



CORRECTIONS CORPORATION OF AMERICA

**Supplemental Financial Information
For the Quarter Ended December 31, 2006**

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 December 31, 2006

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

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ASSETS	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
Cash and cash equivalents	\$ 29,121	\$ 58,066	\$ 55,395	\$ 64,924	\$ 64,901
Restricted cash	11,826	11,676	11,531	11,399	11,284
Investments	82,830	71,728	60,822	49,481	19,014
Accounts receivable, net of allowance	238,256	211,185	188,739	167,554	176,560
Deferred tax assets	11,655	18,198	16,386	27,076	32,488
Prepaid expenses and other current assets	17,554	19,965	22,043	9,453	15,884
Total current assets	<u>391,242</u>	<u>390,818</u>	<u>354,916</u>	<u>329,887</u>	<u>320,131</u>
Property and equipment, net	1,805,098	1,772,634	1,742,441	1,722,742	1,710,794
Investment in direct financing lease	15,467	15,691	15,908	16,118	16,322
Goodwill	15,246	15,246	15,246	15,246	15,246
Other assets	23,807	24,755	25,819	26,057	23,820
Total assets	<u>\$ 2,250,860</u>	<u>\$ 2,219,144</u>	<u>\$ 2,154,330</u>	<u>\$ 2,110,050</u>	<u>\$ 2,086,313</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 161,282	\$ 166,239	\$ 146,435	\$ 138,479	\$ 142,864
Income tax payable	2,810	2,660	2,637	1,715	1,435
Current portion of long-term debt	290	296	331	381	11,836
Total current liabilities	<u>164,382</u>	<u>169,195</u>	<u>149,403</u>	<u>140,575</u>	<u>156,135</u>
Long-term debt, net of current portion	975,968	976,040	976,113	976,185	963,800
Deferred tax liabilities	23,755	27,203	15,409	13,906	12,087
Other liabilities	37,074	38,357	38,326	37,719	37,660
Total liabilities	<u>1,201,179</u>	<u>1,210,795</u>	<u>1,179,251</u>	<u>1,168,385</u>	<u>1,169,682</u>
Commitments and contingencies					
Common stock - \$0.01 par value	610	607	604	601	595
Additional paid-in capital	1,528,219	1,519,042	1,511,905	1,504,122	1,505,986
Deferred compensation	-	-	-	-	(5,563)
Retained deficit	(479,148)	(511,300)	(537,430)	(563,058)	(584,387)
Total stockholders' equity	<u>1,049,681</u>	<u>1,008,349</u>	<u>975,079</u>	<u>941,665</u>	<u>916,631</u>
Total liabilities and stockholders' equity	<u>\$ 2,250,860</u>	<u>\$ 2,219,144</u>	<u>\$ 2,154,330</u>	<u>\$ 2,110,050</u>	<u>\$ 2,086,313</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2006	2005	2006	2005
REVENUE:				
Management:				
Federal	\$ 140,976	\$ 125,219	\$ 529,315	\$ 466,784
State	168,541	154,560	645,064	579,205
Local	21,875	20,371	84,207	79,844
Other	13,470	12,568	52,925	48,018
Total management revenue	<u>344,862</u>	<u>312,718</u>	<u>1,311,511</u>	<u>1,173,851</u>
Transportation	3,545	3,435	15,138	14,558
Rental	1,061	1,036	4,207	3,991
Other	119	8	232	240
	<u>349,587</u>	<u>317,197</u>	<u>1,331,088</u>	<u>1,192,640</u>
EXPENSES:				
Operating:				
Facility fixed	180,561	169,809	706,836	659,965
Facility variable	64,759	59,725	246,260	217,471
Transportation	4,047	4,878	19,055	21,086
Other	557	28	1,742	271
Total operating expenses	<u>249,924</u>	<u>234,440</u>	<u>973,893</u>	<u>898,793</u>
General and administrative	16,876	16,576	63,593	57,053
Depreciation and amortization	18,106	15,750	67,673	59,882
	<u>284,906</u>	<u>266,766</u>	<u>1,105,159</u>	<u>1,015,728</u>
OPERATING INCOME	<u>64,681</u>	<u>50,431</u>	<u>225,929</u>	<u>176,912</u>
OTHER (INCOME) EXPENSE:				
Interest expense, net	14,280	15,683	58,783	63,928
Expenses associated with debt refinancing and recapitalization transactions	-	-	982	35,269
Other (income) expenses	189	23	(224)	263
	<u>14,469</u>	<u>15,706</u>	<u>59,541</u>	<u>99,460</u>
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	50,212	34,725	166,388	77,452
Income tax expense	<u>(18,060)</u>	<u>(11,071)</u>	<u>(61,149)</u>	<u>(26,888)</u>
INCOME FROM CONTINUING OPERATIONS	32,152	23,654	105,239	50,564
Loss from discontinued operations, net of taxes	<u>-</u>	<u>(249)</u>	<u>-</u>	<u>(442)</u>
NET INCOME	<u>\$ 32,152</u>	<u>\$ 23,405</u>	<u>\$ 105,239</u>	<u>\$ 50,122</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.53</u>	<u>\$ 0.40</u>	<u>\$ 1.76</u>	<u>\$ 0.87</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.52</u>	<u>\$ 0.39</u>	<u>\$ 1.71</u>	<u>\$ 0.83</u>

RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2006	2005	2006	2005
Basic:				
Income from continuing operations	\$ 32,152	\$ 23,654	\$ 105,239	\$ 50,564
Loss from discontinued operations, net of taxes	-	(249)	-	(442)
Net income	\$ 32,152	\$ 23,405	\$ 105,239	\$ 50,122
Diluted:				
Income from continuing operations	\$ 32,152	\$ 23,654	\$ 105,239	\$ 50,564
Interest expense applicable to convertible notes, net of taxes	-	-	-	129
Diluted income from continuing operations	32,152	23,654	105,239	50,693
Loss from discontinued operations, net of taxes	-	(249)	-	(442)
Diluted net income	\$ 32,152	\$ 23,405	\$ 105,239	\$ 50,251
Basic:				
Weighted average common shares outstanding	60,843	59,445	60,367	58,158
Unvested restricted common stock	(499)	(480)	(510)	(445)
Weighted average common shares outstanding-basic	60,344	58,965	59,857	57,713
Diluted:				
Weighted average common shares outstanding-basic	60,344	58,965	59,857	57,713
Effect of dilutive securities:				
Stock options and warrants	1,536	1,611	1,509	1,724
Convertible notes	-	-	-	816
Restricted stock-based compensation	155	222	163	170
Weighted average shares and assumed conversions-diluted	62,035	60,798	61,529	60,423
Basic earnings per share:				
Income from continuing operations	\$ 0.53	\$ 0.40	\$ 1.76	\$ 0.88
Loss from discontinued operations, net of taxes	-	-	-	(0.01)
Net income	\$ 0.53	\$ 0.40	\$ 1.76	\$ 0.87
Diluted earnings per share:				
Income from continuing operations	\$ 0.52	\$ 0.39	\$ 1.71	\$ 0.84
Loss from discontinued operations, net of taxes	-	-	-	(0.01)
Diluted net income	\$ 0.52	\$ 0.39	\$ 1.71	\$ 0.83

