

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 28, 1997

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission file number: 1-14260

WACKENHUT CORRECTIONS CORPORATION

(Exact name of registrant as specified in its charter)

Florida

(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)

65-0043078

(I.R.S. EMPLOYER IDENTIFICATION NO.)

4200 Wackenhut Drive #100, Palm Beach Gardens, Florida

33410-4243

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER (INCLUDING AREA CODE): (561) 622-5656

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Common Stock \$0.01 Par Value

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
None	None

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

At January 30, 1998, the aggregate market value of the 10,168,797 shares of Common Stock held by non-affiliates of the registrant was \$259,304,324. At January 30, 1998, there were outstanding 22,168,797 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Registrant's Proxy Statement for its 1998 Annual Meeting of Shareholders are incorporated by reference in Part III of this Annual Report.

EXHIBIT INDEX IS LOCATED ON PAGE 53

PART I

ITEM 1. BUSINESS

THE COMPANY

Wackenhut Corrections Corporation is a leading developer and manager of privatized correctional and detention facilities in the United States, Puerto Rico, Canada, the United Kingdom and Australia. The Company was founded in 1984 as a division of The Wackenhut Corporation ("TWC"), a leading provider of professional security services. In 1986, the Company received its first contract, from the United States Immigration and Naturalization Service (the "INS"), to design, construct and manage a detention facility with a design capacity of 150 beds.

The Company offers governmental agencies a comprehensive range of correctional and detention facility management services from individual consulting projects to the integrated design, construction and management of such facilities. In addition to providing the fundamental residential services relating to the security of facilities and the detention and care of inmates, Wackenhut Corrections Corporation has built a reputation as an effective provider of a wide array of in-facility rehabilitative and educational programs. These programs include chemical dependency counseling and treatment, basic education, and job and life skills training. Additionally, the Company continuously seeks to expand into complementary services such as work release programs, youth detention services and prisoner transport services (known as court escort services in the United Kingdom). The Company believes that its experience in delivering governmental agencies high quality cost-effective correctional and detention facility management services provides such agencies strong incentive to select the Company when renewing and awarding contracts.

As of January 30, 1998 the Company has 46 correctional and detention facilities either under contract or award with an aggregate design capacity of 30,144 beds. Of these 46 facilities, 35 are currently in operation, and 11 are being developed by the Company. Of the facilities being developed, six are scheduled to commence operations during 1998 (two in the first quarter, one in the second quarter, two in the third quarter and one in the fourth quarter)*. In addition, at January 30, 1998, the Company had outstanding written responses to Requests for Proposal ("RFPs") for 7 projects with an aggregate design capacity of 1,819 beds.

The Company has obtained and is pursuing construction and management contracts for correctional and detention facilities outside the United States and presently operates facilities in the United Kingdom and Australia. Through its wholly-owned subsidiary, Wackenhut Corrections Corporation Australia Pty Limited ("WCCA"), the Company manages three correctional facilities and four immigration detention centers. In the United Kingdom, the Company formed two joint ventures to pursue construction and management contracts for privatized correctional and detention facilities. Premier Prison Services, Ltd. ("PPS"), a joint venture with Serco Limited, currently manages one correctional facility and two court escort contracts and will commence management of a second correctional facility in 1998. Under court escort contracts, a private company, on behalf of a governmental agency, transports prisoners between police stations, prisons and courts and is responsible for the custody of such prisoners during transportation and court appearances. In February 1994, through Wackenhut Corrections (UK) Limited, the Company formed Premier Custodial Development ("PCD"), as a joint venture with a wholly-owned subsidiary of Trafalgar House Limited, for the design, construction and financing of new detention facilities and prisons. The Company expects that PCD will bid with PPS for the design, development and management of new correctional and detention facilities in the United Kingdom.

Generally, the Company manages facilities owned or leased by a governmental agency. The agency may finance the construction of such facilities through various methods including, but not limited to, the following: (i) a one time general revenue appropriation by the governmental agency for the cost of the

new facility; (ii) general obligation bonds that are secured by either a limited or unlimited tax levy by the issuing entity; or (iii) lease revenue bonds or certificates of participation secured by an annual lease payment that is subject to annual or bi-annual legislative appropriations. In some instances, the Company may be required to own and/or finance the facility. The construction of these facilities will be financed through various methods including, but not limited to the following: (i) funds from equity offerings of the Company's stock; (ii) borrowing from banks or other institutions; or (iii) lease arrangements with third parties.

The Company was incorporated in Florida in April 1988. The Company's principal executive offices are located at 4200 Wackenhut Drive #100, Palm Beach Gardens, Florida 33410-4243, and its telephone number is (561) 622-5656.

See the Company's Consolidated Financial Statements on pages 24 through 28 and Note 4 of Notes to Consolidated Financial Statements for financial information regarding domestic and international operations.

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995. Except for historical matters, the matters discussed in this Form 10-K contain forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties. Actual results could differ materially from current expectations due to a number of factors, including but not limited to: general economic conditions; competitive factors and pricing pressures; shifts in market demand; the performance and needs of clients served by the Company; actual future costs of operating expenses; self-insurance claims and employee wages and benefits; possible changes in ownership positions of the Company's subsidiaries; and such other risks which may be described from time to time in the Company's SEC filings. These statements are marked with an " * ".

FACILITIES

The following table summarizes certain information with respect to facilities currently under management contract or award for management by the Company (or a subsidiary or joint venture of the Company) at January 30, 1998.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CURRENT CONTRACT	TERM	RENEWAL OPTION
FEDERAL GOVERNMENT CONTRACTS:							
Aurora INS Processing Center Aurora, Colorado	Construction/ Management	300	INS Detention Facility	Minimum/ Medium	January 1998	(7)	Ongoing basis
Queens Private Correctional Facility Queens, New York	Construction/ Management	200	INS Detention Facility	Minimum/ Medium	March 1997	1 year	Four, One-year
Taft Correctional Institution Taft, California	Management	2,048	Federal Prison	Low/ Minimum	August 1997	3 years	Seven, One-year
STATE GOVERNMENT CONTRACTS:							
Allen Correctional Center Kinder, Louisiana	Management	1,474	State Prison	Medium/ Maximum	December 1993	3 years	One, Two-year
Bayamon Correctional Facility Bayamon, Puerto Rico	Design/ Construction/ Consultation/ Management	500	State Prison	Medium	March 1997	5 years	One, Five-year
Bridgeport Pre-Release Center Bridgeport, Texas	Construction/ Management	520	Pre-Release Center	Minimum	September 1995	5 years (1)	None
Central Texas Parole Violator Facility San Antonio, Texas	Renovation/ Management	623	Parole Violator Facility/U.S. Marshal Detention Facility/ Out of State Prison Inmates	All levels	September 1997	Varies (2)	Varies (2)
Central Valley Community Correctional Facility McFarland, California	Design/ Construction/ Management	550	State Community Correctional Facility	Medium	December 1997	10 years	None
Charlotte County Correctional Facility Charlotte County, Virginia	Design/ Construction/ Management	1,000	State Prison	Medium	2000* (Estimated)	(3)	(3)
Coke County Juvenile Justice Facility Coke County, Texas	Design/ Construction/ Management	104	Juvenile Offender Facility	Medium/ Maximum	October 1996	2 years	Automatic, Unlimited, Two-year

