



**CORRECTIONS CORPORATION OF AMERICA**

**Supplemental Financial Information  
For the Quarter Ended March 31, 2007**

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

# CORRECTIONS CORPORATION OF AMERICA

Supplemental Financial Information  
For the Quarter Ended March 31, 2007

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John D. Ferguson, President and CEO  
Todd J. Mullenger, Chief Financial Officer  
10 Burton Hills Boulevard  
Nashville, TN 37215  
Tel.: (615) 263-3000 Fax: (615) 263-3010

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

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<b>ASSETS</b>	<b>March 31, 2007</b>	<b>December 31, 2006</b>	<b>September 30, 2006</b>	<b>June 30, 2006</b>	<b>March 31, 2006</b>
Cash and cash equivalents	\$ 58,767	\$ 29,121	\$ 58,066	\$ 55,395	\$ 64,924
Investments	83,922	82,830	71,728	60,822	49,481
Accounts receivable, net of allowance	224,794	238,256	211,185	188,739	167,554
Deferred tax assets	12,288	11,655	18,198	16,386	27,076
Prepaid expenses and other current assets	12,808	17,554	19,965	22,043	9,453
Total current assets	392,579	379,416	379,142	343,385	318,488
Property and equipment, net	1,830,776	1,805,098	1,772,634	1,742,441	1,722,742
Restricted cash	11,973	11,826	11,676	11,531	11,399
Investment in direct financing lease	15,237	15,467	15,691	15,908	16,118
Goodwill	15,246	15,246	15,246	15,246	15,246
Other assets	23,146	23,807	24,755	25,819	26,057
Total assets	\$ 2,288,957	\$ 2,250,860	\$ 2,219,144	\$ 2,154,330	\$ 2,110,050
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Accounts payable and accrued expenses	\$ 148,406	\$ 161,282	\$ 166,239	\$ 146,435	\$ 138,479
Income taxes payable	5,976	2,810	2,660	2,637	1,715
Current portion of long-term debt	290	290	296	331	381
Total current liabilities	154,672	164,382	169,195	149,403	140,575
Long-term debt, net of current portion	975,895	975,968	976,040	976,113	976,185
Deferred tax liabilities	29,451	23,755	27,203	15,409	13,906
Other liabilities	41,535	37,074	38,357	38,326	37,719
Total liabilities	1,201,553	1,201,179	1,210,795	1,179,251	1,168,385
Commitments and contingencies					
Common stock - \$0.01 par value	614	610	607	604	601
Additional paid-in capital	1,535,599	1,528,219	1,519,042	1,511,905	1,504,122
Retained deficit	(448,809)	(479,148)	(511,300)	(537,430)	(563,058)
Total stockholders' equity	1,087,404	1,049,681	1,008,349	975,079	941,665
Total liabilities and stockholders' equity	\$ 2,288,957	\$ 2,250,860	\$ 2,219,144	\$ 2,154,330	\$ 2,110,050

## CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended March 31,		For the Twelve Months Ended December 31,
	2007	2006	2006
<b>REVENUE:</b>			
Management:			
Federal	\$ 142,217	\$ 123,526	\$ 526,830
State	168,706	153,956	645,064
Local	20,907	19,479	81,602
Other	14,296	13,083	52,554
Total management revenue	346,126	310,044	1,306,050
Transportation	3,517	3,515	15,138
Rental	1,077	1,036	4,207
Other	195	33	232
	350,915	314,628	1,325,627
<b>EXPENSES:</b>			
Operating:			
Facility fixed	182,959	171,624	702,422
Facility variable	60,791	57,997	245,108
Transportation	4,880	4,948	19,055
Other	500	81	1,742
Total operating expenses	249,130	234,650	968,327
General and administrative	17,318	14,377	63,593
Depreciation and amortization	18,270	15,678	67,430
	284,718	264,705	1,099,350
<b>OPERATING INCOME</b>	66,197	49,923	226,277
<b>OTHER (INCOME) EXPENSE:</b>			
Interest expense, net	13,934	15,126	58,783
Expenses associated with debt refinancing and recapitalization transactions	-	982	982
Other (income) expenses	(11)	(12)	(254)
	13,923	16,096	59,511
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	52,274	33,827	166,766
Income tax expense	(19,704)	(12,483)	(61,288)
<b>INCOME FROM CONTINUING OPERATIONS</b>	32,570	21,344	105,478
Loss from discontinued operations, net of taxes	-	(15)	(239)
<b>NET INCOME</b>	\$ 32,570	\$ 21,329	\$ 105,239
<b>BASIC EARNINGS PER SHARE</b>	\$ 0.54	\$ 0.36	\$ 1.76
<b>DILUTED EARNINGS PER SHARE</b>	\$ 0.52	\$ 0.35	\$ 1.71

**CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	<b>As Adjusted for Discontinued Operations</b>			
	<b>March 31, 2006</b>	<b>June 30, 2006</b>	<b>September 30, 2006</b>	<b>December 31, 2006</b>
<b>REVENUE:</b>				
Management:				
Federal	\$ 123,526	\$ 129,298	\$ 133,667	\$ 140,339
State	153,956	157,869	164,698	168,541
Local	19,479	20,046	20,884	21,193
Other	13,083	13,068	13,029	13,374
Total management revenue	<u>310,044</u>	<u>320,281</u>	<u>332,278</u>	<u>343,447</u>
Transportation	3,515	3,523	4,555	3,545
Rental	1,036	1,049	1,061	1,061
Other	33	39	41	119
	<u>314,628</u>	<u>324,892</u>	<u>337,935</u>	<u>348,172</u>
<b>EXPENSES:</b>				
Operating:				
Facility fixed	171,624	171,552	179,737	179,509
Facility variable	57,997	60,414	62,296	64,401
Transportation	4,948	4,814	5,246	4,047
Other	81	655	449	557
Total operating expenses	<u>234,650</u>	<u>237,435</u>	<u>247,728</u>	<u>248,514</u>
General and administrative	14,377	15,961	16,379	16,876
Depreciation and amortization	15,678	16,298	17,411	18,043
	<u>264,705</u>	<u>269,694</u>	<u>281,518</u>	<u>283,433</u>
<b>OPERATING INCOME</b>	<u>49,923</u>	<u>55,198</u>	<u>56,417</u>	<u>64,739</u>
<b>OTHER (INCOME) EXPENSE:</b>				
Interest expense, net	15,126	14,552	14,825	14,280
Expenses associated with debt refinancing and recapitalization transactions	982	-	-	-
Other (income) expenses	(12)	(102)	(299)	159
	<u>16,096</u>	<u>14,450</u>	<u>14,526</u>	<u>14,439</u>
<b>INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES</b>	33,827	40,748	41,891	50,300
Income tax expense	<u>(12,483)</u>	<u>(15,070)</u>	<u>(15,643)</u>	<u>(18,092)</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>	21,344	25,678	26,248	32,208
Loss from discontinued operations, net of taxes	<u>(15)</u>	<u>(50)</u>	<u>(118)</u>	<u>(56)</u>
<b>NET INCOME</b>	<u>\$ 21,329</u>	<u>\$ 25,628</u>	<u>\$ 26,130</u>	<u>\$ 32,152</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 0.36</u>	<u>\$ 0.43</u>	<u>\$ 0.44</u>	<u>\$ 0.53</u>
<b>DILUTED EARNINGS PER SHARE</b>	<u>\$ 0.35</u>	<u>\$ 0.42</u>	<u>\$ 0.42</u>	<u>\$ 0.52</u>
<b>TOTAL COMPENSATED MAN-DAYS</b>	5,954,920	6,094,628	6,286,530	6,423,138
<b>TOTAL AVAILABLE BED-DAYS</b>	6,353,010	6,422,227	6,647,828	6,647,828
<b>AVERAGE COMPENSATED OCCUPANCY</b>	93.7%	94.9%	94.6%	96.6%

