

# Supplemental Financial Information For the Quarter Ended December 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 December 31, 2007

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### CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Cash and cash equivalents	\$ 57,968	\$ 89,443	\$ 81,070	\$ 58,767	\$ 29,121
Investments	-	76,035	84,766	83,922	82,830
Accounts receivable, net of allowance	241,722	216,397	213,152	224,794	238,256
Deferred tax assets	12,250	11,573	8,970	12,288	11,655
Prepaid expenses and other current assets	21,142	17,538	30,769	12,808	17,554
Assets held for sale	7,581	-	-	-	-
Total current assets	340,663	410,986	418,727	392,579	379,416
Property and equipment, net	2,086,980	1,974,629	1,883,329	1,830,776	1,805,098
Restricted cash	6,511	6,430	6,346	11,973	11,826
Investment in direct financing lease	14,503	14,755	15,000	15,237	15,467
Goodwill	13,672	15,246	15,246	15,246	15,246
Other assets	23,411	22,567	23,201	23,146	23,807
Total assets	\$ 2,485,740	\$ 2,444,613	\$ 2,361,849	\$ 2,288,957	\$ 2,250,860
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable and accrued expenses	\$ 213,477	\$ 216,344	\$ 176,809	\$ 148,406	\$ 161,282
Income taxes payable	964	3,500	630	5,976	2,810
Current portion of long-term debt	290	290	290	290	290
Total current liabilities	214,731	220,134	177,729	154,672	164,382
Long-term debt, net of current portion	975,677	975,750	975,823	975,895	975,968
Deferred tax liabilities	34,271	29,466	29,131	29,451	23,755
Other liabilities	39,086	40,596	41,422	41,535	37,074
Total liabilities	1,263,765	1,265,946	1,224,105	1,201,553	1,201,179
Commitments and contingencies					
Common stock - \$0.01 par value	1,245	1,241	1,237	1,228	1,221
Additional paid-in capital	1,568,736	1,560,378	1,552,714	1,534,985	1,527,608
Retained deficit	(348,006)	(382,952)	(416,207)	(448,809)	(479,148)
Total stockholders' equity	1,221,975	1,178,667	1,137,744	1,087,404	1,049,681
Total liabilities and stockholders' equity	\$ 2,485,740	\$ 2,444,613	\$ 2,361,849	\$ 2,288,957	\$ 2,250,860

### CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended December 31,			For the Twelve Months Ended December 31,			
		2007		2006	2007		2006
REVENUE:							
Management:							
Federal	\$	150,783	\$	140,339	\$ 594,430	\$	526,830
State		193,975		168,541	719,577		645,064
Local		22,352		21,193	88,159		81,602
Other		14,925	·	13,374	 58,189		52,554
Total management revenue		382,035		343,447	1,460,355 14,197		1,306,050 15,138
Transportation Rental		3,089 793		3,545 682	3,016		2,721
Other		467		119	1,269		2,721
Ouler		386,384		347,793	 1,478,837		1,324,141
EXPENSES:		500,501		011,170	 1,170,007		1,021,111
Operating:							
Facility fixed		199,713		179,509	768,336		702,422
Facility variable		70,826		64,401	267,318		245,108
Transportation		4,107		4,047	21,693		19,055
Other		89		557	 703		1,742
Total operating expenses		274,735		248,514	1,058,050		968,327
General and administrative		19,902		16,876	74,399		63,593
Depreciation and amortization		21,379		17,986	78,514		67,236
Goodwill impairment		1,574		-	 1,574		-
		317,590		283,376	 1,212,537		1,099,156
OPERATING INCOME		68,794		64,417	 266,300		224,985
OTHER (INCOME) EXPENSE:							
Interest expense, net		12,938		14,280	53,776		58,783
Expenses associated with debt refinancing and recapitalization transactions		-		-	-		982
Other (income) expenses		(22)		159	 (303)		(254)
		12,916		14,439	 53,473		59,511
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		55,878		49,978	212,827		165,474
Income tax expense		(21,158)		(17,976)	 (80,312)		(60,813)
INCOME FROM CONTINUING OPERATIONS		34,720		32,002	132,515		104,661
Income from discontinued operations, net of taxes		226		150	 858		578
NET INCOME	\$	34,946	\$	32,152	\$ 133,373	\$	105,239
BASIC EARNINGS PER SHARE	\$	0.28	\$	0.27	\$ 1.09	\$	0.88
DILUTED EARNINGS PER SHARE	\$	0.28	\$	0.26	\$ 1.06	\$	0.86

### CONSOLIDATED STATEMENTS OF OPERATIONS

			As Adj	usted for Disc	continue	d Operations		
				For the Three		-		
	Μ	arch 31, 2007		une 30, 2007	Sep	tember 30, 2007	Dec	ember 31, 2007
REVENUE:								
Management:								
Federal	\$	142,217	\$	150,023	\$	151,407	\$	150,783
State		168,706		171,689		185,207		193,975
Local		20,907		21,831		23,069		22,352
Other Tatal menormatic revenue		14,296 346,126		14,278 357,821		14,690 374,373		14,925 382,035
Total management revenue Transportation		346,126		3,473		374,373 4,118		382,035 3,089
Rental		698		732		4,118		793
Other		195		365		242		467
		350,536		362,391		379,526		386,384
EXPENSES:								
Operating:								
Facility fixed		182,959		185,944		199,720		199,713
Facility variable		60,791		67,801		67,900		70,826
Transportation		4,880		5,428		7,278		4,107
Other		500		66		48		89
Total operating expenses		249,130		259,239		274,946		274,735
General and administrative		17,318		18,817		18,362		19,902
Depreciation and amortization Goodwill impairment		18,225		18,882		20,028		21,379 1,574
Goodwin impariment		284,673		296,938		313,336		317,590
		204,075		270,750				511,570
OPERATING INCOME		65,863		65,453		66,190		68,794
OTHER (INCOME) EXPENSE:								
Interest expense, net		13,934		13,655		13,249		12,938
Expenses associated with debt refinancing and recapitalization transactions		-		-		-		-
Other (income) expenses		(11)		(70)		(200)		(22)
		13,923		13,585		13,049		12,916
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		51,940		51,868		53,141		55,878
Income tax expense		(19,578)		(19,474)		(20,102)		(21,158)
INCOME FROM CONTINUING OPERATIONS		32,362		32,394		33,039		34,720
Income from discontinued operations, net of taxes		208		208		216		226
NET INCOME	\$	32,570	\$	32,602	\$	33,255	\$	34,946
BASIC EARNINGS PER SHARE	\$	0.27	\$	0.27	\$	0.27	\$	0.28
DILUTED EARNINGS PER SHARE	\$	0.26	\$	0.26	\$	0.26	\$	0.28
TOTAL COMPENSATED MAN-DAYS		6 109 591		6,617,046		6,799,140		6 802 250
TOTAL COMPENSATED MAN-DATS TOTAL AVAILABLE BED-DAYS		6,408,581		, ,		6,799,140 6,930,149		6,892,259 7,038,326
AVERAGE COMPENSATED OCCUPANCY		6,537,912 98.0%		6,683,985 99.0%		6,930,149 98.1%		7,038,326 97.9%
A VERAGE CUMIFEMOATED OCCUFAINCT		98.0%		99.0%		98.1%		97.9%

### CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended         For the Three Months Ended           March 31, June 30, September 30, 2006         September 30, 2006         December 31, 2006           Namagement:         3         2006         September 30, 2006         December 31, 2006           Natagement:         5         125,526         \$         125,526         \$         125,526         \$         123,527         \$         10,557           State         155,966         157,869         164,608         10,8541         121,527         143,537         145,557         5         145,557         5         145,557<				As Adju	sted for Disc	continued	Operations		
2006         2006         2006         2006         2006           Management: Federal State         5         125,526         \$         133,647         \$         140,339           State         5         155,556         \$         157,849         \$         104,098         104,098         104,098         104,098         104,098         104,098         104,098         104,098         105,137,137         104,098         105,137,137         104,098         105,137,137         104,109         103,02,217         104,137         104,137         104,109         105,137,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         104,109         101,137         105,137         104,109         101,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         105,137         105,147         101,137         105,147         101,137         105,145         104,147         101,137         105,145         104,147         101,137         105,145         104,147         101,137         105,145         104,147         105,145         104,147         104,147         104,147         1		P		v			-		
Management:         start			,		,			Dee	
Fedral         \$ 123.26         \$ 123.26         \$ 123.26         \$ 123.26         \$ 123.26         \$ 123.26         \$ 143.35         168.34           Local         19.479         20.046         20.884         121.99           Other         130.86         130.06         20.884         121.99           Transportation         310.044         320.281         332.278         343.425           Other         33         329         41         1119           Transportation         672         685         682         682           Other         33         39         411         1119           Presenting:         314.264         322.38         337.56         347.99           Presenting:         71.424         171.552         179.737         179.509           Pacitity find         71.424         171.552         14.427         24.437           Other         24.469         225.457         24.937         15.931           Other         24.469         225.57         24.937         15.931           Other         24.469         225.95         24.937         15.931           Other         15.633         16.539         15.833         16.539	REVENUE:								
Star         15356         157,809         164,098         168,412           Locil         19,479         20,046         20,884         12,093           Other         33,004         330,291         332,278         332,493           Total magement revence         33,014         332,231         43,543         34,447           Tasaportation         33,151         3,523         4,555         34,447           Operating:	Management:								
Load         19.47         20.046         20.884         21.193           Obtr         313083         13088         13089         1332         332.278         34347           Transportion         3515         3523         4555         3545         3545         3555         3545           Renal         672         685         682	Federal	\$	123,526	\$	129,298	\$	133,667	\$	140,339
Other         13.083         13.093         13.093         13.093         13.074           Total magement renue         310.044         320.218         332.278         33.435           Renul         672         685         682         682           Oher         33         39         41         110           FXPENSES         344.264         377.566         347.795           Operating:         -         -         -         377.566         642.0         377.795           Facility trainle         71,624         171,522         179.777         179.909         70.414         62.296         64.4047           Tanaportation         4.948         4.814         5.246         44.947         16.579         16.579         16.579         16.579         16.579         17.286         247.728         248.546         226.4663	State		153,956		157,869		164,698		168,541
Total management revenue         310.044         330.281         332.278         333.2478           Transportation         3.01.54         3.52.3         4.555         3.54.55           Other         3.3         39         4.1         119           EXPENSE:         314.204         324.528         337.556         347.298           Pacifity firsd         171,624         171,522         179.737         179.969           Pacifity firsd         171,624         171,525         170.737         179.969           Pacifity oriable         357.97         604.14         662.96         64.401           Other         81         655         44.94         52.26         4.447           Other         81         655         44.94         52.26         4.447           Other         15.633         16.532         17.236         17.359         16.537           Depreciation and amortization         15.633         16.652         17.365         17.365         17.365           OPERATING INCOME         49.604         54.860         266.604         269.648         281.472         283.376           OHER (INCOME) EXPENSE:         Interest caperase         15.126         14.526         14.4205	Local		19,479		20,046		20,884		21,193
Tangsportation         3.515         3.523         4.555         3.5434           Renul         672         685         682         683         682         6135         61457 </td <td>Other</td> <td></td> <td>13,083</td> <td></td> <td>13,068</td> <td></td> <td>13,029</td> <td></td> <td>13,374</td>	Other		13,083		13,068		13,029		13,374
Read Other         672 33         685 39         682 41         682 41           Other         33         39         41         119           Starting field         314,264         324,528         337,556         347,293           Operating:         7         171,624         171,552         179,573         179,500           Pacility variable         75,997         60,414         62,296         64,401           Transportation         4,348         4,814         5,246         4,407           Other         81         655         449         557           Total operating express         244,650         237,435         247,128         248,657           Operating express         244,650         209,648         281,472         283,857           OPERATING INCOME         49,604         54,880         56,084         64,417           OTHER (INCOME) EXPENSE:         115,126         14,4525         14,4255         14,4325           Income tax expense, et Income tax expense         (12,2)         (100)         (299)         159           Other (income) expenses         (12,2)         (1402)         (14,526         14,4325           Income tax expense         (12,365)         (14,453) </td <td>Total management revenue</td> <td></td> <td>310,044</td> <td></td> <td>320,281</td> <td></td> <td>332,278</td> <td></td> <td>343,447</td>	Total management revenue		310,044		320,281		332,278		343,447
Ofter         33         39         41         119           EXPENSES:         314.264         324.258         337.556         347.930           Operating:         171.624         171.552         179.737         179.509           Facility stade         57.997         60.414         62.296         64.407           Other         81         655         44.9         557           Other         81         655         244.9         557           Other         81         655         244.9         557           Other         14.377         15.561         16.579         16.573           Depreciation and anontizative         244.660         2204.660         2204.660         2204.640           OPERATING INCOME         49.604         54.880         56.084         64.417           OTHER (INCOME) EXPENSE:         15.126         14.552         14.825         14.302           Interest expense, and indebt refinancing and recepitalization transactions         982         -         -         -         -           Other (income) expense         (122.010)         (12.365)         (14.453)         (15.519)         (17.976)           Income tax expense         (12.365)         (14.453)	Transportation		3,515		3,523		4,555		3,545
EXPENSES:         314.264         324.528         337.556         347.793           Operating:         Parality fixed         171.624         171.624         171.522         179,737         179,500           Parality fixed         57.997         60.414         62.296         64.401           Transportation         4,348         4,814         5,246         44.01           Other         81         655         449         557           Total operating expenses         2234.650         237.435         247.728         248.517           Operating:         16.55         449         557         16.55         44.92         257           Total operating expenses         2234.650         237.435         247.728         248.517         248.517           Operating:         14.377         15.961         16.579         16.537         17.868         17.288         14.2825         14.28	Rental		672		685		682		682
EXPENSES:         Image: Constraint of the problem of theproblem of the problem of theproblem of the problem	Other		33		39		41		119
Operating: Facility variable         171.624         171.525         179.797         179.890           Facility variable         57.997         60.414         62.296         64.401           Transportation         4.948         4.814         5.236         64.401           Other         81         655         449         557           Total operating expenses         224.650         227.433         247.728         248.514           General and administrative         14.377         15.961         16.379         16.857           Depreciation and anontrization         15.633         16.252         17.365         17.986           OPERATING INCOME         49.604         54.880         56.084         64.417           OTHER (INCOME) EXPENSE:         115.126         14.552         14.825         14.230           Other (income) expenses         (12)         (10)         (299)         15           Other (income) expenses         (12,365)         (14.450         14.4526         14.430           Income tax expense         (12,365)         (14.953)         (15.19)         (17.976           Income from discontinued operations, net of taxes         186         151         91         150           NET INCOME			314,264		324,528		337,556		347,793
Facility variable       171,624       171,532       179,377       179,508         Facility variable       57,997       60,414       62,236       64,400         Transportation       4,948       4,814       5,246       4,407         Other       81       655       449       537         Total operating expenses       234,650       231,435       247,728       248,544         General and administrative       14,377       15,961       16,379       16,857         Depreciation and amorization       49,604       54,880       56,084       64,417         OPERATING INCOME       49,604       54,880       56,084       64,417         OPERATING INCOME       49,604       54,880       56,084       64,417         Interest express, net       15,125       14,552       14,825       14,285         Other (income) expenses       115,126       14,552       14,825       14,285         Income (apenses)       (12)       (102)       (299)       159         Income tax expense       (12,365)       (14,450       14,526       14,439         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976         Income tax expense       (12,3	EXPENSES:								
Facility variable       57,997       60,414       62,296       64,401         Transportation       4,948       4,814       5,236       4,401         Other       234,650       237,435       247,728       248,814         General and administrative       14,377       15,961       16,579       16,6379       16,8379         Depreciation and anontization       264,660       209,648       281,472       283,77         OPERATING INCOME       49,004       54,880       56,084       64,417         OTHER (INCOME) EXPENSE:       115,126       14,825       14,327         Interst expense, net       15,126       14,552       14,825       14,326         Cheff (in come) expenses       (12)       (102)       (299)       159         Other (in come) expenses       (12,365)       (14,450       14,526       14,439         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976	Operating:								
Transportation       4,448       4,814       5,246       4,047         Other       81       655       449       557         Total operating expenses       234,650       237,433       247,728       248,514         General and administrative       14,377       15,061       16,579       16,857         Depreciation and amortization       115,533       16,522       17,365       17,966         OPERATING INCOME       49,604       54,880       56,084       64,417         OTHER (INCOME) EXPENSE:       115,126       14,552       14,805       14,825         Interest expense, net       15,126       14,552       14,805       14,439         Other (income) expenses       (12)       (102)       (299)       159         Income tax expense, net       115,126       14,450       14,439         INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES       33,508       40,430       41,558       49,978         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976         Income tax expense       186       151       91       150         Income tax expense       186       151       91       150         Income from discontinued operations, net	Facility fixed		171,624		171,552		179,737		179,509
Other         81         655         449         557           Total operating expenses         234,650         237,435         247,728         248,514           General and administrative         14,377         15,561         16,252         17,365         17,986           Depreciation and amontization         264,660         269,648         281,472         283,376           OPERATING INCOME         49,604         54,880         56,084         64,417           OTHER (INCOME)         49,604         54,880         56,084         64,417           Interst exponse, net         15,126         14,825         14,226         14,326           Interst exponse, net         15,126         14,552         14,425         14,439           Other (income) expenses         (12)         (102)         (299)         159           16,096         14,450         14,526         14,439         14,939           Income tax expense         (12,365)         (14,933)         (15,519)         (17,976           Income tax expense         (12,365)         (14,933)         (15,519)         (17,976           Income tax expense         186         151         91         150           Income from discontinued operations, net of	Facility variable		57,997		60,414		62,296		64,401
Total operating expenses         234,650         237,455         247,728         248,514           General and administrative         14,377         15,961         16,379         16,876           Depreciation and administrative         15,633         16,252         17,365         17,966           OPERATING INCOME         49,604         54,880         56,084         64,417           OTHER (INCOME) EXPENSE:         15,126         14,552         14,825         14,230           Interest expense, net         15,126         14,552         14,825         14,230           Cohe (income) expenses         (12)         (102)         (299)         155           Other (income) expenses         (12)         (102)         (299)         14,552           INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES         33,508         40,430         41,558         49,978           Income tax expense         (12,365)         (14,953)         (15,519)         (17,976           INCOME FROM CONTINUING OPERATIONS         21,143         25,477         26,039         32,002           Income tax expense         (12,365)         (14,953)         (15,519)         (17,976           Income from discontinued operations, net of taxes         186         151         91<	Transportation		4,948		4,814		5,246		4,047
General and administrative       14,377       15,961       16,379       16,870         Depreciation and amortization       16,637       16,379       17,365       17,395         OPERATING INCOME       49,604       54,880       56,084       64,417         OTHER (INCOME)       49,604       54,880       56,084       64,417         OTHER (INCOME) EXPENSE:       15,126       14,552       14,825       14,280         Other (income) expenses       15,126       14,552       14,825       14,280         Other (income) expenses       1212       (100)       (120)       14,430       14,552       14,425         Income tax expense       (12,365)       (14,450)       14,558       49,978         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976)         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976)         Income tax expense       11,43       25,477       26,039       32,002         Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$       21,329       \$       25,628       \$       26,130       \$       32,152         BASIC EARNINGS PE	Other		81		655		449		557
Depreciation and amortization         15,633 264,660         16,252 269,648         17,365 281,472         17,385 283,376           OPERATING INCOME         49,604         54,880         56,084         64,417           OTHER (INCOME) EXPENSE: Interest expense, net Expenses associated with debt refinancing and recapitalization transactions         982         -         -           Other (income) expenses         (12)         (102)         (299)         159           Income FROM CONTINUING OPERATIONS BEFORE INCOME TAXES         33,508         40,430         41,558         49,978           Income tax expense         (12,365)         (14,953)         (15,519)         (17,976           Income from discontinued operations, net of taxes         186         151         91         150           NET INCOME         \$         21,143         25,477         26,039         32,002           Income from discontinued operations, net of taxes         186         151         91         150           NET INCOME         \$         21,329         \$         25,628         \$         26,130         \$         32,152           BASIC EARNINGS PER SHARE         \$         0.18         \$         0.21         \$         0.22         \$         0.27           DILUTED EARNINGS PER SHARE	Total operating expenses		234,650		237,435		247,728		248,514
264,660 $269,648$ $281,472$ $283,376$ OPERATING INCOME $49,604$ $54,880$ $56,084$ $64,417$ OTHER (INCOME) EXPENSE: Interest expense, net $15,126$ $14,552$ $14,825$ $14,825$ $14,280$ Other (income) expenses $(12)$ $(12)$ $(12)$ $(12)$ $(12)$ $(12)$ $(12)$ $(12)$ $(12)$ $(12,365)$ $(14,953)$ $(15,519)$ $(17,976)$ Income tax expense $(12,365)$ $(14,953)$ $(15,519)$ $(17,976)$ Income from discontinued operations, net of taxes $186$ $151$ $91$ $150$ NET INCOME       S $21,329$ S $25,628$ S $26,130$ S $32,152$ BASIC EARNINGS PER SHARE       S $0.18$ S $0.21$ S $0.21$ S $0.21$ <td>General and administrative</td> <td></td> <td>14,377</td> <td></td> <td>15,961</td> <td></td> <td>16,379</td> <td></td> <td>16,876</td>	General and administrative		14,377		15,961		16,379		16,876
OPERATING INCOME         49,604         54,880         56,084         64,17           OTHER (INCOME) EXPENSE:         Interest expense, net         15,126         14,552         14,825         14,825         14,825           Other (income) expenses         (12)         (102)         (299)         159           Other (income) expenses         (12)         (102)         (299)         159           Income EROM CONTINUING OPERATIONS BEFORE INCOME TAXES         33,508         40,430         41,558         49,978           Income tax expense         (12,365)         (14,953)         (15,519)         (17,976           Income tax expense         (12,365)         (14,953)         (15,519)         (17,976           Income from discontinued operations, net of taxes         186         151         91         150           NET INCOME         \$         21,143         25,477         26,039         32,002           Income from discontinued operations, net of taxes         186         151         91         150           NET INCOME         \$         21,329         \$         25,628         \$         26,130         \$         32,152           BASIC EARNINGS PER SHARE         \$         0.18         \$         0.21         \$	Depreciation and amortization		15,633		16,252		17,365		17,986
OTHER (INCOME) EXPENSE:         15,126         14,552         14,825         14,280           Interest expense, net         15,126         14,552         14,825         14,280           Other (income) expenses         0(12)         (102)         (299)         15           Other (income) expenses         16,096         14,450         14,526         14,439           INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES         33,508         40,430         41,558         49,978           Income tax expense         (12,365)         (14,953)         (15,519)         (17,976)           INCOME FROM CONTINUING OPERATIONS         21,143         25,477         26,039         32,002           Income from discontinued operations, net of taxes         186         151         91         150           NET INCOME         \$         21,329         \$         25,628         \$         26,130         \$         32,152           BASIC EARNINGS PER SHARE         \$         0.18         \$         0.21         \$         0.22         \$         0.27           DILUTED EARNINGS PER SHARE         \$         0.17         \$         0.21         \$         0.21         \$         0.26           TOTAL COMPENSATED MAN-DAYS         5,954,920 <td></td> <td></td> <td>264,660</td> <td></td> <td>269,648</td> <td></td> <td>281,472</td> <td></td> <td>283,376</td>			264,660		269,648		281,472		283,376
Interest expense, net       15,126       14,552       14,825       14,280         Expenses associated with debt refinancing and recapitalization transactions       982       -	OPERATING INCOME		49,604		54,880		56,084		64,417
Interest expense, net       15,126       14,552       14,825       14,280         Expenses associated with debt refinancing and recapitalization transactions       982       -	OTHER (INCOME) EXPENSE:								
Expenses associated with debt refinancing and recapitalization transactions       982       1       1       1       159         Other (income) expenses       (12)       (102)       (299)       159       16096       14,450       14,526       14,439         INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES       33,508       40,430       41,558       49,978         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976         INCOME FROM CONTINUING OPERATIONS       21,143       25,477       26,039       32,002         Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$       21,329       \$       25,628       \$       26,130       \$       32,152         BASIC EARNINGS PER SHARE       \$       0.18       \$       0.21       \$       0.22       \$       0.27         DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.21       \$       0.21       \$       0.22       \$       0.26         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138       6,423,138			15.126		14.552		14.825		14.280
Other (income) expenses       (12)       (102)       (299)       159         16,096       14,450       14,526       14,439         INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES       33,508       40,430       41,558       49,978         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976)         INCOME FROM CONTINUING OPERATIONS       21,143       25,477       26,039       32,002         Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$ 21,329       \$ 25,628       \$ 26,130       \$ 32,152         BASIC EARNINGS PER SHARE       \$ 0,18       \$ 0,21       \$ 0,22       \$ 0,21         DILUTED EARNINGS PER SHARE       \$ 0,17       \$ 0,21       \$ 0,21       \$ 0,21       \$ 0,21         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138 <td></td> <td></td> <td>,</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>			,						
Income FROM CONTINUING OPERATIONS BEFORE INCOME TAXES       33,508       40,430       41,558       49,978         Income tax expense       (12,365)       (14,953)       (15,519)       (17,976         INCOME FROM CONTINUING OPERATIONS       21,143       25,477       26,039       32,002         Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME <u>\$</u> 21,329 <u>\$</u> 25,628 <u>\$</u> 26,130 <u>\$</u> 32,152         BASIC EARNINGS PER SHARE <u>\$</u> 0.18 <u>\$</u> 0.21 <u>\$</u> 0.22 <u>\$</u> 0.27         DILUTED EARNINGS PER SHARE <u>\$ 0.17       \$ 0.21       <u>\$ 0.21       \$ 0.21       <u>\$ 0.21       \$ 0.21         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138   </u></u></u>					(102)		(299)		159
Income tax expense       (12,365)       (14,953)       (15,519)       (17,976)         INCOME FROM CONTINUING OPERATIONS       21,143       25,477       26,039       32,002         Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$ 21,329       \$ 25,628       \$ 26,130       \$ 32,152         BASIC EARNINGS PER SHARE       \$ 0.18       \$ 0.21       \$ 0.22       \$ 0.27         DILUTED EARNINGS PER SHARE       \$ 0.17       \$ 0.21       \$ 0.21       \$ 0.21       \$ 0.21       \$ 0.21         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138									14,439
INCOME FROM CONTINUING OPERATIONS       21,143       25,477       26,039       32,002         Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$       21,329       \$       25,628       \$       26,130       \$       32,152         BASIC EARNINGS PER SHARE       \$       0.18       \$       0.21       \$       0.22       \$       0.27         DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26       0.26	INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES		33,508		40,430		41,558		49,978
Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$       21,329       \$       25,628       \$       26,130       \$       32,152         BASIC EARNINGS PER SHARE       \$       0.18       \$       0.21       \$       0.22       \$       0.27         DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.26         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138	Income tax expense		(12,365)		(14,953)		(15,519)		(17,976)
Income from discontinued operations, net of taxes       186       151       91       150         NET INCOME       \$       21,329       \$       25,628       \$       26,130       \$       32,152         BASIC EARNINGS PER SHARE       \$       0.18       \$       0.21       \$       0.22       \$       0.27         DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.26         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138	INCOME FROM CONTINUING OPERATIONS		21.143		25.477		26.039		32.002
NET INCOME       \$       21,329       \$       25,628       \$       26,130       \$       32,152         BASIC EARNINGS PER SHARE       \$       0.18       \$       0.21       \$       0.22       \$       0.27         DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.26									
BASIC EARNINGS PER SHARE       \$       0.18       \$       0.21       \$       0.22       \$       0.27         DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.21       \$       0.26       0.26       \$       0.26       \$       0.21       \$       0.21       \$       0.26       \$       0.26       \$       0.26       \$       0.21       \$       0.21       \$       0.26       \$	•		180		151		91		150
DILUTED EARNINGS PER SHARE       \$       0.17       \$       0.21       \$       0.21       \$       0.26         TOTAL COMPENSATED MAN-DAYS       5,954,920       6,094,628       6,286,530       6,423,138	NET INCOME	\$	21,329	\$	25,628	\$	26,130	\$	32,152
TOTAL COMPENSATED MAN-DAYS         5,954,920         6,094,628         6,286,530         6,423,138	BASIC EARNINGS PER SHARE	\$	0.18	\$	0.21	\$	0.22	\$	0.27
	DILUTED EARNINGS PER SHARE	\$	0.17	\$	0.21	\$	0.21	\$	0.26
<b>TOTAL AVAILABLE BED-DAYS</b> 6.547 828 6.647 828 6.647 828	TOTAL COMPENSATED MAN-DAYS		5,954,920		6,094,628		6,286,530		6,423,138
	TOTAL AVAILABLE BED-DAYS		6,353,010		6,422,227		6,647,828		6,647,828
			, ,		, ,		, ,		96.6%