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
Desert View Community Correctional Facility Adelanto, California	Design/ Construction/ Management	550	State Community Correctional Facility	Medium	December 1997	10 years	None
Golden State Community Correctional Facility McFarland, California	Design/ Construction/ Management	550	State Community Correctional Facility	Medium	December 1997	10 years	None
Guadalupe County Correctional Facility Santa Rosa, New Mexico	Design/ Construction/ Management	600	State Prison	All levels	4th Quarter 1998* (Estimated)	(3)	(3)
John R. Lindsey Unit Jack County, Texas	Design/ Consultation/ Management	1,000	Texas State Jail Facility	Medium	September 1995	3 years	One, Two-year
Karnes County Correctional Center Karnes City, Texas	Management	480	State Prison	All levels	January 1998	Varies	Varies
Kyle New Vision Chemical Dependency Treatment Center (4) Kyle, Texas	Construction/ Management/ Chemical Dependency Treatment	520	State Prison/ In-Prison Chemical Dependency Treatment Center	Minimum	September 1995	5 years (1)	None
Lea County Correctional Facility Hobbs, New Mexico	Design/ Construction/ Management	1,200	State Prison	All levels	2nd Quarter 1998* (Estimated)	(3)	(3)
East Mississippi Correctional Facility Lauderdale County, Mississippi	Design/ Construction/ Management	500	Mental Health Corrections	All levels	1st Quarter 1999* (Estimated)	5 years	One, Two-Year
Lawton Correctional Facility Lawton, Oklahoma	Design/ Construction/ Management	1,500	State Prison	Medium	1st Quarter 1999* (Estimated)	(3)	(3)
Lockhart Renaissance Facility Lockhart, Texas	Design/ Construction/ Management	500	State Prison	Minimum/ Medium	August 1997	1 year	One, One-year
Lockhart Work Program Facility Lockhart, Texas	Construction/ Management	500	Work Program Facility	Minimum	September 1997	1 year	None
Marshall County Correctional Facility Marshall County, Mississippi	Design/ Construction/ Management	1,000	State Prison	Medium	May 1996	5 years	Unlimited, Two-year
McFarland Community Correctional Facility McFarland, California	Construction/ Management	224	State Community Correctional Facility	Minimum/ Medium	February 1994	5 years	None
Michigan Youth Correctional Facility Baldwin, Michigan	Design/ Construction/ Management	480	Juvenile	Maximum	2nd Quarter 1999* (Estimated)	(3)	(3)

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
Moore Haven Correctional Facility Moore Haven, Florida	Design/ Construction/ Management	750	State Prison	Medium	July 1995	3 years	Unlimited, Two-year
North Texas Intermediate Sanction Facility Fort Worth, Texas	Renovation/ Management	400	Intermediate Sanction Facility	Minimum	September 1997	1 year	None
Ronald "Opie" McPherson Correctional Facility Newport, Arkansas	Design/ Construction/ Management	600	State Prison	All levels	January 1998	2 years	Unlimited, Two-year
Scott Grimes Correctional Facility Newport, Arkansas	Design/ Construction/ Management	600	State Prison	Minimum/ Medium	January 1998	2 years	Unlimited, Two-year
South Bay Correctional Facility South Bay, Florida	Design/ Construction/ Management	1,318	State Prison	Medium/ Close Custody	February 1997	3 years	Unlimited, Two-year
Travis County Community Justice Center Travis County, Texas	Design/ Consultation/ Management	1,000	Texas State Jail Facility	Medium	March 1997	2 - 1/3 years (5)	Automatic, Unlimited, Two-year
Willacy County Unit Raymondville, Texas	Design/ Consultation/ Management	1,000	Texas State Jail Facility	Medium	January 1996	2 - 1/2 years	One, Two-year
LOCAL GOVERNMENT CONTRACTS:							
Broward County Work Release Center Broward County, Florida	Design/ Construction/ Management	300	Community Work Release Center	None	1st Quarter 1998* (Estimated)	5 year	Unlimited, Two-year
Jena Juvenile Justice Center Jena, Louisiana	Design/ Construction/ Management	276	City Jail	All levels	3rd Quarter 1998* (Estimated)	25 years	None
San Diego City Jail San Diego, California	Construction/ Management	200	City Jail Facility	Minimum	May 1997	5 years	None
Delaware County Prison Delaware County, Pennsylvania (6)	Design/ Construction/ Management	1,200	County Jail Facility	All levels	3rd Quarter 1998* (Estimated)	3 years	Unlimited, Two-year
INTERNATIONAL CONTRACTS:							
Arthur Gorrie Correctional Centre Wacol, Australia	Management	608	Remand and Reception Center	All levels	August 1997	5 years	None
Court Escort West Midlands Area England	Management	NA	Court Custody/ Transport-Escort	All levels	May 1996	7 years	Two, Three-year

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
Court Escort South East Area England	Management	NA	Court Custody/ Transport-Escort	All levels	May 1996	7 years	Two, Three-year
H.M. Prison Doncaster and Youth Offender Institution Doncaster, England	Management	1,111	National Prison	All levels	June 1994	5 years	Three, Three-year
Fulham Correctional Centre Victoria, Australia	Design/ Consultation/ Management	600	State Prison	Minimum/ Medium	March 1997	5 years	Five, Three-year
Junee Correctional Centre Junee, Australia	Construction/ Management	600	State Prison	Medium	April 1993	5 years	One, Three-year
H.M. Prison Kilmarnock Kilmarnock, Scotland	Management	500	National Prison	All levels	2nd Quarter 1999* (Estimated)	25 years	None
H.M. Prison Lowdham Grange Nottinghamshire, England	Management	500	National Prison	All levels	1st Quarter 1998* (Estimated)	25 years	None
Maribyrnong Detention Centre Melbourne, Australia	Management	80	Immigration Detention	All levels	December 1997	3 years	One to Three Years
New Brunswick Youth Centre New Brunswick, Canada	Design/ Consultation/ Maintenance	112	Province Juvenile Facility	All levels	October 1997	25 years	None
Perth Detention Centre Perth, Australia	Management	40	Immigration Detention	All levels	December 1997	3 years	One to Three Years
Port Hedland Detention Centre Port Hedland, Australia	Management	700	Immigration Detention	All levels	December 1997	3 years	One to Three Years
Pucklechurch Youth Offender Institution Pucklechurch, UK	Management	400	Youth Prison	All levels	4th Quarter 1999* (Estimated)	(3)	(3)
Public Corrections Enterprise Victoria, Australia	Management	NA	Health Care Services	NA	January 1998	3 years	One, Two-year
Villawood Detention Centre Sydney, Australia	Management	300	Immigration Detention	All levels	December 1997	3 years	One to Three Years