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

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

	<b>For the Three Months Ended March 31,</b>		<b>For the Year Ended</b>
	<b>2007</b>	<b>2006</b>	<b>December 31,</b>
			<b>2006</b>
Basic:			
Income from continuing operations	\$ 32,570	\$ 21,344	\$ 105,478
Loss from discontinued operations, net of taxes	-	(15)	(239)
Net income	<u>\$ 32,570</u>	<u>\$ 21,329</u>	<u>\$ 105,239</u>
Diluted:			
Income from continuing operations	\$ 32,570	\$ 21,344	\$ 105,478
Loss from discontinued operations, net of taxes	-	(15)	(239)
Diluted net income	<u>\$ 32,570</u>	<u>\$ 21,329</u>	<u>\$ 105,239</u>
Basic:			
Weighted average common shares outstanding	61,231	59,814	60,367
Unvested restricted common stock	(443)	(514)	(510)
Weighted average common shares outstanding-basic	<u>60,788</u>	<u>59,300</u>	<u>59,857</u>
Diluted:			
Weighted average common shares outstanding-basic	60,788	59,300	59,857
Effect of dilutive securities:			
Stock options and warrants	1,387	1,544	1,509
Restricted stock-based compensation	158	222	163
Weighted average shares and assumed conversions-diluted	<u>62,333</u>	<u>61,066</u>	<u>61,529</u>
Basic earnings per share:			
Income from continuing operations	\$ 0.54	\$ 0.36	\$ 1.76
Loss from discontinued operations, net of taxes	-	-	-
Net income	<u>\$ 0.54</u>	<u>\$ 0.36</u>	<u>\$ 1.76</u>
Diluted earnings per share:			
Income from continuing operations	\$ 0.52	\$ 0.35	\$ 1.71
Loss from discontinued operations, net of taxes	-	-	-
Diluted net income	<u>\$ 0.52</u>	<u>\$ 0.35</u>	<u>\$ 1.71</u>

**CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE**

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

	<b>For the Three Months Ended March 31,</b>		<b>For the Year Ended</b>
	<b>2007</b>	<b>2006</b>	<b>December 31,</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Net Income	\$ 32,570	\$ 21,329	\$ 105,239
Special items:			
Expenses associated with debt refinancing and recapitalization transactions	-	982	982
Income tax benefit for special items	<u>-</u>	<u>(362)</u>	<u>(361)</u>
Diluted adjusted net income	<u>\$ 32,570</u>	<u>\$ 21,949</u>	<u>\$ 105,860</u>
Weighted average common shares outstanding - basic	60,788	59,300	59,857
Effect of dilutive securities:			
Stock options and warrants	1,387	1,544	1,509
Restricted stock-based compensation	<u>158</u>	<u>222</u>	<u>163</u>
Weighted average shares and assumed conversions - diluted	<u>62,333</u>	<u>61,066</u>	<u>61,529</u>
<b>Adjusted Diluted Earnings Per Share</b>	<u>\$ 0.52</u>	<u>\$ 0.36</u>	<u>\$ 1.72</u>

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

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	<u>March 31, 2007</u>	<u>December 31, 2006</u>	<u>September 30, 2006</u>	<u>June 30, 2006</u>	<u>March 31, 2006</u>
<b>BALANCE SHEET:</b>					
Property and equipment	\$ 2,278,863	\$ 2,233,925	\$ 2,184,824	\$ 2,136,231	\$ 2,099,186
Accumulated depreciation and amortization	(448,087)	(428,827)	(412,190)	(393,790)	(376,444)
Property and equipment, net	<u>\$ 1,830,776</u>	<u>\$ 1,805,098</u>	<u>\$ 1,772,634</u>	<u>\$ 1,742,441</u>	<u>\$ 1,722,742</u>
Total assets	\$ 2,288,957	\$ 2,250,860	\$ 2,219,144	\$ 2,154,330	\$ 2,110,050
Maintenance & technology capital expenditures for the quarter ended	\$ 10,456	\$ 14,523	\$ 13,111	\$ 12,848	\$ 9,519
Total debt	\$ 976,185	\$ 976,258	\$ 976,336	\$ 976,444	\$ 976,566
Equity book value	\$ 1,087,404	\$ 1,049,681	\$ 1,008,349	\$ 975,079	\$ 941,665
<b>LIQUIDITY:</b>					
Cash and cash equivalents	\$ 58,767	\$ 29,121	\$ 58,066	\$ 55,395	\$ 64,924
Investments	\$ 83,922	\$ 82,830	\$ 71,728	\$ 60,822	\$ 49,481
Availability under revolving credit facility	\$ 112,060	\$ 112,060	\$ 112,560	\$ 113,060	\$ 113,519
<b>CAPITALIZATION:</b>					
Common shares outstanding	61,371	61,042	60,670	60,392	60,143
Common share price at end of period	\$ 52.81	\$ 45.23	\$ 43.25	\$ 35.29	\$ 30.13
Market value of common equity at end of period	<u>\$ 3,241,003</u>	<u>\$ 2,760,930</u>	<u>\$ 2,623,978</u>	<u>\$ 2,131,417</u>	<u>\$ 1,812,294</u>
Total equity market capitalization	<u>\$ 3,241,003</u>	<u>\$ 2,760,930</u>	<u>\$ 2,623,978</u>	<u>\$ 2,131,417</u>	<u>\$ 1,812,294</u>
Total market capitalization (market value of equity plus debt)	<u>\$ 4,217,188</u>	<u>\$ 3,737,188</u>	<u>\$ 3,600,314</u>	<u>\$ 3,107,861</u>	<u>\$ 2,788,860</u>
<b>EBITDA</b>	\$ 84,478	\$ 82,623	\$ 74,127	\$ 71,598	\$ 64,631
<b>ADJUSTED EBITDA</b>	\$ 84,478	\$ 82,623	\$ 74,127	\$ 71,598	\$ 65,613
<b>ADJUSTED FREE CASH FLOW</b>	\$ 61,535	\$ 49,068	\$ 44,589	\$ 43,985	\$ 42,983
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>					
Basic adjusted free cash flow per share	<u>\$ 1.01</u>	<u>\$ 0.81</u>	<u>\$ 0.74</u>	<u>\$ 0.74</u>	<u>\$ 0.72</u>
Diluted adjusted free cash flow per share	<u>\$ 0.99</u>	<u>\$ 0.79</u>	<u>\$ 0.72</u>	<u>\$ 0.72</u>	<u>\$ 0.70</u>