### RECONCILIATION OF BASIC TO DILUTED EARNINGS PER SHARE

	For the Three Months Ended December 31, 2007 2006			For the	December 31, 2006			
Basic:								
Income from continuing operations	\$	34,720	\$	32,002	\$	132,515	\$	104,661
Income from discontinued operations, net of taxes		226		150		858		578
Net income	\$	34,946	\$	32,152	\$	133,373	\$	105,239
Diluted:								
Income from continuing operations	\$	34,720	\$	32,002	\$	132,515	\$	104,661
Income from discontinued operations, net of taxes		226		150		858		578
Diluted net income	\$	34,946	\$	32,152	\$	133,373	\$	105,239
Basic:								
Weighted average common shares outstanding		124,266		121,686		123,447		120,734
Unvested restricted common stock		(870)		(998)		(894)		(1,020)
Weighted average common shares outstanding-basic		123,396		120,688		122,553		119,714
Diluted:								
Weighted average common shares outstanding-basic		123,396		120,688		122,553		119,714
Effect of dilutive securities:								
Stock options and warrants		2,106		3,072		2,480		3,018
Restricted stock-based compensation		405		310		348		326
Weighted average shares and assumed conversions-diluted		125,907		124,070		125,381		123,058
Basic earnings per share:								
Income from continuing operations	\$	0.28	\$	0.27	\$	1.08	\$	0.88
Income from discontinued operations, net of taxes		-		-		0.01		-
Net income	\$	0.28	\$	0.27	\$	1.09	\$	0.88
Diluted earnings per share:								
Income from continuing operations	\$	0.28	\$	0.26	\$	1.05	\$	0.86
Income from discontinued operations, net of taxes		-		-		0.01		-
Diluted net income	\$	0.28	\$	0.26	\$	1.06	\$	0.86

### CALCULATION OF ADJUSTED DILUTED EARNINGS PER SHARE

	For the Three Months 2007		s Ended December 31, 2006		For the Twelve Month 2007		s Ended December 31, 2006	
Net Income	\$	34,946	\$	32,152	\$	133,373	\$	105,239
Special items:								
Expenses associated with debt refinancing and recapitalization transactions		-		-		-		982
Goodwill impairment		1,574		-		1,574		-
Income tax benefit for special items		-		-		-		(361)
Diluted adjusted net income	\$	36,520	\$	32,152	\$	134,947	\$	105,860
Weighted average common shares outstanding - basic Effect of dilutive securities:		123,396		120,688		122,553		119,714
Stock options and warrants		2,106		3,072		2,480		3,018
Restricted stock-based compensation		405		310		348		326
Weighted average shares and assumed conversions - diluted		125,907		124,070		125,381		123,058
Adjusted Diluted Earnings Per Share	\$	0.29	\$	0.26	\$	1.08	\$	0.86

# SELECTED FINANCIAL INFORMATION

	Decer	nber 31, 2007	Septe	mber 30, 2007	Ju	ne 30, 2007	Ma	rch 31, 2007	Decer	nber 31, 2006
BALANCE SHEET: Property and equipment	\$	2,595,677	\$	2,463,615	\$	2,351,397	\$	2,278,863	\$	2,233,925
Accumulated depreciation and amortization		(508,697)		(488,986)		(468,068)		(448,087)		(428,827)
Property and equipment, net	\$	2,086,980	\$	1,974,629	\$	1,883,329	\$	1,830,776	\$	1,805,098
Total assets	\$	2,485,740	\$	2,444,613	\$	2,361,849	\$	2,288,957	\$	2,250,860
Maintenance & technology capital expenditures for the quarter ended	\$	15,042	\$	11,353	\$	10,649	\$	10,456	\$	14,523
Total debt	\$	975,967	\$	976,040	\$	976,113	\$	976,185	\$	976,258
Equity book value	\$	1,221,975	\$	1,178,667	\$	1,137,744	\$	1,087,404	\$	1,049,681
LIQUIDITY:										
Cash and cash equivalents	\$	57,968	\$	89,443	\$	81,070	\$	58,767	\$	29,121
Investments	\$	-	\$	76,035	\$	84,766	\$	83,922	\$	82,830
Availability under revolving credit facility	\$	415,117	\$	215,367	\$	113,973	\$	112,060	\$	112,060
CAPITALIZATION:										
Common shares outstanding		124,472		124,051		123,683		122,742		122,084
Common share price at end of period	\$	29.51	\$	26.17	\$	31.56	\$	26.41	\$	22.62
Market value of common equity at end of period	\$	3,673,169	\$	3,246,415	\$	3,903,435	\$	3,241,003	\$	2,760,930
Total equity market capitalization	\$	3,673,169	\$	3,246,415	\$	3,903,435	\$	3,241,003	\$	2,760,930
Total market capitalization (market value of equity plus debt)	\$	4,649,136	\$	4,222,455	\$	4,879,548	\$	4,217,188	\$	3,737,188
EBITDA	\$	91,769	\$	86,418	\$	84,405	\$	84,099	\$	82,244
ADJUSTED EBITDA	\$	91,769	\$	86,418	\$	84,405	\$	84,099	\$	82,244
ADJUSTED FREE CASH FLOW	\$	47,078	\$	55,103	\$	42,399	\$	61,535	\$	49,068
ADJUSTED FREE CASH FLOW PER SHARE:										
Basic adjusted free cash flow per share	\$	0.38	\$	0.45	\$	0.35	\$	0.51	\$	0.41
Diluted adjusted free cash flow per share	\$	0.37	\$	0.44	\$	0.34	\$	0.49	\$	0.40

# SELECTED FINANCIAL INFORMATION

	For th	e Three Month 2007	s Ended	December 31, 2006	e Twelve Month 2007	ns Ended	December 31, 2006
Number of days per period		92		92	365		365
ALL FACILITIES:							
Average available beds		76,504		72,259	 74,494		71,427
Average compensated occupancy		97.9%		96.6%	 98.3%		95.0%
Total compensated man-days		6,892,259		6,423,138	 26,717,026		24,759,216
Revenue per compensated man-day	\$	55.43	\$	53.47	\$ 54.66	\$	52.75
Operating expenses per compensated man-day:							
Fixed expense		28.98		27.95	28.76		28.37
Variable expense		10.28		10.03	 10.01		9.90
Total		39.26		37.98	 38.77		38.27
Operating margin per compensated man-day	\$	16.17	\$	15.49	\$ 15.89	\$	14.48
Operating margin rate		29.2%		29.0%	29.1%		27.5%
DEPRECIATION AND AMORTIZATION:							
Depreciation expense on real estate		13,291		12,172	50,852		46,993
Other depreciation expense		9,008		6,952	31,996		24,795
Amortization of intangible assets		246		28	330		112
Amortization of negative contract values		(1,166)		(1,166)	(4,664)		(4,664)
Depreciation and amortization	\$	21,379	\$	17,986	\$ 78,514	\$	67,236
ADJUSTED FREE CASH FLOW:							
Pre-tax income	\$	56,104	\$	50,128	\$ 213,685	\$	166,052
Expenses associated with debt refinancing and recapitalization transactions		-		-	-		982
Income taxes paid		(19,924)		(6,900)	(51,255)		(13,690)
Depreciation and amortization		21,379		17,986	78,514		67,236
Depreciation and amortization for discontinued operations		31		120	168		437
Goodwill impairment		1,574		-	1,574		-
Income tax (benefit) expense for discontinued operations		137		84	520		336
Stock-based compensation reflected in G&A expenses		1,860		1,136	6,478		4,840
Amortization of debt costs and other non-cash interest		959		1,037	3,931		4,433
Maintenance and technology capital expenditures		(15,042)		(14,523)	 (47,500)		(50,001)
Adjusted free cash flow	\$	47,078	\$	49,068	\$ 206,115	\$	180,625
ADJUSTED FREE CASH FLOW PER SHARE:							
Basic	\$	0.38	\$	0.41	\$ 1.68	\$	1.51
Diluted	\$	0.37	\$	0.40	\$ 1.64	\$	1.47

# SELECTED FINANCIAL INFORMATION

	For the	For the Three Months Ended December 31, 2007 2006		For the Twelve Mont 2007		hs Ended December 31, 2006		
MANAGED ONLY FACILITIES:								
MANAGED ONLY FACILITIES: Management revenue	\$	93,034	\$	88,095	\$	362,407	\$	345,507
Operating expenses:	Ψ	<i>y</i> 5,054	Ψ	00,075	Ψ	502,407	Ψ	545,507
Fixed expense		59,927		55,361		232,016		218,917
Variable expense		21,247		19,308		79,643		75,873
Total		81,174		74,669		311,659	-	294,790
Contribution	\$	11,860	\$	13,426	\$	50,748	\$	50,717
Average available beds		26,622		25,578		26,202		25,483
Average compensated occupancy		97.3%		97.8%		97.6%		97.0%
Total compensated man-days		2,382,463		2,300,372		9,333,824		9,020,558
Revenue per compensated man-day Operating expenses per compensated man-day:	\$	39.05	\$	38.30	\$	38.83	\$	38.30
Fixed expense		25.15		24.07		24.86		24.27
Variable expense		8.92		8.39		8.53		8.41
Total		34.07		32.46		33.39		32.68
Operating margin per compensated man-day	\$	4.98	\$	5.84	\$	5.44	\$	5.62
Operating margin rate		12.8%		15.2%		14.0%		14.7%
OWNED AND MANAGED FACILITIES:								
Management revenue	\$	289,001	\$	255,352	\$	1,097,948	\$	960,543
Operating expenses:								
Fixed expense		139,786		124,148		536,320		483,505
Variable expense		49,579		45,093		187,675		169,235
Total		189,365		169,241	-	723,995		652,740
Contribution	\$	99,636	\$	86,111	\$	373,953	\$	307,803
Average available beds		49,882		46,681		48,292		45,944
Average compensated occupancy		98.3%		96.0%		98.6%		93.9%
Total compensated man-days		4,509,796		4,122,766		17,383,202		15,738,658
Revenue per compensated man-day	\$	64.08	\$	61.94	\$	63.16	\$	61.03
Operating expenses per compensated man-day:								
Fixed		31.00		30.11		30.85		30.72
Variable		10.99		10.94		10.80		10.75
Total		41.99		41.05		41.65		41.47
Operating margin per compensated man-day	\$	22.09	\$	20.89	\$	21.51	\$	19.56
Operating margin rate		34.5%		33.7%		34.1%		32.1%