- (1) Subject to termination option on August 31, 1998.
- (2) This facility is occupied by inmates under several contracts with varying terms and renewal options. The terms of these contracts range from two weeks to an indefinite period and the renewal option features range from no option to unlimited renewals.
- (3) Contract terms have yet to be negotiated.
- (4) The Company operates a chemical dependency treatment center located in this facility under a separate contract. This contract is for a one-year term expiring September 30, 1998.
- (5) Expires August 31, 1998.
- (6) The Company has a contract to manage and operate an existing 1,000 bed facility in Delaware County, Pennsylvania. This contract will terminate upon the completion of a new 1,200 bed facility currently being constructed by the Company. The Company will manage and operate such facility upon its completion.
- (7) Interim contract expires in February 1998. Final contract terms have yet to be negotiated.

The Company offers services that go beyond simply housing inmates. The Company's wide array of in-facility rehabilitative and educational programs differentiates it from many competitors who lack the experience or resources to provide such programs. Inmates at most facilities managed by the Company can also receive basic education through academic programs designed to improve inmates' literacy levels and to offer the opportunity to acquire General Education Development ("GED") certificates. Most Company-managed facilities also offer vocational training for in-demand occupations to inmates who lack marketable job skills. In addition, most Company-managed facilities offer life skills/transition planning programs that provide inmates job search training and employment skills, anger management skills, health education, financial responsibility training, parenting skills and other skills associated with becoming productive citizens. For example, at the Lockhart Work Program Facility, Lockhart, Texas, the Company, as part of its job training program, recruited firms from private industry to employ inmates at the facility. Inmates who participate in such programs receive job skills training and are paid at least the minimum wage. The inmates earnings are used to compensate victims, defray the inmates' housing costs and support their dependents. The Company also offers counseling, education and/or treatment to inmates with alcohol and drug abuse problems at twenty-four of the facilities it manages. The Company believes that its program at the Kyle New Vision Chemical Dependency Treatment Center is the largest privately managed in-prison program of this nature in the United States.

The Company operates each facility in accordance with the Company-wide policies and procedures and with the standards and guidelines required under the relevant contract. For many facilities, the standards and guidelines include those established by the American Correctional Association ("ACA"). The ACA, an independent organization of corrections professionals, establishes correctional facility standards and guidelines that are generally acknowledged as a benchmark by governmental agencies responsible for correctional facilities. Many of the Company's contracts for facilities in the United States require the Company to seek accreditation of the facility. The Company has sought and received ACA accreditation for ten of the facilities it manages and has always received ACA accreditation when sought.

Contracts to design and construct or to redesign and renovate facilities may be financed in a variety of ways. See "Business -- Facility Design, Construction and Finance." If the project is financed using direct governmental appropriations, using proceeds of the sale of bonds or other obligations issued prior to the award of the project or by the Company directly, then financing is in place when the contract relating to the construction or renovation project is executed. If the project is financed using project-specific tax-exempt bonds or other obligations, the construction contract is generally subject to the sale of such bonds or obligations. Generally, substantial expenditures for construction will not be made on such a project until the tax-exempt bonds or other obligations are sold; and, if such bonds or obligations are not sold, construction and, therefore, management of the facility may either be delayed until alternative financing is procured or development of the project will be entirely suspended. If the project is self-financed by the Company, then financing is in place prior to the commencement of construction. When the Company is awarded a facility management contract, appropriations for the first annual or bi-annual period of the contract's term have generally already been approved, and the contract is subject to governmental appropriations for subsequent annual or bi-annual periods.

FACILITY MANAGEMENT CONTRACTS

Other than listed in the following table, no other single customer accounted for 10% or more of the Company's total revenues for Fiscal 1997, 1996, and 1995.

CUSTOMER	1997	1996	1995
Various agencies of the State of Texas	32%	39%	37%
Louisiana Department of Public Safety and Corrections	6%	9%	11%
State of Florida Correctional Privatization Committee	13%	9%	8%
New South Wales Department of Corrective Services	7%	10%	13%
Queensland Corrective Services	7%	11%	13%

Except for its contract for the Taft Correctional Institution, San Diego City Jail facility and the facilities in the United Kingdom and Australia, all of which provide for fixed monthly rates, the Company's facility management contracts provide that the Company will be compensated at an inmate per diem rate based upon actual or guaranteed occupancy levels. Such compensation is invoiced in accordance with applicable law and is paid on a monthly basis. All of the Company's contracts are subject to either annual or bi-annual legislative appropriations. A failure by a governmental agency to receive appropriations could result in termination of the contract by such agency or a reduction of the management fee payable to the Company. To date, the Company has not encountered a situation where appropriations have not been made to a governmental agency with regard to the Company's contracts, although no assurance can be given that the governmental agencies will continue to receive appropriations in all cases.

The Company's facility management contracts typically have original terms ranging from one to ten years and give the governmental agency at least one renewal option, generally for a term ranging from one to five years. Some of the Company's management contracts fall within the definition of "qualified management contracts" under the rules of the Internal Revenue Service. Therefore, such contracts are for one five-year term with the power to terminate for convenience at the end of three years. The Company has: (i) eleven contracts expiring in 1998 (one with automatic unlimited two-year extensions, two with a single two-year renewal option, one with unlimited two-year renewal options, one with a single three-year renewal option, four with no renewal options, one with four one-year renewal options, and one with a one-year renewal option); (ii) two contracts expiring in 1999 (one with no renewal option and one with three, three-year renewal options); (iii) six expiring in 2000 (two with no renewal option, three with unlimited two-year renewal options and one with seven, one-year renewal options); (iv) three expiring in 2001 (one with a single five-year renewal option and two with unlimited, two-year renewal options); (v) three expiring in 2002 (two with no renewal options and one with automatic, unlimited, two-year renewal options); (vi) and three expiring in 2003 (two with a single, four-year renewal option and one with unlimited two-year renewal options). Except as described below, to date, all renewal options under the Company's management contracts have been exercised. However, in connection with the exercise of the renewal option, the contracting government agency or the Company typically has requested changes or adjustments to the contract terms. The Company's management contract for the New York INS facility expired effective March 31, 1995, and was not renewed by the INS due to the closure of the facility. The INS subsequently awarded the Company a contract to construct and manage

a New York facility called the Queens Privatized Correctional Facility. This facility opened in March, 1997.