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

	<u>For the Three Months Ended March 31, 2007</u>	<u>2006</u>	<u>For the Year Ended December 31, 2006</u>
Number of days per period	90	90	365
<b>ALL FACILITIES:</b>			
Average available beds	<u>72,643</u>	<u>70,589</u>	<u>71,427</u>
Average compensated occupancy	<u>98.0%</u>	<u>93.7%</u>	<u>95.0%</u>
Total compensated man-days	<u>6,408,581</u>	<u>5,954,920</u>	<u>24,759,216</u>
Revenue per compensated man-day	\$ 54.01	\$ 52.07	\$ 52.75
Operating expenses per compensated man-day:			
Fixed expense	28.55	28.82	28.37
Variable expense	<u>9.49</u>	<u>9.74</u>	<u>9.90</u>
Total	<u>38.04</u>	<u>38.56</u>	<u>38.27</u>
Operating margin per compensated man-day	<u>\$ 15.97</u>	<u>\$ 13.51</u>	<u>\$ 14.48</u>
Operating margin rate	<u>29.6%</u>	<u>25.9%</u>	<u>27.5%</u>
<b>DEPRECIATION AND AMORTIZATION:</b>			
Depreciation expense on real estate	12,249	11,328	47,187
Other depreciation expense	7,159	5,488	24,795
Amortization of intangible assets	28	28	112
Amortization of negative contract values	<u>(1,166)</u>	<u>(1,166)</u>	<u>(4,664)</u>
Depreciation and amortization	<u>\$ 18,270</u>	<u>\$ 15,678</u>	<u>\$ 67,430</u>
<b>ADJUSTED FREE CASH FLOW:</b>			
Pre-tax income	\$ 52,274	\$ 33,812	\$ 166,527
Expenses associated with debt refinancing and recapitalization transactions	-	982	982
Income taxes paid	(798)	-	(13,690)
Depreciation and amortization	18,270	15,678	67,430
Depreciation and amortization for discontinued operations	-	25	243
Income tax (benefit) expense for discontinued operations	-	(8)	(139)
Stock-based compensation reflected in G&A expenses	1,230	778	4,840
Amortization of debt costs and other non-cash interest	1,015	1,235	4,433
Maintenance and technology capital expenditures	<u>(10,456)</u>	<u>(9,519)</u>	<u>(50,001)</u>
Adjusted free cash flow	<u>\$ 61,535</u>	<u>\$ 42,983</u>	<u>\$ 180,625</u>
<b>ADJUSTED FREE CASH FLOW PER SHARE:</b>			
Basic	<u>\$ 1.01</u>	<u>\$ 0.72</u>	<u>\$ 3.02</u>
Diluted	<u>\$ 0.99</u>	<u>\$ 0.70</u>	<u>\$ 2.94</u>