#### ANALYSIS OF OUTSTANDING DEBT

(Unaudited and amounts in thousands)

	Outstanding Balance 12/31/2006	Outstanding Balance 12/31/2007	Stated Interest Rate	Effective Interest Rate	<sup>1)</sup> Maturity Date	Callable/ Redeemable
Fixed Rate:						
\$250.0 Million Senior Notes	250,000	250,000	7.50%	7.87%	May 2011	On or prior to May 1, 2006, 35% redeemable at 107.5% with proceeds from equity offerings; on or after May 1, 2007, 100% redeemable at various premium prices until May 1, 2009 at par
\$200.0 Million Senior Notes	201,258	200,967	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	976,258	975,967				
Floating Rate:						
Revolving Credit Facility			0.00%	0.00%	<sup>2)</sup> December 2012	
Grand Total Debt	\$ 976,258	\$ 975,967	7.02%	7.31%	4.46	3)

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

<sup>2)</sup> The Company has \$34.9 million of letters of credit outstanding under a sub-facility, which effectively reduces the Company's borrowing capacity under the Revolving Credit Facility to \$415.1 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:

<u>Year</u>	Total Debt Maturing	% of Debt Maturing	% of Debt Maturing
2008	290	0.03%	0.03%
2009	290	0.03%	0.06%
2010	290	0.03%	0.09%
2011	450,097	46.12%	46.21%
2012	-	0.00%	46.21%
Thereafter	525,000	53.79%	100.00%
	\$ 975,967	100.00%	