The Company's contracts typically allow a contracting governmental agency to terminate a contract for cause by giving the Company written notice ranging from 30 to 180 days. No contracts have been terminated prior to the end of the contract term. To date, the only Company contract that did not extend for the full term was for the management of the Monroe County, Florida jail. By mutual agreement of the Company and the Monroe County Board of Commissioners the contract was discontinued in 1990 on an amicable basis.

In addition, in connection with the Company's management of such facilities, the Company is required to comply with all applicable local, state and federal laws and related rules and regulations. The Company's contracts typically require it to maintain certain levels of insurance coverage for general liability, workers' compensation, vehicle liability, and property loss or damage. If the Company does not maintain the required categories and levels of coverage, the contracting governmental agency may be permitted to terminate the contract. Presently, the Company, through TWC, has general liability insurance coverage of \$55 million per occurrence and in the aggregate. See "Business -- Insurance." In addition, the Company is required under its contracts to indemnify the contracting governmental agency for all claims and costs arising out of the Company's management of facilities and in some instances require the Company to maintain performance bonds.

FACILITY DESIGN, CONSTRUCTION AND FINANCE

The Company provides governmental agencies consultation and management services relating to the design and construction of new correctional and detention facilities and the redesign and renovation of older facilities. Through January 30, 1998, the Company has provided service for the design and construction of twenty-one facilities and for the redesign and renovation of two facilities and has contracts to design and construct nine new facilities. It has been the Company's experience that it typically takes 9 to 24 months to construct a facility after the contract is executed and financing approved. In addition, the Company has provided consulting services in connection with the construction of three new facilities in Texas.

The Company has consulted on and/or managed the design and construction of the following facilities: (i) Aurora INS Processing Center; (ii) McFarland Community Correctional Facility; (iii) Bridgeport Pre-Release Center; (iv) Kyle New Vision Chemical Dependency Treatment Center; (v) Junee Correctional Centre; (vi) San Diego City Jail; (vii) Lockhart Work Program Facility; (viii) Lockhart Renaissance Facility; (ix) Moore Haven Correctional Facility; (x) Coke County Juvenile Justice Facility; (xi) South Bay Correctional Facility; (xii) Marshall County Correctional Facility; (xiii) Bayamon Regional Detention Center; (xiv) Ronald "Opie" McPherson Correctional Facility; (xv) Scott Grimes Correctional Facility; (xvi) Queens Private Correctional Facility; (xvii) Fulham Correctional Centre; (xviii) Central Valley Community Correctional Facility; (xix) Desert View Community Correctional Facility; (xx) Golden State Community Correctional Facility; and (xxi) New Brunswick Youth Centre. The Company is currently consulting on and/or managing the design and construction of the following facilities: (i) Broward County Work Release Center; (ii) Michigan Youth Correctional Facility; (iii) Lawton Correctional Facility; (iv) East Mississippi Correctional Facility; (v) the new Delaware County Prison; (vi) Charlotte County Correctional Facility; (vii) Jena Juvenile Justice Center; (viii) Guadalupe County Correctional Facility; and (ix) Lea County Correctional Facility. The Company also has provided consultation and management services in connection with the redesign and renovation of the following facilities: (i) North Texas Intermediate Sanction Facility; and (ii) Central Texas Parole Violator Facility.

The Company is willing to perform consultation and management services for the design and construction or redesign and renovation of a facility regardless of whether it has been awarded the contract for the management of such facility.

Under its construction and design management contracts, the Company agrees to be responsible for overall project development and completion. The Company makes use of an in-house staff of architects and operational experts from various corrections disciplines (e.g., security, medical service, food service, inmate programs and facility maintenance) as part of the decision team that participates from conceptual design through final construction of the project. When designing a facility, the Company's architects seek to utilize, with appropriate modifications, prototype designs the Company has used in developing prior projects. The Company believes that the use of such proven designs allows it to reduce cost overruns and construction delays and to reduce the number of guards required to staff a facility, thus controlling costs both to construct and to manage the facility. Security is maintained because the Company's facility designs increase the area of vision under surveillance by guards and make use of additional electronic surveillance.

The Company typically acts as the primary developer on construction contracts for facilities and subcontracts with local general contractors. Where possible, the Company subcontracts with construction companies with which it has previously worked. The Company has an in-house team of design, construction and prison security experts that coordinate all aspects of the development with subcontractors and provide site-specific services.

The Company may also propose to contracting governmental agencies various financing structures for construction finance. The governmental agency may finance the construction of such facilities through various methods including, but not limited to, the following: (i) a one time general revenue appropriation by the government agency for the cost of the new facility, (ii) general obligation bonds that are secured by either a limited or unlimited tax levy by the issuing governmental entity, or (iii) lease revenue bonds or certificates of participation secured by an annual lease payment that is subject to annual or bi-annual legislative appropriations. The Company may also act as a source of financing or as a broker in any regard with respect to any financing. In these cases, the construction of such facilities may be financed through various methods including, but not limited to, the following: (i) funds from equity offerings of the Company's stock; (ii) borrowing from banks or other institutions; or (iii) lease arrangements with third parties. Of the 46 facilities managed or contracted to be managed by the Company, 31 are funded using one of the above-described financing vehicles, twelve are or will be directly leased and three are owned. However, alternative financing arrangements may be required for certain facilities. A growing trend in the correctional and detention industry requires private operators to make capital investments in new facilities and enter into direct financing arrangements in connection with the development of such facilities. By participating in such projects, private operators achieve economic benefits and tax advantages that are not typically available in connection with more traditional arrangements.

MARKETING

The Company views governmental agencies responsible for state correctional facilities in the United States and governmental agencies responsible for correctional facilities in the United Kingdom and Australia as its primary potential customers. The Company's secondary customers include the INS, other federal and local agencies in the United States and other foreign governmental agencies.

Governmental agencies responsible for correctional and detention facilities generally procure goods and services through RFPs. A typical RFP requires bidders to provide detailed information, including, but not limited to, descriptions of the following: the services to be provided by the bidder, its experience and qualifications, and the price at which the bidder is willing to provide the services (which services may include the renovation; improvement or expansion of an existing facility; or the planning, design and construction of a new facility). As part of the Company's process of responding to RFPs, management meets with appropriate personnel from the requesting agency to best determine the prospective client's distinct needs.

