



**CORRECTIONS CORPORATION OF AMERICA**

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

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

<b>ASSETS</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>
Cash and cash equivalents	\$ 14,287	\$ 50,470	\$ 57,968	\$ 89,443	\$ 81,070
Investments	-	-	-	76,035	84,766
Accounts receivable, net of allowance	246,618	231,547	241,722	216,397	213,152
Deferred tax assets	12,843	14,916	12,250	11,573	8,970
Prepaid expenses and other current assets	24,423	13,584	21,142	17,538	30,769
Assets held for sale	-	7,578	7,581	-	-
Total current assets	<u>298,171</u>	<u>318,095</u>	<u>340,663</u>	<u>410,986</u>	<u>418,727</u>
Property and equipment, net	2,370,892	2,231,354	2,086,980	1,974,629	1,883,329
Restricted cash	6,628	6,580	6,511	6,430	6,346
Investment in direct financing lease	13,975	14,243	14,503	14,755	15,000
Goodwill	13,672	13,672	13,672	15,246	15,246
Other assets	22,850	22,781	23,411	22,567	23,201
Total assets	<u>\$ 2,726,188</u>	<u>\$ 2,606,725</u>	<u>\$ 2,485,740</u>	<u>\$ 2,444,613</u>	<u>\$ 2,361,849</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 244,517	\$ 207,471	\$ 213,477	\$ 216,344	\$ 176,809
Income taxes payable	6,632	11,450	964	3,500	630
Current portion of long-term debt	290	290	290	290	290
Total current liabilities	<u>251,439</u>	<u>219,211</u>	<u>214,731</u>	<u>220,134</u>	<u>177,729</u>
Long-term debt, net of current portion	1,085,532	1,045,605	975,677	975,750	975,823
Deferred tax liabilities	41,703	39,338	34,271	29,466	29,131
Other liabilities	39,018	39,392	39,086	40,596	41,422
Total liabilities	<u>1,417,692</u>	<u>1,343,546</u>	<u>1,263,765</u>	<u>1,265,946</u>	<u>1,224,105</u>
Commitments and contingencies					
Common stock - \$0.01 par value	1,253	1,250	1,245	1,241	1,237
Additional paid-in capital	1,582,724	1,574,937	1,568,736	1,560,378	1,552,714
Retained deficit	(275,481)	(313,008)	(348,006)	(382,952)	(416,207)
Total stockholders' equity	<u>1,308,496</u>	<u>1,263,179</u>	<u>1,221,975</u>	<u>1,178,667</u>	<u>1,137,744</u>
Total liabilities and stockholders' equity	<u>\$ 2,726,188</u>	<u>\$ 2,606,725</u>	<u>\$ 2,485,740</u>	<u>\$ 2,444,613</u>	<u>\$ 2,361,849</u>

## CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
<b>REVENUE:</b>				
Management:				
Federal	\$ 156,720	\$ 150,023	\$ 308,729	\$ 292,240
State	203,296	171,689	399,690	340,395
Local	21,338	21,831	42,532	42,738
Other	15,569	14,278	30,800	28,574
Total management revenue	<u>396,923</u>	<u>357,821</u>	<u>781,751</u>	<u>703,947</u>
Transportation	1,462	3,473	4,154	6,990
Rental	1,209	1,111	2,396	2,188
Other	22	365	69	560
	<u>399,616</u>	<u>362,770</u>	<u>788,370</u>	<u>713,685</u>
<b>EXPENSES:</b>				
Operating:				
Facility fixed	204,659	185,944	408,850	368,903
Facility variable	71,627	67,801	139,513	128,592
Transportation	4,001	5,428	8,592	10,308
Other	2,914	66	3,544	566
Total operating expenses	<u>283,201</u>	<u>259,239</u>	<u>560,499</u>	<u>508,369</u>
General and administrative	19,803	18,817	39,356	36,135
Depreciation and amortization	22,176	18,928	43,588	37,198
	<u>325,180</u>	<u>296,984</u>	<u>643,443</u>	<u>581,702</u>
<b>OPERATING INCOME</b>	<u>74,436</u>	<u>65,786</u>	<u>144,927</u>	<u>131,983</u>
<b>OTHER (INCOME) EXPENSE:</b>				
Interest expense, net	13,934	13,655	27,584	27,589
Other (income) expenses	(91)	(70)	2	(81)
	<u>13,843</u>	<u>13,585</u>	<u>27,586</u>	<u>27,508</u>
<b>INCOME BEFORE INCOME TAXES</b>	60,593	52,201	117,341	104,475
Income tax expense	<u>(23,066)</u>	<u>(19,599)</u>	<u>(44,816)</u>	<u>(39,303)</u>
<b>NET INCOME</b>	<u>\$ 37,527</u>	<u>\$ 32,602</u>	<u>\$ 72,525</u>	<u>\$ 65,172</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.30</u>	<u>\$ 0.27</u>	<u>\$ 0.58</u>	<u>\$ 0.53</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.30</u>	<u>\$ 0.26</u>	<u>\$ 0.57</u>	<u>\$ 0.52</u>

**RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE**

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

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Basic:				
Net income	\$ 37,527	\$ 32,602	\$ 72,525	\$ 65,172
Diluted:				
Diluted net income	\$ 37,527	\$ 32,602	\$ 72,525	\$ 65,172
Basic:				
Weighted average common shares outstanding	125,114	123,196	124,920	122,831
Unvested restricted common stock	(738)	(926)	(720)	(906)
Weighted average common shares outstanding-basic	<u>124,376</u>	<u>122,270</u>	<u>124,200</u>	<u>121,925</u>
Diluted:				
Weighted average common shares outstanding-basic	124,376	122,270	124,200	121,925
Effect of dilutive securities:				
Stock options and warrants	1,713	2,732	1,785	2,754
Restricted stock-based compensation	169	286	194	301
Weighted average shares and assumed conversions-diluted	<u>126,258</u>	<u>125,288</u>	<u>126,179</u>	<u>124,980</u>
Basic earnings per share:				
Net income	\$ 0.30	\$ 0.27	\$ 0.58	\$ 0.53
Diluted earnings per share:				
Net income	\$ 0.30	\$ 0.26	\$ 0.57	\$ 0.52

## SELECTED FINANCIAL INFORMATION

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

	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 2,925,509	\$ 2,761,445	\$ 2,595,677	\$ 2,463,615	\$ 2,351,397
Accumulated depreciation and amortization	(554,617)	(530,091)	(508,697)	(488,986)	(468,068)
Property and equipment, net	<u>\$ 2,370,892</u>	<u>\$ 2,231,354</u>	<u>\$ 2,086,980</u>	<u>\$ 1,974,629</u>	<u>\$ 1,883,329</u>
Total assets	\$ 2,726,188	\$ 2,606,725	\$ 2,485,740	\$ 2,444,613	\$ 2,361,849
Maintenance & technology capital expenditures for the quarter ended	\$ 7,054	\$ 8,138	\$ 15,042	\$ 11,353	\$ 10,649
Total debt	\$ 1,085,822	\$ 1,045,895	\$ 975,967	\$ 976,040	\$ 976,113
Equity book value	\$ 1,308,496	\$ 1,263,179	\$ 1,221,975	\$ 1,178,667	\$ 1,137,744
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 14,287	\$ 50,470	\$ 57,968	\$ 89,443	\$ 81,070
Investments	\$ -	\$ -	\$ -	\$ 76,035	\$ 84,766
Availability under revolving credit facility	\$ 306,368	\$ 345,117	\$ 415,117	\$ 215,367	\$ 113,973
<b>CAPITALIZATION:</b>					
Common shares outstanding	125,302	124,965	124,472	124,051	123,683
Common share price at end of period	\$ 27.47	\$ 27.52	\$ 29.51	\$ 26.17	\$ 31.56
Market value of common equity at end of period	<u>\$ 3,442,046</u>	<u>\$ 3,439,037</u>	<u>\$ 3,673,169</u>	<u>\$ 3,246,415</u>	<u>\$ 3,903,435</u>
Total equity market capitalization	<u>\$ 3,442,046</u>	<u>\$ 3,439,037</u>	<u>\$ 3,673,169</u>	<u>\$ 3,246,415</u>	<u>\$ 3,903,435</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 4,527,868</u>	<u>\$ 4,484,932</u>	<u>\$ 4,649,136</u>	<u>\$ 4,222,455</u>	<u>\$ 4,879,548</u>
<b>EBITDA</b>	\$ 96,703	\$ 91,810	\$ 92,163	\$ 86,812	\$ 84,784
<b>ADJUSTED FREE CASH FLOW</b>	\$ 56,404	\$ 72,659	\$ 47,078	\$ 55,103	\$ 42,399
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>					
Basic adjusted free cash flow per share	<u>\$ 0.45</u>	<u>\$ 0.59</u>	<u>\$ 0.38</u>	<u>\$ 0.45</u>	<u>\$ 0.35</u>
Diluted adjusted free cash flow per share	<u>\$ 0.45</u>	<u>\$ 0.58</u>	<u>\$ 0.37</u>	<u>\$ 0.44</u>	<u>\$ 0.34</u>

