,670	Medium	Correctional	Jun-09	-	71.34%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	May-09	(3) 1 year	99.73%

FACILITY PORTFOLIO

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 9/30/08
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-11	Indefinite	71.08%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-09	-	88.33%
Shelby Training Center (L) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Jul-08	-	7.82%
Whiteville Correctional Facility (M) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-08	(2) 1 year	97.10%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-09	(2) 1 year	99.97%
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-11	(3) 2 year	108.67%
Houston Processing Center Houston, Texas	1984, 2005	ICE	905	Medium	Detention	Mar-09	-	92.13%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Indefinite	-	135.61%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	139.80%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-09	(2) 1 year	96.64%
T. Don Hutto Residential Center Taylor, Texas	1997	ICE	512	Non-secure	Detention	Indefinite	-	100.00%
D.C. Correctional Treatment Facility (N) Washington D.C.	1992	District of Columbia	1,500	Medium	Detention	Mar-17	-	69.33%
Total design capacity for Owned and Managed Facilities (42 Owned and Managed Facilities)			<u>55,144</u>					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	985	Medium	Correctional	Jun-10	Indefinite	99.66%
Bay County Jail and Annex (O) Panama City, Florida	N/A	Bay County, FL	1,150	Multi	Detention	-	-	85.88%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	84.63%

FACILITY PORTFOLIO

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 9/30/08
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,520	Minimum/ Medium	Correctional	Jun-10	Indefinite	99.19%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	876	Multi	Detention	Oct-10	-	87.68%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-09	Indefinite	100.66%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-09	-	115.59%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-17	(10) 1 year	109.93%
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Mar-09	-	96.07%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	Jul-09	-	94.47%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Jul-09	(1) 1 year	98.70%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Sep-08	(5) 3 year	100.00%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	918	Multi	Detention	Dec-08	Indefinite	84.37%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jun-10	(1) 2 year	97.29%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-09	-	101.24%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-09	(3) 3 year	97.35%
B. M. Moore Correctional Center (P) Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-09	-	99.75%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,049	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.74%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	98.98%

FACILITY PORTFOLIO

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 9/30/08
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	98.51%
Diboll Correctional Center (P) Diboll, Texas	N/A	State of Texas	518	Minimum/ Medium	Correctional	Jan-09	-	99.90%
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.61%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.72%
Total design capacity for Managed Only Facilities (23 Managed Only Facilities)			<u>26,559</u>					
Total design capacity for All Facilities as of September 30, 2008			<u>81,703</u>					

Expansion and Development Projects:

Facility Name	Estimated Completion	Potential Customer(s)	Design Capacity (B)	Project Description
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	Fourth quarter 2008	State of California	128	Expansion of owned facility
Cimarron Correctional Facility (K) Cushing, Oklahoma	Fourth quarter 2008	Various states	660	Expansion of owned facility
Adams County Correctional Center Adams County, Mississippi	Fourth quarter 2008	Federal and/or various states	2,232	New owned facility
La Palma Correctional Center Eloy, Arizona	First quarter 2009	State of California	2,040	New owned facility
Trousdale Correctional Center Hartsville, Tennessee	First quarter 2010	Federal and/or various states	2,040	New owned facility
Nevada Southern Detention Center Pahrump, Nevada	Second quarter 2010	Office of the Federal Detention Tr	1,072	New owned facility
Projected design capacity for All Facilities			<u>89,875</u>	

FACILITY PORTFOLIO

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 9/30/08
Leased Facilities:								
Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-10	-	N/A
Queensgate Correctional Facility Cincinnati, Ohio	1906	Hamilton County, OH	850	Medium	Owned/Leased	Mar-09	(4) 1 year	N/A
Community Education Partners (Q) Houston, Texas	N/A	Community Education Partners	-	Non-secure	Owned/Leased	Jun-09	(4) 1 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. From time to time, we may evaluate the design capacity of our facilities based on the customers using the facilities, and the ability to reconfigure space with minimal capital outlays. 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, 2008. 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 renewal 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 deed of conveyance with the city of Wheelwright, KY which includes provisions that would allow assumption of ownership by the city of Wheelwright under the following occurrences: (1) we cease to operate the facility for more than two years, (2) our failure to maintain at least one employee for a period of sixty consecutive days, or (3) a conversion to a maximum security facility based upon classification by the Kentucky Corrections Cabinet.

(I) 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 originally over a 20 year period, and which amortization period was extended through 2050 in connection with an expansion completed during the fourth quarter of 2007.

(J) 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 sum of a pre-determined portion of per-diem payments made to us by the state of Montana.

(K) 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.

(L) Under the terms of a ground lease with Shelby County, 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. During the second quarter of 2008, Shelby County elected to terminate the ground lease. We are currently evaluating strategies to maximize the value of the Shelby Training Center and expect to complete the purchase of the land during the fourth quarter of 2008.

(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.

(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.

(O) In May 2008, we notified the Bay County Commission of our intention to exercise our option to terminate the operational management contract for the Bay County Jail and Annex in Panama City, Florida, effective October 9, 2008.

(P) Pursuant to a re-bid of the management contracts, the Company was notified in September 2008 by the Texas Department of Criminal Justice ("TDCJ") of its intent to transfer the management of the 500-bed B.M. Moore Correctional Center and the 518-bed Diboll Correctional Center to another operator, upon the expiration of the management contracts on January 16, 2009.

(Q) 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. During November 2007, we accepted an unsolicited purchase offer from Community Education Partners to purchase this facility. During February 2008, at the request of CEP, we agreed to extend the closing date and fix the sale price through June 30, 2008. During the second quarter of 2008, CEP did not elect to purchase the facility and instead signed a new one-year lease with four one-year renewal options.

DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

17 of 18

Customer	Management Revenue For the Nine Months Ended September 30, 2008	Percent of Management Revenue For the Nine Months Ended September 30, 2008
United States Marshals	\$ 165,748	13.95%
United States Immigration and Customs Enforcement	155,190	13.07%
Bureau of Prisons	146,538	12.34%
Texas	76,083	6.41%
California	63,730	5.37%
Colorado	62,173	5.23%
Tennessee	57,391	4.83%
Florida	47,735	4.02%
Georgia	39,893	3.36%
Arizona	34,948	2.94%
	<u>\$ 849,429</u>	<u>71.52%</u>
Total Management Revenue	<u>\$ 1,187,738</u>	<u>100.00%</u>

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First Analysis Corporation	Todd Van Fleet	(312) 258-1400
Barclays Capital	Manav Patnaik	(212) 526-2983
Macquarie Research	H. Cooley May	(212) 231-2586

Debt Research Coverage:

Barclays Capital	Emily Shanks	(212) 526-6403
SG Cowen Securities Corporation	Brad E. Eilert	(212) 278-5290

Rating Agency Coverage:

Moody's Investors Service	Christopher Wimmer	(212) 553-2947
Standard & Poor's	Jean Stout	(212) 438-7865

Credit Ratings:

	<u>Standard & Poor's</u>	<u>Moody's</u>
Corporate Credit Rating	BB	Not rated
Senior Unsecured Debt	BB	Ba2

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.