If the project fits within the Company's strategy, the Company then will submit a written response to the RFP. The Company estimates that it typically spends between \$10,000 and \$150,000 when responding to an RFP. The Company has engaged and intends in the future to engage independent consultants. Activities of the independent consultants include assisting the Company in developing privatization opportunities and in responding to RFPs, monitoring the legislative and business climate and maintaining relationships with existing clients.

There are several critical events in the marketing process. These include issuance of an RFP by a governmental agency, submission of a response to the RFP by the Company, the award of a contract by a governmental agency and the commencement of construction or management of a facility. The Company's experience has been that a period of approximately five to ten weeks is generally required from the issuance of an RFP to the submission of the Company's response to the RFP; that between one and four months elapse between the submission of the Company's response and the agency's award for a contract; and that between one and four months elapse between the award of a contract and the commencement of construction or management of the facility. If the facility for which an award has been made must be constructed, the Company's experience is that construction usually takes between 9 and 24 months; therefore, management of a newly constructed facility typically commences between 10 and 28 months after the governmental agency's award.

BUSINESS PROPOSALS

The Company pursues both domestic and international projects. At January 30, 1998, the Company had outstanding written responses to RFPs for 7 projects with a total of 1,819 beds. The Company also is pursuing prospects for other projects for which it has not yet submitted, and may not submit, a response to an RFP. No assurance can be given that the Company will be successful in its efforts to receive additional awards with respect to any proposals submitted.

INSURANCE

Presently, the Company is named insured under a liability insurance program (the "Insurance Program") maintained by TWC. The Insurance Program includes general comprehensive liability, automobile liability and workers' compensation coverage for TWC and all of its domestic subsidiaries. The Insurance Program consists of primary and excess insurance coverage. The primary coverage consists of up to \$5 million of coverage per occurrence with no aggregate coverage limit. The excess coverage consists of up to \$55 million of coverage per occurrence and in the aggregate. The Company believes such limits are adequate to insure against the various liability risks of its business. The premium to be paid by the Company to TWC for coverage under the Insurance Program in 1997 was approximately \$4,957,000, representing premiums paid to a captive reinsurance company that is wholly owned by TWC. The Company believes that the premiums it is charged under the Insurance Program are less than those that would be charged by a third party insurer. The facility management contracts and various state

statutes require the Company to maintain such insurance and the management contracts provide that the contracting agency may terminate the contract if the Company fails to maintain the required insurance coverages. Under the Insurance Program, the first \$2 million of costs, expenses and losses per occurrence are reinsured by a captive reinsurance company that is wholly owned by TWC.

EMPLOYEES AND EMPLOYEE TRAINING

At January 30, 1998, the Company had 6,301 full-time employees. Of such full-time employees, 64 were employed at the Company's headquarters and 6,237 were employed at facilities. The Company employs management, administrative and clerical, security, educational services, health services and general maintenance personnel. The Company's correctional officer employees at Junee Correctional Centre, Arthur Gorrie Correctional Centre, Fulham Correctional Centre, Maribyrnong Detention Centre, Perth Detention Centre, Port Hedland Detention Centre, and Villawood Detention Centre in Australia are members of unions. The Company has entered into a contract with the union for the correctional officers at these facilities. Other than the contracts described above, the Company has no union contracts or collective bargaining agreements. The Company believes its relations with its employees are good.

Under the laws applicable to most of the Company's operations, and internal Company policy, the Company's corrections officers are required to complete a minimum amount of training prior to employment. At least 160 hours of training by the Company is required under most state laws before an employee is allowed to work in a position that will bring him or her in contact with inmates. Florida law requires that the corrections officers receive 520 hours of training. The Company's training programs meet or exceed all applicable requirements.

The Company's training begins with approximately 40 hours of instruction regarding Company policies, operational procedures and management philosophy. Training continues with an additional 120 hours of instruction covering legal issues, rights of inmates, techniques of communication and supervision, interpersonal skills and job training relating to the particular position to be held. Each Company employee who has contact with inmates receives a minimum of 40 hours of additional training each year, and each manager receives at least 24 hours of training each year.

At least 222 hours of training is required for United Kingdom employees and 240 hours of training is required for Australian employees before such employees are allowed to work in positions that will bring them into contact with inmates. Company employees in the United Kingdom and Australia receive a minimum of 40 hours of additional training each year.

COMPETITION

The Company competes primarily on the basis of the quality and range of services offered, its experience (both domestically and internationally) in the design, construction and management of privatized correctional and detention facilities, and its reputation. The Company competes with a number of companies, including, but not limited to, Corrections Corporation of America, Correctional Services Corporation, Group 4 International Corrections Service, U.K. Detention Services, Ltd., Cornell Corrections Corporation and United States Corrections Corporation. Some of the Company's competitors are larger and have greater resources than the Company. The Company also competes in some markets with small local companies that may have a better knowledge of the local conditions and may be better able to gain political and public acceptance. Potential competitors can enter the Company's business without substantial capital investment or experience in management of correctional or detention facility

experience. In addition, in some markets, the Company may compete with governmental agencies that are responsible for correctional facilities.

NON-U.S. OPERATIONS

Although most of the operations of the Company are within the United States, its international operations make a significant contribution to income. International operations of the Company provide correctional and detention facilities management in Australia and the United Kingdom.

A summary of domestic and international operations is presented below:

	----- 1997 -----	----- 1996 -----	----- 1995 -----
REVENUES			
Domestic operations	\$ 167,223	\$ 108,245	\$ 72,852
International operations	39,707	29,539	26,579
	-----	-----	-----
Total revenues	206,930	137,784	99,431
	=====	=====	=====
OPERATING INCOME			
Domestic operations	12,388	7,087	4,501
International operations	4,157	2,644	2,728
	-----	-----	-----
Total operating income	16,545	9,731	7,229
	=====	=====	=====
ASSETS			
Domestic operations	120,538	96,872	0,641
International operations	18,665	9,939	8,199
	-----	-----	-----
Total assets	\$ 139,203	\$ 106,811	\$ 38,840
	=====	=====	=====

The Company has affiliates (50% or less owned) that provide correctional and detention facilities management in the United Kingdom. The following table (in thousands) summarizes certain financial information pertaining to these unconsolidated foreign affiliates, on a combined basis, for the last three fiscal years.