**SELECTED FINANCIAL INFORMATION**

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

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Number of days per period	91	91	182	181
<b>ALL FACILITIES:</b>				
Average available beds	<u>79,275</u>	<u>73,450</u>	<u>78,587</u>	<u>73,049</u>
Average compensated occupancy	<u>97.0%</u>	<u>99.0%</u>	<u>97.0%</u>	<u>98.5%</u>
Total compensated man-days	<u>7,001,172</u>	<u>6,617,046</u>	<u>13,875,642</u>	<u>13,025,627</u>
Revenue per compensated man-day	\$ 56.69	\$ 54.08	\$ 56.34	\$ 54.04
Operating expenses per compensated man-day:				
Fixed expense	29.23	28.10	29.47	28.32
Variable expense	10.23	10.25	10.05	9.87
Total	<u>39.46</u>	<u>38.35</u>	<u>39.52</u>	<u>38.19</u>
Operating margin per compensated man-day	<u>\$ 17.23</u>	<u>\$ 15.73</u>	<u>\$ 16.82</u>	<u>\$ 15.85</u>
Operating margin rate	<u>30.4%</u>	<u>29.1%</u>	<u>29.9%</u>	<u>29.3%</u>
<b>DEPRECIATION AND AMORTIZATION:</b>				
Depreciation expense on real estate	14,050	12,433	27,463	24,682
Other depreciation expense	9,292	7,633	18,457	14,792
Amortization of intangible assets	-	28	-	56
Amortization of negative contract values	(1,166)	(1,166)	(2,332)	(2,332)
Depreciation and amortization	<u>\$ 22,176</u>	<u>\$ 18,928</u>	<u>\$ 43,588</u>	<u>\$ 37,198</u>
<b>ADJUSTED FREE CASH FLOW:</b>				
Income from continuing operations before income taxes	\$ 60,593	\$ 52,201	\$ 117,341	\$ 104,475
Income taxes paid	(22,396)	(20,878)	(22,772)	(21,676)
Depreciation and amortization	22,176	18,928	43,588	37,198
Stock-based compensation reflected in G&A expenses	2,118	1,809	4,138	3,039
Amortization of debt costs and other non-cash interest	967	988	1,960	2,003
Maintenance and technology capital expenditures	(7,054)	(10,649)	(15,192)	(21,105)
Adjusted free cash flow	<u>\$ 56,404</u>	<u>\$ 42,399</u>	<u>\$ 129,063</u>	<u>\$ 103,934</u>
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>				
Basic	<u>\$ 0.45</u>	<u>\$ 0.35</u>	<u>\$ 1.04</u>	<u>\$ 0.85</u>
Diluted	<u>\$ 0.45</u>	<u>\$ 0.34</u>	<u>\$ 1.02</u>	<u>\$ 0.83</u>