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

	<u>For the Three Months Ended March 31, 2007</u>	<u>2006</u>	<u>For the Year Ended December 31, 2006</u>
<b>MANAGED ONLY FACILITIES:</b>			
Management revenue	\$ 86,886	\$ 84,371	\$ 345,507
Operating expenses:			
Fixed expense	55,296	53,351	218,917
Variable expense	18,218	18,556	75,873
Total	<u>73,514</u>	<u>71,907</u>	<u>294,790</u>
Contribution	<u>\$ 13,372</u>	<u>\$ 12,464</u>	<u>\$ 50,717</u>
Average available beds	<u>25,866</u>	<u>25,386</u>	<u>25,483</u>
Average compensated occupancy	<u>96.5%</u>	<u>96.4%</u>	<u>97.0%</u>
Total compensated man-days	<u>2,246,221</u>	<u>2,202,874</u>	<u>9,020,558</u>
Revenue per compensated man-day	\$ 38.68	\$ 38.30	\$ 38.30
Operating expenses per compensated man-day:			
Fixed expense	24.62	24.22	24.27
Variable expense	8.11	8.42	8.41
Total	<u>32.73</u>	<u>32.64</u>	<u>32.68</u>
Operating margin per compensated man-day	<u>\$ 5.95</u>	<u>\$ 5.66</u>	<u>\$ 5.62</u>
Operating margin rate	<u>15.4%</u>	<u>14.8%</u>	<u>14.7%</u>
<b>OWNED AND MANAGED FACILITIES:</b>			
Management revenue	\$ 259,240	\$ 225,673	\$ 960,543
Operating expenses:			
Fixed expense	127,663	118,273	483,505
Variable expense	42,573	39,441	169,235
Total	<u>170,236</u>	<u>157,714</u>	<u>652,740</u>
Contribution	<u>\$ 89,004</u>	<u>\$ 67,959</u>	<u>\$ 307,803</u>
Average available beds	<u>46,777</u>	<u>45,203</u>	<u>45,944</u>
Average compensated occupancy	<u>98.9%</u>	<u>92.2%</u>	<u>93.9%</u>
Total compensated man-days	<u>4,162,360</u>	<u>3,752,046</u>	<u>15,738,658</u>
Revenue per compensated man-day	\$ 62.28	\$ 60.15	\$ 61.03
Operating expenses per compensated man-day:			
Fixed	30.67	31.52	30.72
Variable	10.23	10.51	10.75
Total	<u>40.90</u>	<u>42.03</u>	<u>41.47</u>
Operating margin per compensated man-day	<u>\$ 21.38</u>	<u>\$ 18.12</u>	<u>\$ 19.56</u>
Operating margin rate	<u>34.3%</u>	<u>30.1%</u>	<u>32.1%</u>

**ANALYSIS OF OUTSTANDING DEBT**

(Unaudited and amounts in thousands)

	<b>Outstanding Balance 12/31/2006</b>	<b>Outstanding Balance 3/31/2007</b>	<b>Stated Interest Rate</b>	<b>Effective Interest Rate</b>	<sup>1)</sup> <b>Maturity Date</b>	<b>Callable/ Redeemable</b>
<b>Fixed Rate:</b>						
\$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	201,258	201,185	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>976,258</u>	<u>976,185</u>				
<b>Floating Rate:</b>						
\$150.0 Million Revolving Credit Facility	-	-	0.00%	0.00%	<sup>2)</sup> February 2011	
Grand Total Debt	<u>\$ 976,258</u>	<u>\$ 976,185</u>	7.01%	7.29%	5.21	<sup>3)</sup>

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

<sup>2)</sup> 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 Revolving Credit Facility to \$112.1 million. The Revolving Credit facility currently bears interest at LIBOR plus a margin of 0.75%. The stated and effective interest rates are zero on the Revolving Credit Facility as there are currently no amounts outstanding.

<sup>3)</sup> Represents the weighted average debt maturity in years.