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

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	<u>December 31, 2006</u>	<u>September 30, 2006</u>	<u>June 30, 2006</u>	<u>March 31, 2006</u>	<u>December 31, 2005</u>
BALANCE SHEET:					
Property and equipment	\$ 2,233,925	\$ 2,184,824	\$ 2,136,231	\$ 2,099,186	\$ 2,070,941
Accumulated depreciation and amortization	(428,827)	(412,190)	(393,790)	(376,444)	(360,147)
Property and equipment, net	<u>\$ 1,805,098</u>	<u>\$ 1,772,634</u>	<u>\$ 1,742,441</u>	<u>\$ 1,722,742</u>	<u>\$ 1,710,794</u>
Total assets	\$ 2,250,860	\$ 2,219,144	\$ 2,154,330	\$ 2,110,050	\$ 2,086,313
Maintenance & technology capital expenditures for the quarter ended	\$ 14,523	\$ 13,111	\$ 12,848	\$ 9,519	\$ 11,326
Total debt	\$ 976,258	\$ 976,336	\$ 976,444	\$ 976,566	\$ 975,636
Equity book value	\$ 1,049,681	\$ 1,008,349	\$ 975,079	\$ 941,665	\$ 916,631
LIQUIDITY:					
Cash and cash equivalents	\$ 29,121	\$ 58,066	\$ 55,395	\$ 64,924	\$ 64,901
Investments	\$ 82,830	\$ 71,728	\$ 60,822	\$ 49,481	\$ 19,014
Availability under revolving credit facility	\$ 112,060	\$ 112,560	\$ 113,060	\$ 113,519	\$ 78,519
CAPITALIZATION:					
Common shares outstanding	61,042	60,670	60,392	60,143	59,541
Common share price at end of period	\$ 45.23	\$ 43.25	\$ 35.29	\$ 30.13	\$ 29.98
Market value of common equity at end of period	<u>\$ 2,760,930</u>	<u>\$ 2,623,978</u>	<u>\$ 2,131,417</u>	<u>\$ 1,812,294</u>	<u>\$ 1,785,039</u>
Total equity market capitalization	<u>\$ 2,760,930</u>	<u>\$ 2,623,978</u>	<u>\$ 2,131,417</u>	<u>\$ 1,812,294</u>	<u>\$ 1,785,039</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 3,737,188</u>	<u>\$ 3,600,314</u>	<u>\$ 3,107,861</u>	<u>\$ 2,788,860</u>	<u>\$ 2,760,675</u>
EBITDA	\$ 82,598	\$ 74,066	\$ 71,547	\$ 64,633	\$ 66,158
ADJUSTED EBITDA	\$ 82,598	\$ 74,066	\$ 71,547	\$ 65,615	\$ 67,147
ADJUSTED FREE CASH FLOW	\$ 49,068	\$ 44,589	\$ 43,985	\$ 42,983	\$ 41,450
ADJUSTED FREE CASH FLOW PER SHARE:					
Basic adjusted free cash flow per share	<u>\$ 0.81</u>	<u>\$ 0.74</u>	<u>\$ 0.74</u>	<u>\$ 0.72</u>	<u>\$ 0.70</u>
Diluted adjusted free cash flow per share	<u>\$ 0.79</u>	<u>\$ 0.72</u>	<u>\$ 0.72</u>	<u>\$ 0.70</u>	<u>\$ 0.68</u>

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

	<u>For the Three Months Ended December 31,</u>		<u>For the Twelve Months Ended December 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Number of days per period	92	92	365	365
ALL FACILITIES:				
Average available beds	<u>72,639</u>	<u>70,685</u>	<u>71,807</u>	<u>69,417</u>
Average compensated occupancy	<u>96.6%</u>	<u>93.1%</u>	<u>94.9%</u>	<u>91.4%</u>
Total compensated man-days	<u>6,454,592</u>	<u>6,053,534</u>	<u>24,880,486</u>	<u>23,155,542</u>
Revenue per compensated man-day	\$ 53.43	\$ 51.66	\$ 52.71	\$ 50.69
Operating expenses per compensated man-day:				
Fixed expense	27.97	28.05	28.41	28.50
Variable expense	10.03	9.87	9.90	9.39
Total	<u>38.00</u>	<u>37.92</u>	<u>38.31</u>	<u>37.89</u>
Operating margin per compensated man-day	<u>\$ 15.43</u>	<u>\$ 13.74</u>	<u>\$ 14.40</u>	<u>\$ 12.80</u>
Operating margin rate	<u>28.9%</u>	<u>26.6%</u>	<u>27.3%</u>	<u>25.3%</u>
DEPRECIATION AND AMORTIZATION:				
Depreciation expense on real estate	12,240	11,564	47,233	45,804
Other depreciation expense	7,004	5,120	24,992	18,122
Amortization of goodwill	-	178	-	178
Amortization of intangible assets	28	29	112	125
Amortization of negative contract values	(1,166)	(1,141)	(4,664)	(4,347)
Depreciation and amortization	<u>\$ 18,106</u>	<u>\$ 15,750</u>	<u>\$ 67,673</u>	<u>\$ 59,882</u>
ADJUSTED FREE CASH FLOW:				
Pre-tax income	\$ 50,212	\$ 34,476	\$ 166,388	\$ 77,010
Expenses associated with debt refinancing and recapitalization transactions	-	-	982	35,269
Income taxes paid	(6,900)	(140)	(13,690)	(15,776)
Depreciation and amortization	18,106	15,750	67,673	59,882
Depreciation and amortization for discontinued operations	-	-	-	186
Income tax (benefit) expense for discontinued operations	-	(116)	-	(217)
Stock-based compensation reflected in G&A expenses	1,136	1,499	4,840	2,673
Amortization of debt costs and other non-cash interest	1,037	1,307	4,433	5,341
Maintenance and technology capital expenditures	(14,523)	(11,326)	(50,001)	(36,205)
Adjusted free cash flow	<u>\$ 49,068</u>	<u>\$ 41,450</u>	<u>\$ 180,625</u>	<u>\$ 128,163</u>
ADJUSTED FREE CASH FLOW PER SHARE:				
Basic	<u>\$ 0.81</u>	<u>\$ 0.70</u>	<u>\$ 3.02</u>	<u>\$ 2.22</u>
Diluted	<u>\$ 0.79</u>	<u>\$ 0.68</u>	<u>\$ 2.94</u>	<u>\$ 2.12</u>