# SELECTED OPERATING RATIOS

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

2007         2008         2007         2008           COVERAGE RATIOS Instat coverage nuis (Adjusad EBITDA fatterest incarred) (A) Firsd charge coverage nuis (Adjusad EBITDA fatterest incarred) (A) Firsd charge coverage nuis (Adjusad EBITDA fatterest incarred) (A) Firsd charge coverage nuis (Adjusad EBITDA fatterest EBITDA (A) Total debt Value and EDITDA (A) Firsd charge coverage nuis (Adjusad EBITDA (A) Firsd charge coverage nuis coverage nuis actic (Adjusad EBITDA (A) Firsd charge coverage coverage nuis co		]	For the Three Decem		nded		For the Twelve Decem	Months I ber 31,	Ended
Interest coverage ratie (Adjuscet ENTDA/Interest incurred is 6 holded prin prusi) (x)         5.4         4.8         5.1         4.3           Fixed charge coverage ratie (Call delvin Charantized Adjuscet FINTDA) (x)         2.7         3.0         2.8         3.33           Torid char coverage ratie (Call delvin-Innuized Adjuscet FINTDA) (x)         2.7         3.0         2.8         3.33           Accounts receivable turnover (Annuized Adjuscet FINTDA) (x)         2.7         3.0         2.8         3.33           Accounts receivable turnover (Annuized Adjuscet FINTDA) (x)         2.6         4.4         5.8         6.1         5.6           DEST CONTT RATIONS         -		2			2006				2006
Field charge coverage ruite (Adjusted FBTTDA) (futures i locared + Schefdaled pin purss)) (x)         5.4         4.8         5.1         4.3           Senior defor coverage ruite (Sciend def-Amandiez Adjusted EBTTDA) (x)         2.7         3.0         2.8         3.3           Total debo coverage ruite (Sciend def-Amandiez Adjusted EBTTDA) (x)         2.7         3.0         2.8         3.3           Accounts receivable (unoverage ruite (Sciend def-Amandiez Adjusted EBTTDA) (x)         2.6         5.8         6.1         5.6           DEBTECDUTT EATIONS         21.0%         2.21%         2.10%         2.61%         3.6 %         3.6 %           Total debt Total multic regulatization         79.9%         9.30%         7.9.5         9.29.5%         7.9.5%         9.2.9 %         7.9.5%         9.2.9 %         7.9.5%         9.2.9 %         7.9.5%         9.2.9 %         7.9.5%         9.2.9 %         7.9.5%         9.2.5%         4.4.8         14.3%         14.5% <t< td=""><td>COVERAGE RATIOS:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	COVERAGE RATIOS:								
Senior debi coverage ratio (3d dived HEITTA) (x)         2.7         3.0         2.8         3.3           Total debi coverage ratio (3d dived Munialized Adjusied EHITA) (x)         2.7         3.0         2.8         3.3           Accounts neerivable tumover (Annualized revenues/Accounts neerivable) (x)         6.4         5.8         6.1         5.6           DETECUITY EATION         2.0%         2.0%         2.0%         2.0%         3.3 (3.4%)           Total debt contamistration         2.0%         2.0%         2.0%         2.0%         3.5 (3.4%)           Total debt contamization         2.0%         3.5 (3.4%)         2.0%         3.5 (3.4%)         3.6 (3.5 (3.4%)	Interest coverage ratio (Adjusted EBITDA/Interest incurred) (x)		5.4		4.8		5.1		4.3
The det overage ratio Total detbit Annalized Adjusted EITDA1(x)         2.7         3.0         2.8         3.3           Accounts receivable tumover (Annulized revenues/Accounts receivable) (x)         6.4         5.8         6.1         5.6           DEFIGUENT NATION         21.0%         20.1%         21.0%         20.1%         21.0%         20.1%           Total detbit origination         21.0%         20.1%         21.0%         20.1%         20.1%           Total detbit origination         27.0%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         73.5%         43.4%         13.5%         Annulized Adjusted EITDA1/Average total assets (indepreciated book value)*)         14.5%         14.5%         14.3%         15.5%         75.0%         2.5%         2.6%	Fixed charge coverage ratio (Adjusted EBITDA/(Interest incurred + Scheduled prin pmts)) (x)		5.4		4.8		5.1		4.3
Accounts rectivable turnover (Annulized revenues/Accounts receivable) (x)         6.4         5.8         6.1         5.6           DEFECUTTY NETONE Torial debt Equipalization         21.0%         26.4%         26.4%         26.4%         26.4%         35.4%           Torial debt Equipalization         20.6%         35.4%         26.6%         35.4%         26.6%         35.4%           Torial debt Equipalization         20.6%         35.4%         37.3%         43.4%         37.3%         43.4%           Torial debt Experiments         37.3%         43.4%         37.3%         43.4%         37.3%         43.4%           Chromalized return on operating real data investments         37.3%         14.5%         14.3%         15.5%           Annualized dispused EBITD/Alverage operating real dises (undepreciated book value)*)         12.4%         12.4%         12.2%         11.4%           Annualized dispused EBITD/Alverage operating real dises (undepreciated book value)*         2.7%         2.5%         2.6%         2.6%           Chromalized return on torial assets         (undepreciated book value)*         2.7%         2.5%         2.6%         2.6%           Chromalized return on torial assets (undepreciated book value)*         2.7%         2.5%         5.6         6.10.77.1         5         9.63.14 <td>Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)</td> <td></td> <td>2.7</td> <td></td> <td>3.0</td> <td></td> <td>2.8</td> <td></td> <td>3.3</td>	Senior debt coverage ratio (Senior debt/Annualized Adjusted EBITDA) (x)		2.7		3.0		2.8		3.3
DEF FOULTY RATION         21.0%         26.1%         21.0%         26.1%         21.0%         26.1%         21.0%         26.1%         21.0%         26.0%         33.4%         26.0%         33.4%         26.0%         33.4%         26.0%         33.4%         26.0%         33.4%         26.0%         33.4%         26.0%         33.4%         37.3%         43.4% <td>Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)</td> <td></td> <td>2.7</td> <td></td> <td>3.0</td> <td></td> <td>2.8</td> <td></td> <td>3.3</td>	Total debt coverage ratio (Total debt/Annualized Adjusted EBITDA) (x)		2.7		3.0		2.8		3.3
Total deb/Total market capitalization         21.0%         26.1%         21.0%         26.1%           Total deb/Book capity capitalization         26.6%         35.4%         26.6%         35.4%           Total deb/Book capity capitalization         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         79.9%         93.0%         73.3%         43.4%         37.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         43.5%         42.5%         65.17	Accounts receivable turnover (Annualized revenues/Accounts receivable) (x)		6.4		5.8		6.1		5.6
Paid debs/Equipy matter aprintization         26.6%         35.4%         26.6%         35.4%           Total deb/Book equity capitalization         79.9%         93.0%         79.9%         93.0%           Total deb/Dook book value of real estate assets         77.3%         43.4%         77.3%         43.4%           ETERNENT ENTRY         Annulized return on operating real estate investments (undepreciated book value)*)         14.5%         14.8%         14.3%         13.5%           Annulized Adjusted EIFTDA/Average total assets (undepreciated book value)*)         12.4%         12.4%         12.2%         11.4%           OPERATION         Manulized general & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.0%         2.6%           Manulized general & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.0%         2.6%           Manulized general & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.0%         4.8%           Manulized general & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.0%         4.8%           Manulized general & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.0% <t< td=""><td>DEBT/EQUITY RATIOS:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	DEBT/EQUITY RATIOS:								
Total debr@ford_equity aquinalization         79.9%         99.0%         79.9%         99.0%           Total debr@fords book value of real estate assets         37.3%         43.4%         37.3%         43.4%           BETLENCENTENTENTENTENTENTENTENTENTENTENTENTENTE	Total debt/Total market capitalization		21.0%		26.1%		21.0%		26.1%
Total debtGross book value of real estate assets         37.3%         43.4%         37.3%         43.4%           ETELINE ON INVESTINENT RATIOS:         Annulized fetum on operating real estate investments (undepreciated book value)*)         14.5%         14.8%         14.3%         15.5%           Annulized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)         12.4%         12.4%         12.2%         11.4%           OPERATION         Annulized general & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.6%         2.5%           General & administrative expenses/Total revenues         5.2%         4.9%         5.0%         4.8%           Interest income from continuing operations         S         (2.283)         S         (10.772)         S         (0.137)           Interest income from continuing operations         S         (2.283)         S         (10.772)         S         (0.137)           Interest income from continuing operations         S         (2.283)         S         (10.274)         G         (4.588)           ENERDENENENE         110.087         17.087         17.087         (3.3373)         S         10.529           Interest income from continuing operations         S         12.498         12.280	Total debt/Equity market capitalization		26.6%		35.4%		26.6%		35.4%
SPETURNO NIVESTMENT RATIOS:           Annualized return on top actaing real estate investments (undepreciated book value)*)         14.5%         14.8%         14.3%         13.5%           Annualized Adjusted EBITDA/Average openting real estate investments (undepreciated book value)*)         12.4%         12.4%         12.2%         11.4%           OPENELS         2.7%         2.5%         2.6%         2.5%         2.6%         2.5%           General & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.6%         2.5%           General & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.6%         2.5%           General & administrative expenses/Average total assets (undepreciated book value)*         2.7%         2.5%         2.6%         2.6%         2.5%           General & administrative expenses/Total revenues         5         (2.283)         \$         (10.772)         \$         (9.137)           Interest income from continuing operations         5         (2.282)         \$         (10.377)         3.331         4.433           Capitalized interest         2.2823         \$         (12.23)         \$         53.777         \$         5.87,833           Capitalized interest         2.2938	Total debt/Book equity capitalization		79.9%		93.0%		79.9%		93.0%
Annualized return on operating real estate investments (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*) $14.5\%$ $14.8\%$ $14.3\%$ $13.5\%$ Annualized adjusted EBITDA/Average operating real estate investments (undepreciated book value)*) $12.4\%$ $12.4\%$ $12.2\%$ $11.4\%$ OVERHEAD RATIOS: General & administrative expenses/Average total assets (undepreciated book value)* $2.7\%$ $2.5\%$ $2.6\%$ $2.6\%$ $2.5\%$ Interest incorred $5.2\%$ $4.9\%$ $5.0\%$ $4.8\%$ $4.3\%$ $4.3\%$ $4.3\%$ Interest incorred $5.2\%$ $2.0\%$ $5.0\%$ $5.0\%$ $5.0\%$ $4.8\%$ Interest incorred $5.2\%$ $5.2\%$ $5.0\%$ $5.0\%$ $5.0\%$ $5.0\%$ $5.0\%$ Interest incorred $5.2\%$ $5.2\%$ $5.2\%$ $5.0\%$ <	Total debt/Gross book value of real estate assets		37.3%		43.4%		37.3%		43.4%
$ \begin{array}{ c c c c c c } \hline (Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*) & 14.5% & 14.8% & 14.3% & 13.5% \\ Annualized return on total assets (undepreciated book value)*) & 12.4% & 12.4% & 12.4% & 12.2% & 11.4% \\ \hline OVERHEAD RATIOS! & 2.7% & 2.5% & 2.6% & 2.5% \\ General & administrative expenses/Average total assets (undepreciated book value)* & 2.7% & 2.5% & 2.6% & 2.5% \\ General & administrative expenses/Total revenues & 5.2% & 4.9% & 5.0% & 4.8% \\ \hline DITERST EXPENSE, NET! & 110000000000000000000000000000000000$	RETURN ON INVESTMENT RATIOS:								
Annualized return on total assets (Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*) $12.4\%$ $12.4\%$ $12.2\%$ $11.4\%$ OVERHEAD RATIOS: Amaulized general & administrative expenses/Average total assets (undepreciated book value)* $2.7\%$ $2.5\%$ $2.6\%$ $2.6\%$ $2.5\%$ General & administrative expenses/Total revenues $5.2\%$ $4.9\%$ $5.0\%$ $4.8\%$ Interest income from continuing operations Interest incurredS $(2.283)$ S $(2.500)$ S $(10,772)$ S $(9,137)$ Interest incurred Amortization of debt costs and other non-cash interest Therest expense, netS $(2.825)$ $(1.224)$ $(7.613)$ $(4.658)$ Perform Continuing operations Interest expense, netS $3.4946$ S $32.152$ S $13.373$ S $105.239$ Interest expense, netS $3.4946$ S $32.152$ S $13.373$ S $105.239$ Interest expense, netS $3.4946$ S $32.152$ S $13.373$ S $105.236$ Interest expense, netS $3.4946$ S $32.152$ S $13.373$ S $105.236$ Income Kubenetiv expenseS $3.4946$ S $32.152$ S $13.373$ S $105.236$ Income Kubenetiv expense, netS $3.4946$ S $32.152$ S $13.373$ S $105.236$ Income Kubenetiv expenseS $3.4946$ S $32.152$ S $13.373$ S $105.236$ Income Kubenetiv exp	Annualized return on operating real estate investments								
(Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)       12.4%       12.4%       12.2%       11.4% <b>OVERHEAD RATIOS:</b> 2.7%       2.5%       2.6%       2.5%         General & administrative expenses/Total revenues       5.2%       4.9%       5.0%       4.8% <b>DTEREST EXPENSE, NET:</b> 11.0%       7.087       17.087       6.8,230       6.8,130         Interest income from continuing operations       \$       (2,283)       \$       (1,224)       \$       0.9,137         Interest income from continuing operations       \$       (2,283)       \$       (2,500)       \$       (10,772)       \$       (9,137)         Interest income from continuing operations       \$       (2,283)       \$       (1,224)       \$       5.3,776       \$       (4,658)         Capitalized interest       \$       12,2938       \$       1,224       \$       5.3,776       \$       5,87,83         Capitalized interest       \$       12,2938       \$       32,152       \$       133,373       \$       105,239         Interest income       \$       3,4946       \$       32,152       \$       133,373       \$       105,239         Interest expense, net       12,938	(Annualized Adjusted EBITDA/Average operating real estate investments (undepreciated book value)*)		14.5%		14.8%		14.3%		13.5%
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $									
Annualized general & administrative expenses/Average total assets (undepreciated book value)* $2.7\%$ $2.5\%$ $2.6\%$ $2.6\%$ $2.5\%$ General & administrative expenses/Total revenues $5.2\%$ $4.9\%$ $5.0\%$ $4.8\%$ <b>DITEREST EXPENSE. NET:</b> S $(2.283)$ S $(2.590)$ S $(10,772)$ S $(9,137)$ Interest income from continuing operations $S$ $(2.283)$ S $(2.590)$ S $(10,772)$ S $(9,137)$ Interest income from continuing operations $S$ $(2.283)$ S $(2.590)$ S $(10,772)$ S $(9,137)$ Interest income from continuing operations $S$ $(2.282)$ $(1,224)$ $(7,613)$ $(4,658)$ Capitalized interest $(2.825)$ $(1,224)$ $(7,613)$ $(4,658)$ Interest expense, net $S$ $34,946$ $S$ $32,152$ $S$ $133,373$ $S$ $105,239$ Interest expense, net $S$ $34,946$ $S$ $32,152$ $S$ $133,373$ $S$ $105,239$ Income tax (benefit) expense $21,158$ $17,976$ $80,312$ $60,813$ Income tax (benefit) expense $21,158$ $17,976$ $80,312$ $60,813$ Income loss from discontinued operations, net of taxes $(226)$ $(150)$ $(858)$ $(578)$ EBITDA91,769 $82,244$ $346,691$ $291,493$ Expense associated with debt refinancing and recepitalization transactions $   -$ Expense associated with debt refinancing and rec	(Annualized Adjusted EBITDA/Average total assets (undepreciated book value)*)		12.4%		12.4%		12.2%		11.4%
General & administrative expenses/Total revenues5.2%4.9%5.0%4.8% <b>NTEREST EXPENSE. NET:</b> Interest incurred Amortization of debt costs and other non-cash interest\$ $(2,283)$ \$ $(2,590)$ \$ $(10,772)$ \$ $(9,137)$ Interest incurred Amortization of debt costs and other non-cash interest $959$ $17,087$ $17,057$ $68,230$ $68,145$ Capitalized interest Interest expense, net $(2,825)$ $(1,224)$ $(7,613)$ $(4,658)$ <b>EBITDA CALCULATION:</b> Net income Increst expense, net\$ $34,946$ \$ $32,152$ \$ $133,373$ \$ $105,239$ Interest expense, net\$ $34,946$ \$ $32,152$ \$ $133,373$ \$ $105,239$ Interest expense, net\$ $34,946$ \$ $32,152$ \$ $133,373$ \$ $105,239$ Income tax (benefit) expense Income tax (benefit) expense $21,158$ $17,976$ $80,312$ $60,813$ Goodwill impairment (Income) loss from discontinued operations, net of taxes $(226)$ $(150)$ $(858)$ $(578)$ EBITDA $91,769$ $82,244$ $346,691$ $291,493$ Expenses associated with debt refinancing and recapitalization transactions $   982$									
Substrain         S         (2,283)         S         (2,590)         S         (10,772)         S         (9,137)           Interest incurred         17,087         17,057         68,230         68,145           Amortization of debt costs and other non-cash interest         959         1,037         3,931         4,433           Capitalized interest         (2,825)         (1,224)         (7,613)         (4,658)           Interest expense, net         S         12,938         S         133,373         S         105,239           EBITDA CALCULATION:         S         34,946         S         32,152         S         133,373         S         105,239           Interest expense, net         12,938         14,280         53,776         58,783           Depreciation and amortization         21,379         17,986         78,514         67,236           Income tax (benefit) expense         21,158         17,976         80,312         60,813           Godwill impairment         (226)         (150)         (858)         (578)           EBITDA         91,769         82,244         346,691         291,493           EBITDA         -         -         -         982									
Interest income from continuing operations         \$         (2,283)         \$         (2,590)         \$         (10,772)         \$         (9,137)           Interest incurred         17,087         17,057         68,230         68,145           Amortization of debt costs and other non-cash interest         959         1,037         3,931         4,458           Capitalized interest         (2,825)         (1,224)         (7,613)         (4,658)           Interest expense, net         \$         12,938         \$         14,280         \$         53,776         \$         58,783           Depreciation and amortization         \$         34,946         \$         32,152         \$         133,373         \$         105,239           Interest expense, net         12,938         14,280         53,776         58,783         105,239           Depreciation and amortization         21,379         17,986         78,514         67,236           Income tax (benefit) expense         21,158         17,976         80,312         60,812         60,813           Goodwill impairment         1.574         -         11,574         -         1,574         -           EBITDA         91,769         82,244         346,691         291	General & administrative expenses/Total revenues		5.2%		4.9%		5.0%		4.8%
Interest incurred17,08717,05768,23068,145Amortization of debt costs and other non-cash interest9591,0373,9314,433Capitalized interest $(2,825)$ $(1,224)$ $(7,613)$ $(4,658)$ Interest expense, net $$$ 12,938 $$$ 14,280 $$$ 558,783EBITDA CALCULATION:Net income $$$ 34,946 $$$ 32,152 $$$ 133,373 $$$ 105,239Interest expense, net12,93814,28053,77658,78358,783Depreciation and amortization12,37917,98678,51467,236Income tax (benefit) expense21,37917,97680,31260,813Goodwill impairment1,574-1,574-(Income) loss from discontinued operations, net of taxes(226)(150)(858)(578)EBITDA91,76982,244346,691291,493Expenses associated with debt refinancing and recapitalization transactions982		¢.	(2.202)	¢	(2,500)	¢	(10.550)	¢	(0.105)
Amortization of debt costs and other non-cash interest959 $1.037$ $3.931$ $4.433$ Capitalized interest $(2.825)$ $(1.224)$ $(7.613)$ $(4.658)$ Interest expense, net $$ 12.938$ $$ 14.280$ $$ 53.776$ $$ 58.783$ EBITDA CALCULATION:Net income $$ 34.946$ $$ 32.152$ $$ 133.373$ $$ 105.239$ Interest expense, net $12.938$ $14.280$ $53.776$ $58.783$ Depreciation and amortization $21.379$ $17.986$ $78.514$ $67.236$ Income tax (benefit) expense $21.158$ $17.976$ $80.312$ $60.813$ Goodwill impairment $1.574$ - $1.574$ -(Income) loss from discontinued operations, net of taxes $(226)$ $(150)$ $(858)$ $(578)$ EBITDA $91.769$ $82.244$ $346.691$ $291.493$ Expenses associated with debt refinancing and recapitalization transactions $982$		\$	,	\$	,	\$	,	\$	,
Capitalized interest Interest expense, net $(2,825)$ \$ $(1,224)$ \$ $(7,613)$ \$ $(4,658)$ \$EBITDA CALCULATION: Net income\$ $34,946$ \$\$ $32,152$ \$\$ $133,373$ \$\$ $105,239$ \$Interest expense, net12,938 $14,280$ $53,776$ \$ $58,783$ Depreciation and amortization Income tax (benefit) expense $21,379$ $17,986$ $78,514$ $67,236$ Goodwill impairment (Income) loss from discontinued operations, net of taxes $(226)$ $(150)$ $(858)$ $(578)$ EBITDA $91,769$ $82,244$ $346,691$ $291,493$ Expenses associated with debt refinancing and recapitalization transactions $   -$									
Interest expense, net         \$         12,938         \$         14,280         \$         53,776         \$         58,783           EBITDA CALCULATION:         Net income         \$         34,946         \$         32,152         \$         133,373         \$         105,239           Interest expense, net         12,938         14,280         53,776         58,783           Depreciation and amortization         21,379         17,986         78,514         67,236           Income tax (benefit) expense         21,158         17,976         80,312         60,813           Goodwill impairment         1,574         -         1,574         -           (Income) loss from discontinued operations, net of taxes         (226)         (150)         (858)         (578)           EBITDA         91,769         82,244         346,691         291,493           Expenses associated with debt refinancing and recapitalization transactions         -         -         -         982									
Net income         \$ 34,946         \$ 32,152         \$ 133,373         \$ 105,239           Interest expense, net         12,938         14,280         53,776         58,783           Depreciation and amortization         21,379         17,986         78,514         67,236           Income tax (benefit) expense         21,158         17,976         80,312         60,813           Goodwill impairment         1,574         -         1,574         -           (Income) loss from discontinued operations, net of taxes         (226)         (150)         (858)         (578)           EBITDA         91,769         82,244         346,691         291,493           Expenses associated with debt refinancing and recapitalization transactions         -         -         -         982	x	\$		\$		\$		\$	
Net income         \$ 34,946         \$ 32,152         \$ 133,373         \$ 105,239           Interest expense, net         12,938         14,280         53,776         58,783           Depreciation and amortization         21,379         17,986         78,514         67,236           Income tax (benefit) expense         21,158         17,976         80,312         60,813           Goodwill impairment         1,574         -         1,574         -           (Income) loss from discontinued operations, net of taxes         (226)         (150)         (858)         (578)           EBITDA         91,769         82,244         346,691         291,493           Expenses associated with debt refinancing and recapitalization transactions         -         -         -         982	ERITDA CALCULATION:								
Interest expense, net12,93814,28053,77658,783Depreciation and amortization21,37917,98678,51467,236Income tax (benefit) expense21,15817,97680,31260,813Goodwill impairment1,574-1,574-(Income) loss from discontinued operations, net of taxes(226)(150)(858)(578)EBITDA91,76982,244346,691291,493Expenses associated with debt refinancing and recapitalization transactions982		\$	34 946	\$	32 152	\$	133 373	\$	105 239
Depreciation and amortization         21,379         17,986         78,514         67,236           Income tax (benefit) expense         21,158         17,976         80,312         60,813           Goodwill impairment         1,574         -         1,574         -           (Income) loss from discontinued operations, net of taxes         (226)         (150)         (858)         (578)           EBITDA         91,769         82,244         346,691         291,493           Expenses associated with debt refinancing and recapitalization transactions         -         -         -         982		Ŷ	,	Ŷ	,	Ŷ	,	Ψ	<i>,</i>
Income tax (benefit) expense       21,158       17,976       80,312       60,813         Goodwill impairment       1,574       -       1,574       -         (Income) loss from discontinued operations, net of taxes       (226)       (150)       (858)       (578)         EBITDA       91,769       82,244       346,691       291,493         Expenses associated with debt refinancing and recapitalization transactions       -       -       -       982	*								
Goodwill impairment1,574-1,574-(Income) loss from discontinued operations, net of taxes(226)(150)(858)(578)EBITDA91,76982,244346,691291,493Expenses associated with debt refinancing and recapitalization transactions982	•				,				
(Income) loss from discontinued operations, net of taxes(226)(150)(858)(578)EBITDA91,76982,244346,691291,493Expenses associated with debt refinancing and recapitalization transactions982			<i>,</i>		_		,		-
Expenses associated with debt refinancing and recapitalization transactions	*				(150)				(578)
	EBITDA		91,769		82,244		346,691		291,493
ADJUSTED EBITDA <u>\$ 91,769</u> <u>\$ 82,244</u> <u>\$ 346,691</u> <u>\$ 292,475</u>	Expenses associated with debt refinancing and recapitalization transactions		-		-				982
	ADJUSTED EBITDA	\$	91,769	\$	82,244	\$	346,691	\$	292,475