	1997	1996	1995
STATEMENT OF OPERATIONS DATA			
Revenues	\$ 51,009	\$ 28,953	\$ 17,705
Operating income (loss)	3,884	1,764	(357)
Net income (loss)	2,209	1,208	(225)
BALANCE SHEET DATA			
Current Assets	14,595	13,145	1,783
Noncurrent Assets	517	538	509
Current liabilities	8,115	8,518	3,702
Noncurrent liabilities	4,029	5,075	--
Stockholders' equity/(deficit)	\$ 2,968	\$ 90	\$ (1,410)

BUSINESS REGULATIONS AND LEGAL CONSIDERATIONS

The industry in which the Company operates is subject to national, federal, state, and local regulations in the United States, United Kingdom, Australia and Puerto Rico which are administered by a variety of regulatory authorities. Generally, prospective providers of corrections services must be able to detail their readiness to, and must comply with, a variety of applicable state and local regulations, including education, health care and safety regulations. The Company's contracts frequently include extensive reporting requirements and require supervision and on-site monitoring by representatives of contracting governmental agencies. The Company's Kyle New Vision Chemical Dependency Treatment Center is licensed by the Texas Commission on Alcohol and Drug Abuse to provide substance abuse treatment. Certain states, such as Florida and Texas, deem correctional officers to be peace officers and require Company personnel to be licensed and subject to background investigation. State law also typically requires corrections officers to meet certain training standards.

In addition, many state and local governments are required to enter into a competitive bidding procedure before awarding contracts for products or services. The laws of certain jurisdictions may also require the Company to award subcontracts on a competitive basis or to subcontract with businesses owned by women or members of minority groups.

The failure to comply with any applicable laws, rules or regulations or the loss of any required license could have a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, the current and future operations of the Company may be subject to additional regulations as a result of, among other factors, new statutes and regulations and changes in the manner in which existing statutes and regulations are or may be interpreted or applied. Any such additional

regulations could have a material adverse effect on the Company's business, financial condition and results of operations.

ITEM 2. PROPERTIES

The Company leases its corporate headquarters office space in Palm Beach Gardens, Florida, from TWC. In addition, the Company leases office space for its regional offices in Austin, Texas and Costa Mesa, California, and for a local office in Fort Lauderdale, Florida.

The Company also leases the space for the following facilities it manages: (i) North Texas Intermediate Sanction Facility; (ii) Central Texas Parole Violator Facility; (iii) San Diego City Jail; (iv) Central Valley Community Correctional Facility; (v) Desert View Community Correctional Facility; (vi) Golden State Community Correctional Facility; and (vii) Broward County Work Release Center.

The Company owns the land and a 66,000 square foot building for the Aurora INS Processing Center and the land and a 61,400 square foot building for the Queens Private Correctional Facility that the Company manages under contracts with the U.S. Government. The Company also owns the land and a 35,000 square foot building for the McFarland Community Correctional Facility that the Company manages under a contract with the State of California.

ITEM 3. LEGAL PROCEEDINGS

On August 31, 1995, the Company was joined as an indispensable party in an action filed by the Delaware County Prison Employees Independent Union (the "Union") in the Court of Common Pleas of Delaware County, Pennsylvania. The action questions the Delaware County Board of Prison Inspectors' (the "Board") authority under a contract between the Union and the Board to award the contract to manage the existing Delaware County Prison to the Company. An adverse determination in this action could result in the loss of the Company's contract to manage the existing facility, although the Company does not believe that such a loss would have a material adverse effect on the Company. The Company does not expect that this action would have an adverse impact on the Company's new Delaware County Prison constructed by the Company. The Company has not commenced operations at the new facility.

Except for the litigation set forth above and routine litigation incidental to the business of the Company, there are no pending material legal proceedings to which the Company or any of its subsidiaries is a party or to which any of their property is subject. The Company believes that the outcome of the proceedings to which it is currently a party will not have a material adverse effect upon its operations or financial condition. The nature of the Company's business results in claims or litigation against the Company for damages arising from the conduct of its employee or others.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are as follows:

NAME ----	AGE ---	POSITION -----
George R. Wackenhut	78	Chairman of the Board and Director
George C. Zoley	48	Vice Chairman of the Board, Chief Executive Officer, and Director
Wayne H. Calabrese	47	President and Chief Operating Officer
John G. O'Rourke	47	Senior Vice President, Chief Financial Officer, and Treasurer
Charles R. Jones	49	Senior Vice President, Business Development
Carol M. Brown	43	Senior Vice President, Health Services
Robert W. Mianowski	47	Senior Vice President, Operations
Patricia McNair Persante	48	Senior Vice President, Contract Compliance
David N.T. Watson	32	Controller, Chief Accounting Officer, and Assistant Treasurer

GEORGE R. WACKENHUT has served as a director of The Company since it was incorporated in 1988 and has been the Chairman of the Board of The Company since July 1996. Mr. Wackenhut is the Chairman of the Board, Chief Executive Officer and founder of The Wackenhut Corporation, the parent of The Company. Mr. Wackenhut was President of The Wackenhut Corporation from the time of its founding in 1955 until 1986. Prior to that, Mr. Wackenhut had been a Special Agent of the Federal Bureau of Investigation from 1950 to 1954. He received a Bachelor of Science Degree from the University of Hawaii and a Masters of Education Degree from Johns Hopkins University. Mr. Wackenhut is on the Dean's Advisory Board of the University of Miami School of Business, the National Council of Trustees, Freedom Foundation at Valley Forge, the President's Advisory Council for the Small Business Administration, Region IV, and a member of the National Board of the National Soccer Hall of Fame. Mr. Wackenhut is a past member of the Law Enforcement Council, National Council on Crime and Delinquency, and the Board of Visitors of the United States Army Military Police School. His son, Richard R. Wackenhut, is a director of the Company.

GEORGE C. ZOLEY has served as Vice Chairman of the Board since January, 1997, has served as President and a Director of the Company since it was incorporated in 1988, and Chief Executive Officer since April, 1994. Dr. Zoley established the correctional division for TWC in 1984 and was, and continues to be, a major factor in the company's development of its privatized correctional and detention facility business. Dr. Zoley is also a director of each of the entities through which the Company conducts its international operations. From 1981 through 1988, as manager, director, and then Vice President of Government Services of WSI, Dr. Zoley was responsible for the development of opportunities in the privatization of government services by WSI. Currently Dr. Zoley serves as a Senior Vice President of TWC. Prior to joining WSI, Dr. Zoley held various administrative and management positions for city and county governments in South Florida.