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2006	2005	2006	2005
MANAGED ONLY FACILITIES:				
Management revenue	\$ 89,510	\$ 86,936	\$ 350,968	\$ 333,051
Operating expenses:				
Fixed expense	56,413	52,537	223,331	206,491
Variable expense	19,666	18,510	77,025	72,159
Total	<u>76,079</u>	<u>71,047</u>	<u>300,356</u>	<u>278,650</u>
Contribution	<u>\$ 13,431</u>	<u>\$ 15,889</u>	<u>\$ 50,612</u>	<u>\$ 54,401</u>
Average available beds	<u>25,958</u>	<u>25,604</u>	<u>25,863</u>	<u>25,181</u>
Average compensated occupancy	<u>97.6%</u>	<u>96.9%</u>	<u>96.8%</u>	<u>96.7%</u>
Total compensated man-days	<u>2,331,826</u>	<u>2,282,923</u>	<u>9,141,828</u>	<u>8,891,861</u>
Revenue per compensated man-day	\$ 38.39	\$ 38.08	\$ 38.39	\$ 37.46
Operating expenses per compensated man-day:				
Fixed expense	24.19	23.01	24.43	23.22
Variable expense	8.43	8.11	8.43	8.12
Total	<u>32.62</u>	<u>31.12</u>	<u>32.86</u>	<u>31.34</u>
Operating margin per compensated man-day	<u>\$ 5.77</u>	<u>\$ 6.96</u>	<u>\$ 5.53</u>	<u>\$ 6.12</u>
Operating margin rate	<u>15.0%</u>	<u>18.3%</u>	<u>14.4%</u>	<u>16.3%</u>
OWNED AND MANAGED FACILITIES:				
Management revenue	\$ 255,352	\$ 225,782	\$ 960,543	\$ 840,800
Operating expenses:				
Fixed expense	124,148	117,272	483,505	453,474
Variable expense	45,093	41,215	169,235	145,312
Total	<u>169,241</u>	<u>158,487</u>	<u>652,740</u>	<u>598,786</u>
Contribution	<u>\$ 86,111</u>	<u>\$ 67,295</u>	<u>\$ 307,803</u>	<u>\$ 242,014</u>
Average available beds	<u>46,681</u>	<u>45,081</u>	<u>45,944</u>	<u>44,236</u>
Average compensated occupancy	<u>96.0%</u>	<u>90.9%</u>	<u>93.9%</u>	<u>88.3%</u>
Total compensated man-days	<u>4,122,766</u>	<u>3,770,611</u>	<u>15,738,658</u>	<u>14,263,681</u>
Revenue per compensated man-day	\$ 61.94	\$ 59.88	\$ 61.03	\$ 58.95
Operating expenses per compensated man-day:				
Fixed	30.11	31.10	30.72	31.79
Variable	10.94	10.93	10.75	10.19
Total	<u>41.05</u>	<u>42.03</u>	<u>41.47</u>	<u>41.98</u>
Operating margin per compensated man-day	<u>\$ 20.89</u>	<u>\$ 17.85</u>	<u>\$ 19.56</u>	<u>\$ 16.97</u>
Operating margin rate	<u>33.7%</u>	<u>29.8%</u>	<u>32.1%</u>	<u>28.8%</u>