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

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 12/31/07
Owned and Managed Facilities:								
Central Arizona Detention Center Florence, Arizona	1994, 1998	USMS	2,304	Multi	Detention	May-08	-	139.94%
Eloy Detention Center Eloy, Arizona	1995, 1996	ICE	1,500	Medium	Detention	Indefinite	-	96.72%
Florence Correctional Center Florence, Arizona	1999, 2004	USMS	1,824	Multi	Correctional	May-08	-	106.56%
Red Rock Correctional Center Eloy, Arizona	2006	State of Alaska	1,596	Medium	Correctional	Jun-08	(6) 1 year	83.12%
Saguaro Correctional Facility Eloy, Arizona	2007	State of Hawaii	1,896	Medium	Correctional	Jun-09	(1) 2 year	80.20%
California City Correctional Center California City, California	1999	BOP	2,304	Medium	Correctional	Sep-08	(2) 1 year	112.23%
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	State of Colorado	700	Medium	Correctional	Jun-08	-	97.80%
Crowley County Correctional Facility Olney Springs, Colorado	1998, 2004	State of Colorado	1,794	Medium	Correctional	Jun-08	-	87.83%
Huerfano County Correctional Center (F) Walsenburg, Colorado	1997	State of Colorado	752	Medium	Correctional	Jun-08	-	94.44%
Kit Carson Correctional Center Burlington, Colorado	1998	State of Colorado	768	Medium	Correctional	Jun-08	-	98.79%
Coffee Correctional Facility (G) Nicholls, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-08	(21) 1 year	110.77%
McRae Correctional Facility McRae, Georgia	2000, 2002	BOP	1,524	Medium	Correctional	Nov-08	(4) 1 year	111.96%
Stewart Detention Center Lumpkin, Georgia	2004	ICE	1,752	Medium	Correctional	Indefinite	-	88.72%
Wheeler Correctional Facility (G) Alamo, Georgia	1998, 1999	State of Georgia	1,524	Medium	Correctional	Jun-08	(21) 1 year	110.21%
Leavenworth Detention Center Leavenworth, Kansas	1992, 2000, 2004	USMS	767	Maximum	Detention	Dec-11	(3) 5 year	116.65%
Lee Adjustment Center Beattyville, Kentucky	1990	State of Vermont	816	Minimum/ Medium	Correctional	Jun-09	(2) 2 year	88.52%