**Debt Maturity Schedule:**

<b>Year</b>	<b>Total Debt Maturing</b>	<b>% of Debt Maturing</b>	<b>% of Debt Maturing</b>
<b>2007</b>	217	0.02%	0.02%
<b>2008</b>	290	0.03%	0.05%
<b>2009</b>	290	0.03%	0.08%
<b>2010</b>	290	0.03%	0.11%
<b>2011</b>	450,098	46.11%	46.22%
<b>Thereafter</b>	<u>525,000</u>	<u>53.78%</u>	100.00%
	<u>\$ 976,185</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 March 31,		For the Year Ended December 31,
	2007	2006	2006
<b><u>COVERAGE RATIOS:</u></b>			
Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)	5.0	3.9	4.3
Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)	5.0	3.8	4.3
Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)	2.9	3.7	3.3
Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)	2.9	3.7	3.3
Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)	6.2	7.5	5.6
<b><u>DEBT/EQUITY RATIOS:</u></b>			
Total debt/Total market capitalization	23.1%	35.0%	26.1%
Total debt/Equity market capitalization	30.1%	53.9%	35.4%
Total debt/Book equity capitalization	89.8%	103.7%	93.0%
Total debt/Gross book value of real estate assets	42.6%	46.2%	43.4%
<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)*)	14.9%	12.5%	13.6%
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)	12.5%	10.6%	11.5%
<b><u>OVERHEAD RATIOS:</u></b>			
Annualized general & administrative expenses/Average total assets (undepreciated book value)*	2.6%	2.3%	2.5%
General & administrative expenses/Total revenues	4.9%	4.6%	4.8%
<b><u>INTEREST EXPENSE, NET:</u></b>			
Interest income from continuing operations	\$ (2,680)	\$ (1,837)	\$ (9,137)
Interest incurred	17,060	16,997	68,145
Amortization of debt costs and other non-cash interest	1,015	1,235	4,433
Capitalized interest	(1,461)	(1,269)	(4,658)
Interest expense, net	<u>\$ 13,934</u>	<u>\$ 15,126</u>	<u>\$ 58,783</u>
<b><u>EBITDA CALCULATION:</u></b>			
Net income	\$ 32,570	\$ 21,329	\$ 105,239
Interest expense, net	13,934	15,126	58,783
Depreciation and amortization	18,270	15,678	67,430
Income tax (benefit) expense	19,704	12,483	61,288
(Income) loss from discontinued operations, net of taxes	-	15	239
EBITDA	<u>84,478</u>	<u>64,631</u>	<u>292,979</u>
Expenses associated with debt refinancing and recapitalization transactions	-	982	982
ADJUSTED EBITDA	<u>\$ 84,478</u>	<u>\$ 65,613</u>	<u>\$ 293,961</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 3/31/07
<b>Owned and Managed Facilities:</b>								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	May-07	(1) 1 year	140.27%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	96.46%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	May-07	(1) 1 year	90.84%
Red Rock Correctional Center Eloy, Arizona	2006	State of Alaska	1,596	Medium	Correctional	Jun-08	(6) 1 year	90.30%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-07	(3) 1 year	112.08%
San Diego Correctional Facility (E) San Diego, California	1999, 2000	ICE	1,016	Minimum/ Medium	Detention	Jun-08	(5) 3 year	118.89%
Bent County Correctional Facility Las Animas, Colorado	1992, 1997	State of Colorado	700	Medium	Correctional	Jun-07	(1) 1 year	97.15%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-07	(1) 1 year	85.90%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-07	(1) 1 year	95.58%
Kit Carson Correctional Center Burlington, Colorado	1998	State of Colorado	768	Medium	Correctional	Jun-07	(1) 1 year	95.40%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-07	(22) 1 year	109.67%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-07	(5) 1 year	105.76%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,524	Medium	Correctional	Indefinite	-	80.95%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-07	(22) 1 year	110.11%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004	USMS	767	Maximum	Detention	Dec-11	(3) 5 year	122.67%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-07	-	93.94%
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Dec-07	(3) 2 year	99.11%

**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 3/31/07</b>
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jul-07	(4) 2 year	94.97%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-07	-	88.29%
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	2000	State of Hawaii	1,104	Medium	Correctional	Jun-07	(2) 2 year	88.08%
Crossroads Correctional Center (J) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-07	(6) 2 year	90.46%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	BOP	1,129	Medium	Correctional	Sep-07	(3) 1 year	96.37%
New Mexico Women's Correctional Facility Grants, New Mexico	1989, 2000	State of New Mexico	596	Multi	Correctional	Jun-09	-	97.45%
Torrance County Detention Facility Estancia, New Mexico	1990, 1997	USMS	910	Multi	Detention	Indefinite	-	78.31%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-09	(3) 2 year	94.05%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997	State of Oklahoma	1,032	Medium	Correctional	Sep-07	(2) 1 year	100.18%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996	State of Oklahoma	1,010	Medium	Correctional	Sep-07	(2) 1 year	101.03%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	Jun-07	-	97.05%
North Fork Correctional Facility Sayre, Oklahoma	1998	State of Wyoming	1,440	Medium	Correctional	Jun-08	-	67.23%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-09	-	92.33%
Shelby Training Center (L) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Apr-15	-	93.22%
Whiteville Correctional Facility (M) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-07	(1) 1 year	96.54%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-07	(4) 1 year	98.54%