ANALYSIS OF OUTSTANDING DEBT
(Unaudited and amounts in thousands)

	<u>Outstanding Balance 12/31/2005</u>	<u>Outstanding Balance 12/31/2006</u>	<u>Stated Interest Rate</u>	<u>Effective Interest Rate</u>	<u>Maturity Date</u>	<u>Callable/ Redeemable</u>
Fixed Rate:						
\$250.0 Million Senior Notes	250,000	250,000	7.50%	7.88%	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	201,548	201,258	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	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
Other Debt	138	-	6.00%	6.00%	December 2006	
Total Fixed Rate Debt	<u>826,686</u>	<u>976,258</u>				
Floating Rate:						
\$150.0 Million Revolving Credit Facility	-	-			2) February 2011	
Lehman Credit Facility, Term	138,950	-			3) March 31, 2008	
\$125.0 Million Revolver	10,000	-			4) March 31, 2006	
Total Floating Rate Debt	<u>148,950</u>	<u>-</u>	7.00%	7.28%	5)	
Grand Total Debt	<u>\$ 975,636</u>	<u>\$ 976,258</u>			5.46	6)

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

²⁾ On Feb 3, 2006 the Company replaced the old credit facility with a new \$150 million Revolving Credit Facility. The Company has \$37.9 million of letters of credit outstanding under a sub-facility, which effectively reduces the Company's borrowing capacity under the New Revolving Credit Facility to \$112.1 million. The New Revolving Credit facility currently bears interest at LIBOR plus a margin of 1.00%.

³⁾ The variable interest rate on the Term portion of the Lehman Credit Facility was LIBOR + 1.75%. This loan was fully repaid and was retired in January 2006.

⁴⁾ The variable interest rate was LIBOR + 1.5%. This credit facility was retired in February 2006.

⁵⁾ The stated and effective interest rates are zero on the New Revolving Credit Facility as there are currently no amounts outstanding.