## SELECTED FINANCIAL INFORMATION

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

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>MANAGED ONLY FACILITIES:</b>				
Management revenue	\$ 92,239	\$ 89,320	\$ 184,451	\$ 176,206
Operating expenses:				
Fixed expense	59,816	56,198	120,060	111,494
Variable expense	20,281	20,138	41,202	38,356
Total	<u>80,097</u>	<u>76,336</u>	<u>161,262</u>	<u>149,850</u>
Contribution	<u>\$ 12,142</u>	<u>\$ 12,984</u>	<u>\$ 23,189</u>	<u>\$ 26,356</u>
Average available beds	<u>26,751</u>	<u>25,938</u>	<u>26,751</u>	<u>25,902</u>
Average compensated occupancy	<u>96.5%</u>	<u>97.9%</u>	<u>96.5%</u>	<u>97.2%</u>
Total compensated man-days	<u>2,349,144</u>	<u>2,311,864</u>	<u>4,698,530</u>	<u>4,558,085</u>
Revenue per compensated man-day	\$ 39.26	\$ 38.64	\$ 39.26	\$ 38.66
Operating expenses per compensated man-day:				
Fixed expense	25.46	24.31	25.55	24.46
Variable expense	8.63	8.71	8.77	8.41
Total	<u>34.09</u>	<u>33.02</u>	<u>34.32</u>	<u>32.87</u>
Operating margin per compensated man-day	<u>\$ 5.17</u>	<u>\$ 5.62</u>	<u>\$ 4.94</u>	<u>\$ 5.79</u>
Operating margin rate	<u>13.2%</u>	<u>14.5%</u>	<u>12.6%</u>	<u>15.0%</u>
<b>OWNED AND MANAGED FACILITIES:</b>				
Management revenue	\$ 304,684	\$ 268,501	\$ 597,300	\$ 527,741
Operating expenses:				
Fixed expense	144,843	129,746	288,790	257,409
Variable expense	51,346	47,663	98,311	90,236
Total	<u>196,189</u>	<u>177,409</u>	<u>387,101</u>	<u>347,645</u>
Contribution	<u>\$ 108,495</u>	<u>\$ 91,092</u>	<u>\$ 210,199</u>	<u>\$ 180,096</u>
Average available beds	<u>52,524</u>	<u>47,512</u>	<u>51,836</u>	<u>47,147</u>
Average compensated occupancy	<u>97.3%</u>	<u>99.6%</u>	<u>97.3%</u>	<u>99.2%</u>
Total compensated man-days	<u>4,652,028</u>	<u>4,305,182</u>	<u>9,177,112</u>	<u>8,467,542</u>
Revenue per compensated man-day	\$ 65.49	\$ 62.37	\$ 65.09	\$ 62.33
Operating expenses per compensated man-day:				
Fixed	31.14	30.14	31.47	30.40
Variable	11.04	11.07	10.71	10.66
Total	<u>42.18</u>	<u>41.21</u>	<u>42.18</u>	<u>41.06</u>
Operating margin per compensated man-day	<u>\$ 23.31</u>	<u>\$ 21.16</u>	<u>\$ 22.91</u>	<u>\$ 21.27</u>
Operating margin rate	<u>35.6%</u>	<u>33.9%</u>	<u>35.2%</u>	<u>34.1%</u>



## ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2007</u>	<u>Outstanding Balance 6/30/2008</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u> <sup>1)</sup>	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
<b>Fixed Rate:</b>						
\$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	200,822	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>975,822</u>				
<b>Floating Rate:</b>						
Revolving Credit Facility	-	110,000	4.23%	4.76%	December 2012	
Grand Total Debt	<u>\$ 975,967</u>	<u>\$ 1,085,822</u>	6.67%	6.96%	4.02	<sup>3)</sup>

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

<sup>2)</sup> The Company also has \$33.6 million of letters of credit outstanding under a sub-facility, which effectively reduces the Company's borrowing capacity under the Revolving Credit Facility to \$306.4 million. The Revolving Credit facility currently bears interest at LIBOR plus a margin of 0.75%.