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 12/31/07
Marion Adjustment Center St. Mary, Kentucky	1955, 1988	Commonwealth of Kentucky	826	Minimum	Correctional	Dec-07	(3) 2 year	99.08%
Otter Creek Correctional Center (H) Wheelwright, Kentucky	1993	Commonwealth of Kentucky	656	Minimum/ Medium	Correctional	Jul-09	(3) 2 year	98.62%
Prairie Correctional Facility Appleton, Minnesota	1991	State of Minnesota	1,600	Medium	Correctional	Jun-08	(4) 1 year	102.52%
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	2000, 2007	State of California	1,824	Medium	Correctional	Jun-11	Indefinite	82.10%
Crossroads Correctional Center (J) Shelby, Montana	1999	State of Montana	664	Multi	Correctional	Aug-07	(6) 2 year	88.40%
Cibola County Corrections Center Milan, New Mexico	1994, 1999	ВОР	1,129	Medium	Correctional	Sep-08	(2) 1 year	99.23%
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	-	81.68%
Northeast Ohio Correctional Center Youngstown, Ohio	1997	BOP	2,016	Medium	Correctional	May-09	(3) 2 year	91.41%
Cimarron Correctional Facility (K) Cushing, Oklahoma	1997	State of Oklahoma	1,032	Medium	Correctional	Jun-08	(1) 1 year	100.30%
Davis Correctional Facility (K) Holdenville, Oklahoma	1996	State of Oklahoma	1,010	Medium	Correctional	Jun-08	(1) 1 year	100.98%
Diamondback Correctional Facility Watonga, Oklahoma	1998, 2000	State of Arizona	2,160	Medium	Correctional	Jun-08	(4) 1 year	97.32%
North Fork Correctional Facility Sayre, Oklahoma	1998, 2007	State of Colorado	2,400	Medium	Correctional	Jun-08	-	77.84%
West Tennessee Detention Facility Mason, Tennessee	1990, 1996	USMS	600	Multi	Detention	Feb-09	-	98.19%
Shelby Training Center (L) Memphis, Tennessee	1986, 1995	Shelby County, TN	200	Secure	Juvenile	Apr-15	-	80.90%
Whiteville Correctional Facility (M) Whiteville, Tennessee	1998	State of Tennessee	1,536	Medium	Correctional	Sep-08	(2) 1 year	96.80%
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	1989	State of Texas	200	Medium	Correctional	Feb-09	(2) 1 year	100.00%

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 12/31/07
Eden Detention Center Eden, Texas	1990	BOP	1,293	Medium	Correctional	Apr-11	(3) 2 year	107.34%
Houston Processing Center Houston, Texas	1984, 2005	ICE	905	Medium	Detention	Sep-08	-	97.02%
Laredo Processing Center Laredo, Texas	1985, 1990	ICE	258	Minimum/ Medium	Detention	Indefinite	-	129.83%
Webb County Detention Center Laredo, Texas	1998	USMS	480	Medium	Detention	Nov-12	(1) 5 year	104.29%
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	1995	State of Texas	2,103	Minimum	Correctional	Feb-09	(2) 1 year	98.71%
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	-	65.36%
Total design capacity for Owned and Managed F	Facilities (41 Owned and Man	aged Facilities)	50,909					
Managed Only Facilities:								
Bay Correctional Facility Panama City, Florida	N/A	State of Florida	985	Medium	Correctional	Jun-10	Indefinite	99.91%
Bay County Jail and Annex Panama City, Florida	N/A	Bay County, FL	1,150	Multi	Detention	Sep-12	(1) 6 year	77.42%
Citrus County Detention Facility Lecanto, Florida	N/A	Citrus County, FL	760	Multi	Detention	Sep-15	Indefinite	92.98%
Gadsden Correctional Institution Quincy, Florida	N/A	State of Florida	1,520	Minimum/ Medium	Correctional	Jun-10	Indefinite	99.53%
Hernando County Jail Brooksville, Florida	N/A	Hernando County, FL	876	Multi	Detention	Oct-10	-	87.80%
Lake City Correctional Facility Lake City, Florida	N/A	State of Florida	893	Secure	Correctional	Jun-09	Indefinite	99.80%
Idaho Correctional Center Boise, Idaho	N/A	State of Idaho	1,270	Minimum/ Medium	Correctional	Jun-09	-	114.03%
Marion County Jail Indianapolis, Indiana	N/A	Marion County, IN	1,030	Multi	Detention	Dec-17	(10) 1 year	100.88%

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 12/31/07
Winn Correctional Center Winnfield, Louisiana	N/A	State of Louisiana	1,538	Medium/ Maximum	Correctional	Sep-08	-	98.30%
Delta Correctional Facility Greenwood, Mississippi	N/A	State of Mississippi	1,172	Minimum/ Medium	Correctional	May-08	-	94.70%
Wilkinson County Correctional Facility Woodville, Mississippi	N/A	State of Mississippi	1,000	Medium	Correctional	May-08	(2) 1 year	99.50%
Elizabeth Detention Center Elizabeth, New Jersey	N/A	ICE	300	Minimum	Detention	Sep-08	(5) 3 year	100.75%
Camino Nuevo Correctional Center Albuquerque, New Mexico	N/A	State of New Mexico	192	Multi	Correctional	Mar-10	-	16.37%
Silverdale Facilities Chattanooga, Tennessee	N/A	Hamilton County, TN	918	Multi	Detention	Jan-08	Indefinite	92.94%
South Central Correctional Center Clifton, Tennessee	N/A	State of Tennessee	1,676	Medium	Correctional	Jun-10	(1) 2 year	97.19%
Metro-Davidson County Detention Facility Nashville, Tennessee	N/A	Davidson County, TN	1,092	Multi	Detention	Jul-08	-	99.84%
Hardeman County Correctional Facility Whiteville, Tennessee	N/A	State of Tennessee	2,016	Medium	Correctional	May-09	(3) 3 year	97.53%
B. M. Moore Correctional Center Overton, Texas	N/A	State of Texas	500	Minimum/ Medium	Correctional	Jan-09	-	99.75%
Bartlett State Jail Bartlett, Texas	N/A	State of Texas	1,049	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.53%
Bradshaw State Jail Henderson, Texas	N/A	State of Texas	1,980	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.20%
Dawson State Jail Dallas, Texas	N/A	State of Texas	2,216	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	98.64%
Diboll Correctional Center Diboll, Texas	N/A	State of Texas	518	Minimum/ Medium	Correctional	Jan-09	-	99.90%

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 12/31/07
Lindsey State Jail Jacksboro, Texas	N/A	State of Texas	1,031	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	99.70%
Willacy State Jail Raymondville, Texas	N/A	State of Texas	1,069	Minimum/ Medium	Correctional	Jan-09	(2) 1 year	97.72%
Total design capacity for Managed Only Facilities	(24 Managed Only Facilitie	s)	26,751					
Total design capacity for All Facilities as of Decem	ber 31, 2007		77,660					

#### **Expansion and Development Projects:**

Facility Name	Estimated Completion	Potential Customer(s)	Design Capacity (B)	Project Description
Eden Detention Center Eden, Texas	First quarter 2008	ВОР	129	Expansion of owned facility
Kit Carson Correctional Center Burlington, Colorado	First quarter 2008	State of Colorado	720	Expansion of owned facility
Bent County Correctional Facility Las Animas, Colorado	Second quarter 2008	State of Colorado	720	Expansion of owned facility
Leavenworth Detention Center Leavenworth, Kansas	Second quarter 2008	USMS	266	Expansion of owned facility
Tallahatchie County Correctional Facility (I) Tutwiler, Mississippi	Second quarter 2008	State of California	848	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	1,668	New owned facility
La Palma Correctional Center Eloy, Arizona	Third quarter 2008 - Second quarter 2009	State of California	3,060	New owned facility
Projected design capacity for All Facilities			86,391	

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 12/31/07
Leased Facilities:								
Leo Chesney Correctional Center Live Oak, California	1989	Cornell Corrections	240	Minimum	Owned/Leased	Sep-10	-	N/A
Queensgate Correctional Facility Cincinnati, Ohio	1906	Hamilton County, OH	850	Medium	Owned/Leased	Mar-09	(4) 1 year	N/A
Community Education Partners (O) Houston, Texas	N/A	Community Education Partners	-	Non-secure	Owned/Leased	Jun-08	-	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, 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 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) 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. 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.

### DIVERSIFICATION OF REVENUE

#### (Unaudited and amounts in thousands)

Customer	Management Revenue For the Twelve Months Ended December 31, 2007		Percent of Management Revenue For the Twelve Months Ended December 31, 2007	
United States Marshals	\$	210,443	14.41%	
United States Immigration and Customs Enforcement		194,454	13.32%	
Bureau of Prisons		189,882	13.00%	
Texas		96,927	6.64%	
Colorado		79,416	5.44%	
Tennessee		75,732	5.19%	
Florida		58,190	3.98%	
Georgia		52,586	3.60%	
Hawaii		40,178	2.75%	
Oklahoma		35,628	2.44%	
	\$	1,033,436	70.77%	
Total Management Revenue	\$	1,460,355	100.00%	

#### **RESEARCH / ANALYST COVERAGE**

Equity Research Coverage:		
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:		
Lehman Brothers	Emily Shanks	(212) 526-6403
SG Cowen Securities Corporation	Brad E. Eilert	(212) 278-5290
		( )
Rating Agency Coverage:		
Moody's Investors Service	Christopher Wimmer	(212) 553-2947
Standard & Poor's	Jean Stout	(212) 438-7865
Constitute Province and		
Credit Ratings:		
	Standard & Poor's	Moody's
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.