⁶⁾ 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>
2007	290	0.03%	0.03%
2008	290	0.03%	0.06%
2009	290	0.03%	0.09%
2010	290	0.03%	0.12%
2011	450,098	46.10%	46.22%
Thereafter	525,000	53.78%	100.00%
	<u>\$ 976,258</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 December 31,		For the Twelve Months Ended December 31,	
	2006	2005	2006	2005
<u>COVERAGE RATIOS:</u>				
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	4.8	4.0	4.3	3.5
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	4.8	3.9	4.3	3.4
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	3.0	3.6	3.3	4.1
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	3.0	3.6	3.3	4.1
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	5.9	7.2	5.6	6.8
<u>DEBT/EQUITY RATIOS:</u>				
Total debt/Total market capitalization	26.1%	35.3%	26.1%	35.3%
Total debt/Equity market capitalization	35.4%	54.7%	35.4%	54.7%
Total debt/Book equity capitalization	93.0%	106.4%	93.0%	106.4%
Total debt/Gross book value of real estate assets	43.4%	46.7%	43.4%	46.7%
<u>RETURN ON INVESTMENT RATIOS:</u>				
Annualized return on operating real estate investments				
(Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)	14.8%	13.0%	13.6%	11.7%
Annualized return on total assets				
(Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	12.4%	11.1%	11.5%	10.0%
<u>OVERHEAD RATIOS:</u>				
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.5%	2.7%	2.5%	2.4%
General & administrative expenses/Total revenues	4.8%	5.2%	4.8%	4.8%
<u>INTEREST EXPENSE, NET:</u>				
Interest income from continuing operations	\$ (2,590)	\$ (1,556)	\$ (9,137)	\$ (5,359)
Interest incurred	17,057	16,786	68,145	68,489
Amortization of debt costs and other non-cash interest	1,037	1,307	4,433	5,341
Capitalized interest	(1,224)	(854)	(4,658)	(4,543)
Interest expense, net	<u>\$ 14,280</u>	<u>\$ 15,683</u>	<u>\$ 58,783</u>	<u>\$ 63,928</u>
<u>EBITDA CALCULATION:</u>				
Net income	\$ 32,152	\$ 23,405	\$ 105,239	\$ 50,122
Interest expense, net	14,280	15,683	58,783	63,928
Depreciation and amortization	18,106	15,750	67,673	59,882
Income tax (benefit) expense	18,060	11,071	61,149	26,888
(Income) loss from discontinued operations, net of taxes	-	249	-	442
EBITDA	<u>82,598</u>	<u>66,158</u>	<u>292,844</u>	<u>201,262</u>
Stock option compensation expense associated with accelerated vesting	-	989	-	989
Expenses associated with debt refinancing and recapitalization transactions	-	-	982	35,269
ADJUSTED EBITDA	<u>\$ 82,598</u>	<u>\$ 67,147</u>	<u>\$ 293,826</u>	<u>\$ 237,520</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 12/31/06
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	May-07	(1) 1 year	136.20%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Low	Detention	Indefinite	-	94.41%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	May-07	(1) 1 year	74.15%
Red Rock Correctional Center Eloy, Arizona	2006	State of Alaska	1,596	Medium	Correctional	Jun-08	(6) 1 year	73.23%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-07	(3) 1 year	113.21%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,016	Minimum/ Medium	Detention	Jun-08	(5) 3 year	121.22%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997	State of Colorado	700	Medium	Correctional	Jun-07	(1) 1 year	102.75%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-07	(1) 1 year	90.09%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-07	(1) 1 year	102.09%
Kit Carson Correctional Center Burlington, Colorado	1998	State of Colorado	768	Medium	Correctional	Jun-07	(1) 1 year	104.21%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-07	(22) 1 year	109.77%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Low	Correctional	Nov-07	(5) 1 year	109.21%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,524	Medium	Correctional	Indefinite	-	43.17%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-07	(22) 1 year	109.68%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004	USMS	767	Maximum	Detention	Dec-06	(6) 2 month	112.34%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-07	-	93.78%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Dec-07	(3) 2 year	98.88%

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 12/31/06
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jul-07	(4) 2 year	93.20%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-07	-	90.34%
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	2000	State of Hawaii	1,104	Medium	Correctional	Jun-07	(2) 2 year	89.15%
Crossroads Correctional Center (J) Shelby, Montana	1999	State of Montana	568	Multi	Correctional	Aug-07	(6) 2 year	97.48%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Low	Correctional	Sep-07	(3) 1 year	98.42%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-09	-	97.52%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	83.64%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Low	Correctional	May-09	(3) 2 year	94.95%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997	State of Oklahoma	960	Medium	Correctional	Sep-07	(2) 1 year	100.65%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996	State of Oklahoma	960	Medium	Correctional	Sep-07	(2) 1 year	100.82%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	Jun-07	-	91.16%
North Fork Correctional Facility Sayre, Oklahoma	1998	State of Wyoming	1,440	Medium	Correctional	Jun-08	-	40.15%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-07	-	88.83%
Shelby Training Center (L) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Apr-15	-	92.23%
Whiteville Correctional Facility (M) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-07	(1) 1 year	97.15%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-07	(4) 1 year	98.40%

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 12/31/06</u>
Eden Detention Center Eden, Texas	1990	BOP	1,225	Low	Correctional	Apr-11	(3) 2 year	109.96%
Houston Processing Center Houston, Texas	1984, 2005	ICE	905	Medium	Detention	Sep-07	(1) 1 year	94.13%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Dec-09	(4) 1 year	156.70%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	May-07	-	130.11%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-07	(4) 1 year	98.14%
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	-	81.96%
Total design capacity for Owned and Managed Facilities (40 Owned and Managed Facilities)			<u>46,681</u>					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	750	Medium	Correctional	Jun-07	-	99.71%
Bay County Jail and Annex Panama City, Florida	N/A	Bay County, FL	1,150	Multi	Detention	Sep-12	(1) 6 year	82.05%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	400	Multi	Detention	Sep-15	(1) 5 year	107.33%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,136	Minimum/ Medium	Correctional	Jun-07	-	98.39%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	730	Multi	Detention	Oct-10	-	93.55%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-09	-	99.52%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-09	-	114.45%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-06	-	97.64%