<sup>3)</sup> 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>
<b>2008</b>	145	0.01%	0.01%
<b>2009</b>	290	0.03%	0.04%
<b>2010</b>	290	0.03%	0.07%
<b>2011</b>	450,097	41.45%	41.52%
<b>2012</b>	110,000	10.13%	51.65%
<b>Thereafter</b>	<u>525,000</u>	<u>48.35%</u>	100.00%
	<u>\$ 1,085,822</u>	<u>100.00%</u>	

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

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	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2008	2007	2008	2007
<b><u>COVERAGE RATIOS:</u></b>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	5.4	5.0	5.4	5.0
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	5.4	5.0	5.4	5.0
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.8	2.9	2.9	2.9
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.8	2.9	2.9	2.9
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.5	6.8	6.4	6.7
<b><u>DEBT/EQUITY RATIOS:</u></b>				
Total debt/Total market capitalization	24.0%	20.0%	24.0%	20.0%
Total debt/Equity market capitalization	31.5%	25.0%	31.5%	25.0%
Total debt/Book equity capitalization	83.0%	85.8%	83.0%	85.8%
Total debt/Gross book value of real estate assets	36.9%	41.2%	36.9%	41.2%
<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)*)	13.5%	14.6%	13.6%	14.7%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	12.1%	12.2%	12.0%	12.3%
<b><u>OVERHEAD RATIOS:</u></b>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.5%	2.7%	2.5%	2.6%
General & administrative expenses/Total revenues	5.0%	5.2%	5.0%	5.1%
<b><u>INTEREST EXPENSE, NET:</u></b>				
Interest income from continuing operations	\$ (814)	\$ (2,696)	\$ (1,896)	\$ (5,376)
Interest incurred	17,929	17,035	35,229	34,095
Amortization of debt costs and other non-cash interest	967	988	1,960	2,003
Capitalized interest	(4,148)	(1,672)	(7,709)	(3,133)
Interest expense, net	<u>\$ 13,934</u>	<u>\$ 13,655</u>	<u>\$ 27,584</u>	<u>\$ 27,589</u>
<b><u>EBITDA CALCULATION:</u></b>				
Net income	\$ 37,527	\$ 32,602	\$ 72,525	\$ 65,172
Interest expense, net	13,934	13,655	27,584	27,589
Depreciation and amortization	22,176	18,928	43,588	37,198
Income tax (benefit) expense	23,066	19,599	44,816	39,303
EBITDA	<u>\$ 96,703</u>	<u>\$ 84,784</u>	<u>\$ 188,513</u>	<u>\$ 169,262</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 6/30/08
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	Sep-08	-	125.61%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	96.73%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	Sep-08	-	126.95%
Red Rock Correctional Center Eloy, Arizona	2006	State of Alaska	1,596	Medium	Correctional	Jun-09	(5) 1 year	86.35%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-09	(1) 2 year	95.75%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-08	(2) 1 year	114.39%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,154	Minimum/ Medium	Detention	Jun-08	(5) 3 year	103.99%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997, 2008	State of Colorado	1,420	Medium	Correctional	Jun-09	(1) 1 year	57.78%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-09	(1) 1 year	91.73%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-09	(1) 1 year	101.27%
Kit Carson Correctional Center Burlington, Colorado	1998, 2008	State of Colorado	1,488	Medium	Correctional	Jun-09	(1) 1 year	61.62%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-09	(20) 1 year	110.59%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-08	(4) 1 year	113.49%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Correctional	Indefinite	-	96.64%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-09	(20) 1 year	110.44%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004, 2008	USMS	1,033	Maximum	Detention	Dec-11	(3) 5 year	105.61%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-09	(2) 2 year	92.59%

**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 6/30/08</b>
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Dec-07	(3) 2 year	95.53%
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jul-09	(3) 2 year	94.57%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-09	(3) 1 year	92.16%
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	2000, 2007, 2008	State of California	2,544	Medium	Correctional	Jun-11	Indefinite	90.00%
Crossroads Correctional Center (J) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-09	(5) 2 year	91.50%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-08	(2) 1 year	101.23%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-09	-	97.32%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	85.11%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-09	(3) 2 year	97.01%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997	State of Oklahoma	1,032	Medium	Correctional	Jun-09	-	99.81%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996	State of Oklahoma	1,010	Medium	Correctional	Jun-09	-	100.69%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	May-09	(3) 1 year	99.72%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of California	2,400	Medium	Correctional	Jun-11	Indefinite	75.77%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-09	-	95.93%
Shelby Training Center (L) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Jul-08	-	71.84%
Whiteville Correctional Facility (M) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-08	(2) 1 year	96.82%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-09	(2) 1 year	100.00%