**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 3/31/07
Eden Detention Center Eden, Texas	1990	BOP	1,225	Medium	Correctional	Apr-11	(3) 2 year	108.90%
Houston Processing Center Houston, Texas	1984, 2005	ICE	905	Medium	Detention	Sep-07	(1) 1 year	96.98%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Indefinite	-	155.07%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	May-07	-	127.89%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-07	(4) 1 year	98.68%
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	-	77.94%
Total design capacity for Owned and Managed Facilities (40 Owned and Managed Facilities)			46,899					
<b>Managed Only Facilities:</b>								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	750	Medium	Correctional	Jun-07	-	99.37%
Bay County Jail and Annex Panama City, Florida	N/A	Bay County, FL	1,150	Multi	Detention	Sep-12	(1) 6 year	80.31%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	760	Multi	Detention	Sep-15	(1) 5 year	66.52%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,136	Minimum/ Medium	Correctional	Jun-07	-	99.38%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	730	Multi	Detention	Oct-10	-	101.38%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-09	-	99.46%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-09	-	114.35%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-17	(10) 1 year	92.29%

**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 3/31/07</b>
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Sep-08	-	98.78%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	Sep-07	-	91.81%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	Sep-07	(2) 1 year	96.59%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Sep-08	(5) 3 year	100.18%
Camino Nuevo Correctional Center Albuquerque, New Mexico	N/A	State of New Mexico	192	Multi	Correctional	Mar-10	-	30.80%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	918	Multi	Detention	Jan-08	Indefinite	93.20%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jul-07	-	97.36%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-07	(1) 1 year	95.16%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-09	(3) 3 year	97.27%
B. M. Moore Correctional Center Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-07	(2) 1 year	99.76%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,001	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.88%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.55%
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	99.82%



**FACILITY PORTFOLIO**

<u>Facility Name</u>	<u>Year Constructed (A)</u>	<u>Primary Customer</u>	<u>Design Capacity (B)</u>	<u>Security Level</u>	<u>Facility Type (C)</u>	<u>Term</u>	<u>Remaining Renewal Options (D)</u>	<u>Compensated Occupancy % for the Quarter ended 3/31/07</u>
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.74%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-07	(4) 1 year	99.47%
Total design capacity for Managed Only Facilities (24 Managed Only Facilities)			<u>25,938</u>					
Total design capacity for All Facilities as of March 31, 2007			<u>72,837</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>
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	First quarter 2008	Federal and/or various states	720	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
Leavenworth Detention Center Leavenworth, KS	Second quarter 2008	USMS	266	Expansion of owned facility
<b>Projected design capacity for All Facilities</b>			<u>78,867</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 3/31/07
<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	Feb-07	-	N/A
Community Education Partners (O) 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 March 31, 2007. 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) 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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<b>Customer</b>	<b>Management Revenue For the Three Months Ended March 31, 2007</b>	<b>Percent of Management Revenue For the Three Months Ended March 31, 2007</b>
United States Marshals	\$ 49,965	14.44%
United States Immigration and Customs Enforcement	46,795	13.52%
Bureau of Prisons	45,584	13.17%
Texas	23,929	6.91%
Colorado	19,108	5.52%
Tennessee	18,648	5.39%
Florida	13,266	3.83%
Georgia	12,950	3.74%
Hawaii	9,252	2.67%
Oklahoma	8,244	2.38%
	<u>\$ 247,741</u>	<u>71.58%</u>
Total Management Revenue	<u>\$ 346,126</u>	<u>100.00%</u>

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


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Avondale Partners	Kevin Campbell	(615) 467-3521
Bank of America	T.C. Robillard	(212) 583-8382
BB&T Capital Markets	Barry Stouffer	(615) 340-8283
First Analysis Corporation	Todd Van Fleet	(312) 258-1400
Lehman Brothers	Jeffery T. Kessler	(212) 526-5162

Debt Research Coverage:


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

Rating Agency 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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	<u>Standard &amp; 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.