WAYNE H. CALABRESE has served as President since January 1997, Chief Operating Officer since January 1996 and as Executive Vice President of the Company from 1994 to 1996. Mr. Calabrese is also a director of each of the entities through which the Company conducts its international operations. Mr. Calabrese served as Chief Executive Officer of Australasian Correctional Management, Pty Ltd., a subsidiary of the Company, from 1991 until he returned to the United States in 1994. Mr. Calabrese joined the Company as Vice President, Business Development in 1989, became Executive Vice President in 1994 and became Chief Operating Officer in 1996. Mr. Calabrese's prior experience in the public sector includes positions as Assistant City Law Director in Akron, Ohio; and Assistant County Prosecutor, and later, Chief of the County Bureau of Support for Summit County, Ohio. Mr. Calabrese was also Legal Counsel and Director of Development for the Akron Metropolitan Housing Authority. Prior to joining the Company, Mr. Calabrese was engaged in the private practice of law as a partner in the Akron law firm of Calabrese, Dobbins and Kepple.

JOHN G. O'ROURKE has served as Chief Financial Officer and Treasurer of the Company since April, 1994, and has been the Senior Vice President, Finance of the Company since June, 1991. Prior to

joining the Company Mr. O'Rourke spent twenty years as an officer in the United States Air Force where his most recent position was as the Strategic Division Chief in the Office of the Secretary of the Air Force, responsible for acquisitions and procurement matters for strategic bomber aircraft.

CHARLES R. JONES has served as Senior Vice President, Business Development since January 1997 after serving as Vice President, Business Development since joining the Company in June 1996. Previously, Mr. Jones was a senior investment banker specializing in structured finance and privatization consulting for the corrections industry with Rauscher, Pierce, Refsnes, Inc. in Dallas Texas, where he was Chairman of the firm's Banking Advisory Counsel. From 1973 to 1980 Mr. Jones, a CPA, practiced with Peat, Marwick, Mitchell & Co. specializing in the taxation of commercial real estate and financial institutions.

CAROL M. BROWN has served as Senior Vice President, Health Services of the Company since August, 1990. Ms. Brown is a certified specialist in correctional health care management. From 1988 until joining the Company Ms. Brown was a Consultant for medical case management and workers' compensation in South Florida for Health and Rehabilitation Management, Inc. From 1987 to 1988, Ms. Brown was Medical Manager for Metlife Healthcare of South Florida. Ms. Brown was an Administrator for health care services for Medical Personnel Pool, Inc. from 1985 to 1987 and for Upjohn Healthcare from 1981 to 1985.

ROBERT W. MIANOWSKI has served as the Senior Vice President, Operations of the Company since May, 1990. From May, 1988, until joining the Company, Mr. Mianowski was Criminal Prosecuting Attorney for the City of Cuyahoga Falls, Ohio, Department of Law, and was in private law practice for the prior two years. Mr. Mianowski's career as practicing attorney was preceded by fourteen (14) years in the field of law enforcement, having served as a law enforcement officer in several Ohio municipalities, and as Chief of Police of Boston Heights, Ohio, from 1984 to 1986.

PATRICIA MCNAIR PERSANTE has served as Senior Vice President, Contract Compliance of the Company since February, 1995 and was Vice President, Contract Compliance of the Company from 1990 to February 1995. From 1988 until joining the Company, Ms. Persante was engaged in private law practice with the San Antonio law firm of Smith, Barshop, Stoffer & Millsap. From 1983 to 1988, Ms. Persante was Assistant Criminal District Attorney for Bexar County, Texas.

DAVID N.T. WATSON has served as Controller and Assistant Treasurer of the Company since November, 1994 and also serves as the Company's Chief Accounting Officer. From 1989 until joining the Company, Mr. Watson was with the Miami office of Arthur Andersen LLP where his most recent position was Manager, in the Audit and Business Advisory Services Group. Mr. Watson is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

In March 1996, the Company changed its listing from WCCX on the Nasdaq Stock Market's National Market to WHC on the New York Stock Exchange.

The ensuing table shows the high and low prices for the Company's common stock, as reported on the Nasdaq Stock Market's National Market and New York Stock Exchange, for each of the four quarters of Fiscal 1997 and 1996. All price data have been restated for the 100% stock dividend (treated as a stock split) paid on June 4, 1996. The approximate number of shareholders of record, as of January 30, 1998, was 298.

	1997		1996	
	High	Low	High	Low
First Quarter	\$ 22-1/4	\$ 15-3/4	\$ 20-7/8	\$ 12-3/16
Second Quarter	29-9/16	15-7/8	44-3/4	19-7/8
Third Quarter	30	24-1/8	35-3/4	19-3/4
Fourth Quarter	35-1/4	21-13/16	24-3/8	16

The Company intends to retain its earnings to finance the growth and development of its business and does not anticipate paying cash dividends on its capital stock in the foreseeable future. Future dividends, if any, will depend, among other things, on the future earnings, capital requirements and financial condition of the Company, and on such other factors as the Company's Board of Directors may consider relevant.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data should be read in conjunction with the Company's consolidated financial statements and the notes thereto.

FISCAL YEARS ENDED: (A)	1997	1996	1995	1994	1993
RESULTS OF OPERATIONS:					
Revenues	\$ 206,930	\$ 137,784	\$ 99,431	\$ 84,026	\$ 58,784
Operating expenses	172,031	115,848	82,285	70,670	50,573
Depreciation and amortization	6,303	3,532	2,303	2,287	2,101
Contribution from operations	28,596	18,404	14,843	11,069	6,110
General and administrative expenses	12,051	8,673	7,614	6,623	4,664
Operating Income	16,545	9,731	7,229	4,446	1,446
Interest income (expense)	1,451	2,195	186	(261)	(544)
Income before income taxes and equity income (loss) of affiliates	17,996	11,926	7,415	4,185	902
Provision for income taxes	7,226	4,269	2,862	1,661	368
Income before equity income (loss) of affiliates	10,770	7,657	4,553	2,524	534
Equity income (loss) of affiliates, net of income taxes	1,105	604	(113)	(331)	261
Net Income	\$ 11,875	\$ 8,261	\$ 4,440	\$ 2,193	\$ 795
Basic earnings per share	\$ 0.54	\$ 0.39	\$ 0.26	\$ 0.15	\$ 0.06
Diluted earnings per share	\$ 0.52	\$ 0.37	\$ 0.25	\$ 0.15	\$ 0.06
FINANCIAL CONDITION:					
Working capital	\$ 48,576	\$ 62,130	\$ 13,455	\$ 10,194	\$ 5,032
Total assets	139,203	106,811	38,840	30,333	19,148
Long-term debt	213	225	980	1,412	---
Total debt	225	237	991	1,422	---
Shareholders' equity	\$ 102,295	\$ 87,969	\$ 25,229	\$ 19,727	\$ 4,212