**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 6/30/08
Eden Detention Center Eden, Texas	1990	BOP	1,422	Medium	Correctional	Apr-11	(3) 2 year	107.71%
Houston Processing Center Houston, Texas	1984, 2005	ICE	905	Medium	Detention	Sep-08	-	94.36%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Indefinite	-	138.34%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	126.30%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-09	(2) 1 year	99.00%
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	-	59.10%
Total design capacity for Owned and Managed Facilities (41 Owned and Managed Facilities)			<u>53,464</u>					
<b>Managed Only Facilities:</b>								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	985	Medium	Correctional	Jun-10	Indefinite	99.41%
Bay County Jail and Annex (O) Panama City, Florida	N/A	Bay County, FL	1,150	Multi	Detention	Sep-12	(1) 6 year	82.22%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	85.34%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,520	Minimum/ Medium	Correctional	Jun-10	Indefinite	99.10%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	876	Multi	Detention	Oct-10	-	81.79%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-09	Indefinite	100.00%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-09	-	116.80%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-17	(10) 1 year	104.80%

**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 6/30/08</b>
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Sep-08	-	95.10%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	Jul-09	-	93.39%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Jul-09	(1) 1 year	98.75%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Sep-08	(5) 3 year	100.00%
Camino Nuevo Correctional Center (P) Albuquerque, New Mexico	N/A	State of New Mexico	192	Multi	Correctional	Mar-10	-	2.67%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	918	Multi	Detention	Dec-08	Indefinite	79.33%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jun-10	(1) 2 year	97.04%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-09	-	99.39%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-09	(3) 3 year	97.24%
B. M. Moore Correctional Center Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-09	-	99.69%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,049	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.80%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.21%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	98.97%
Diboll Correctional Center Diboll, Texas	N/A	State of Texas	518	Minimum/ Medium	Correctional	Jan-09	-	99.85%

**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 6/30/08</u>
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.53%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.78%
Total design capacity for Managed Only Facilities (24 Managed Only Facilities)			<u>26,751</u>					
Total design capacity for All Facilities as of June 30, 2008			<u>80,215</u>					

**Expansion and Development Projects:**

<u>Facility Name</u>	<u>Estimated Completion</u>	<u>Potential Customer(s)</u>	<u>Design Capacity (B)</u>	<u>Project Description</u>
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	Third quarter 2008	State of California	128	Expansion of owned facility
Cimarron Correctional Facility (K) Cushing, Oklahoma	Third quarter 2008	Various states	660	Expansion of owned facility
Davis Correctional Facility (K) Holdenville, Oklahoma	Third 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	Third quarter 2008 - First quarter 2009	State of California	3,060	New owned facility
Trousdale Correctional Center Hartsville, Tennessee	Fourth quarter 2009	Federal and/or various states	2,040	New owned facility
Nevada Southern Detention Center Pahrump, Nevada	Fourth quarter 2009	Office of the Federal Detention Trustee	1,072	New owned facility
<b>Projected design capacity for All Facilities</b>			<u>90,067</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 6/30/08
<b>Leased Facilities:</b>								
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 June 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 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 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) In April 2008, we agreed with the New Mexico Department of Corrections to suspend operations of this facility and transfer existing populations to our New Mexico Women's Correctional Facility. The agreement with the New Mexico Department of Corrections provides that if female populations increase to a rate sufficient to efficiently operate the facility in the future that we would re-establish operations at such time.

(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)

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<u>Customer</u>	<u>Management Revenue For the Six Months Ended June 30, 2008</u>	<u>Percent of Management Revenue For the Six Months Ended June 30, 2008</u>
United States Marshals	\$ 109,446	14.00%
United States Immigration and Customs Enforcement	101,088	12.93%
Bureau of Prisons	98,404	12.59%
Texas	50,551	6.47%
Colorado	40,076	5.13%
Tennessee	37,783	4.83%
California	36,307	4.64%
Florida	31,686	4.05%
Georgia	26,242	3.36%
Arizona	23,166	2.96%
	<u>\$ 554,749</u>	<u>70.96%</u>
Total Management Revenue	<u>\$ 781,751</u>	<u>100.00%</u>

**RESEARCH / ANALYST COVERAGE**Equity Research Coverage:


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

Credit Ratings:


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

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