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 12/31/06
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Sep-08	-	100.52%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	Sep-07	-	92.72%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Sep-07	(2) 1 year	96.26%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Sep-08	(5) 3 year	100.45%
Camino Nuevo Correctional Center Albuquerque, New Mexico	N/A	State of New Mexico	192	Multi	Correctional	Mar-10	-	45.39%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	918	Multi	Detention	Jan-08	Indefinite	95.20%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jul-07	-	97.28%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-07	(1) 1 year	92.06%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-09	(3) 3 year	97.58%
B. M. Moore Correctional Center Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.84%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,001	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.93%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.49%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	98.59%
Diboll Correctional Center Diboll, Texas	N/A	State of Texas	518	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.83%
Liberty County Jail/Juvenile Center (O) Liberty, Texas	N/A	Liberty County, Texas	380	Multi	Detention	Jan-07	-	89.97%

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 12/31/06</u>
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.60%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.51%
Total design capacity for Managed Only Facilities (25 Managed Only Facilities)			<u>25,958</u>					
Total design capacity for All Facilities as of December 31, 2006			<u>72,639</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>
Citrus County Detention Facility Lecanto, Florida	First quarter 2007	Citrus County, FL	360	Expansion of managed only facility
Crossroads Correctional Center (J) Shelby, Montana	First quarter 2007	State of Montana & USMS	96	Expansion of owned facility
Bay Correctional Facility Panama City, Florida	Third quarter 2007	State of Florida	235	Expansion of managed only facility
Gadsden Correctional Institution Quincy, Florida	Third quarter 2007	State of Florida	384	Expansion of managed only facility
Saguaro Correctional Facility Eloy, Arizona	Mid-2007	State of Hawaii	1,896	New owned facility
North Fork Correctional Facility Sayre, Oklahoma	Fourth quarter 2007	Various states	960	Expansion of owned facility
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	Fourth quarter 2007	Federal and/or various states	360	Expansion of owned facility
Eden Detention Center Eden, Texas	First quarter 2008	BOP	129	Expansion of owned facility
Bent County Correctional Facility Las Animas, Colorado	Second quarter 2008	State of Colorado	720	Expansion of owned facility
Kit Carson Correctional Center Burlington, Colorado	Second quarter 2008	State of Colorado	720	Expansion of owned facility
Projected design capacity for All Facilities			<u>78,499</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 12/31/06
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	Feb-07	-	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. 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 December 31, 2006. 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 over a 20-year period. During October 2005, we completed an amendment to extend the amortization period through 2035, which could be further extended to 2050 in the event we expand the facility by at least 200 beds.

(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) 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.

(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) During September 2006, we received notification from the Liberty County Commission in Liberty County, Texas that, as a result of a contract bidding process, the County elected to transfer management of the 380-bed Liberty County Jail/Juvenile Center to another operator. Operation of the facility was transferred to another operator upon expiration of the contract in January 2007.

(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.

DIVERSIFICATION OF REVENUE

(Unaudited and amounts in thousands)

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Customer	Management Revenue For the Twelve Months Ended December 31, 2006	Percent of Management Revenue For the Twelve Months Ended December 31, 2006
United States Marshals	\$ 194,654	14.84%
Bureau of Prisons	190,839	14.55%
United States Immigration and Customs Enforcement	144,189	10.99%
Texas	96,677	7.37%
Tennessee	74,924	5.71%
Colorado	66,207	5.05%
Florida	57,519	4.39%
Georgia	51,827	3.95%
Hawaii	33,235	2.53%
Oklahoma	31,832	2.43%
	<u>\$ 941,903</u>	<u>71.82%</u>
Total Management Revenue	<u>\$ 1,311,511</u>	<u>100.00%</u>

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Credit Ratings:

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

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