(A) The Company's fiscal year ends on the Sunday closest to the calendar year end. Fiscal 1997, 1996 and 1995 each included 52 weeks.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operating activities amounted to \$21,377,000 in 1997 versus \$9,128,000 in 1996. The Company's primary capital requirements are for working capital; furniture, fixtures, equipment, and supply purchases; investments in joint ventures; and investments in facilities. Some of the Company's management contracts require the Company to make substantial initial expenditures of cash in connection with opening or renovating a facility. The initial expenditures subsequently are fully or partially recoverable as pass-through costs or are billable to the contracting agency over the original term of the contract. The cash required for these needs will be derived from internally generated funds, the proceeds from public stock offerings, and additional borrowings, if necessary.*

The Company anticipates making cash investments in connection with future acquisitions. In addition, in line with a developing industry trend toward requiring private operators to make capital investments in facilities and to enter into direct financing arrangements in connection with the development of such facilities, the Company anticipates utilizing cash to finance start-up costs, leasehold improvements and equity investments in facilities, if appropriate, in connection with undertaking new contracts.*

Prior to the initial public offering (IPO) in July 1994, the Company financed its operations through borrowing from TWC. Interest on intercompany indebtedness was computed at rates which reflected TWC's average interest costs on long-term debt, exclusive of mortgage financing. Subsequent to the IPO and through Fiscal 1997, financing was obtained from internally generated funds, third-party borrowings, or proceeds from public stock offerings.

In January 1996, the Company sold 4,600,000 shares of its common stock in connection with a second offering at a price of \$12.00 per share, before deducting underwriting discounts and commissions and estimated offering expenses. Net proceeds from the offering were approximately \$51,581,000. In 1996, the Company used \$5.7 million of the proceeds to acquire the McFarland Community Correctional Facility.

In 1997, the Company also purchased the Queens Private Correctional Facility for \$6.6 million and spent another \$4.7 million to renovate the building. Additionally, the Company invested \$7.0 million to purchase and renovate an 86-bed psychiatric hospital.

In June 1997, the Company entered into a \$30,000,000 multi-currency revolving credit facility with a syndicate of banks, the proceeds of which may be used for working capital, acquisitions and general corporate purposes. The credit facility also includes a letter of credit of up to \$5,000,000 for the issuance of standby letters of credit. Indebtedness under this facility will bear interest at the alternate base rate (defined as the higher of prime rate or federal funds plus 1/2 of 1%) or LIBOR plus 150 to 250 basis points, depending upon fixed charge coverage ratios. The facility requires the Company to, among other things, maintain a maximum leverage ratio; minimum fixed charge coverage ratio; and a minimum tangible net worth. The facility also limits certain payments and distributions. As of December 28, 1997, no amounts were outstanding under this facility. However, at December 28, 1997, the Company had outstanding four standby letters of credit outstanding with a bank in an aggregate amount of approximately \$222,000.

In December 1997, the Company also entered into an \$220 million operating lease facility that has been established to acquire and develop new correctional institutions used in its business. As a condition of this facility, the Company unconditionally agreed to guarantee certain obligations of First Security Bank, National Association, a party to the aforementioned operating lease facility. As of December 28, 1997, approximately \$69 million of properties were under development.

The ratio of total debt to total capitalization was 0.2% at the end of Fiscal 1997 and 0.3% at the end of Fiscal 1996. Management is unaware of any other evident trends that are likely to result in material increases or decreases in the liquidity of the Company other than those factors mentioned above.* Management is constantly reviewing matters that could require significant outlays of cash with respect to corporate growth strategies; however, these matters are always reviewed in the light of appropriateness and availability of financing.

There are no other known material trends, favorable or unfavorable, in the capital resources of the Company. In the event that the Company would have any significant requirement beyond the matters discussed above, capital resources are available under its revolving line of credit with a bank, and management believes that additional resources may be available to the Company through a variety of other methods of financing.*

YEAR 2000

The Company has several information system improvement initiatives under way that will require increased expenditures during the next few years. These initiatives include the replacement of certain Company computer systems to be Year 2000 compliant.

The Year 2000 issue exists because many computer systems and applications currently use two-digit date fields to designate a year. As the century date change occurs, date-sensitive systems will recognize the year 2000 as 1900, or not at all. This inability to recognize or properly treat the Year 2000 may cause systems to process critical financial and operational information incorrectly. Anticipated spending for this modification will be expensed as incurred and is not expected to have a significant impact on the Company's ongoing results of operations.

INTEREST RATE SENSITIVITY

The Company is exposed to market risks arising from changes in interest rates with respect to a \$220 million operating lease facility. Monthly lease payments under this facility are indexed to a variable interest rate. Management has determined that a 10% change in the current lease rate would have an immaterial effect on the Company's pre-tax earnings over the next fiscal year.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's consolidated financial statements and notes thereto.

The following table sets forth certain Statements of Income data expressed as percentages of total revenues for the following fiscal years:

	1997	1996	1995
Revenues	100.0%	100.0%	100.0%
Operating expenses	83.1	84.1	82.8
Depreciation and amortization	3.1	2.5	2.3
Contribution from operations	13.8	13.4	14.9
General and administrative expenses	5.8	6.3	7.6
Operating income	8.0	7.1	7.3
Interest income	0.7	1.6	0.2
Income before income taxes and equity income (loss) of affiliates	8.7	8.7	7.5
Provision for income taxes	3.5	3.1	2.9
Equity income (loss) of affiliates, net of income taxes	0.5	0.4	(0.1)
Net income	5.7%	6.0%	4.5%

FISCAL 1997 COMPARED WITH FISCAL 1996

Revenues increased by 50.2% to \$206.9 million in 1997 from \$137.8 million in 1996. The increase in revenues in 1997 compared with 1996 is primarily attributable to increased compensated resident days resulting from the opening of the following ten facilities in 1997 (South Bay Correctional Facility, South Bay, Florida in February 1997; Travis County Community Justice Center, Travis County, Texas in March 1997; Bayamon Regional Detention Center, Bayamon, Puerto Rico in March 1997; Queens Private Correctional Facility, Queens, New York in March 1997; Fulham Correctional Centre, Victoria, Australia in March 1997; Taft Correctional Institution, Taft, California in December 1997; Maribyrong Detention Centre, Melbourne, Australia in December 1997; Perth Detention Centre, Perth, Australia in December 1997; Port Hedland Detention Centre, Port Hedland, Australia in December 1997 and Villawood Detention Center, Sydney, Australia in October 1997); and increased compensated resident days at three facilities that opened in the first half of 1996 (Willacy County Unit, Willacy, Texas in January 1996, Delaware County Prison in April 1996, and Marshall County Correctional Facility, Marshall County, Mississippi in June 1996).

The following table sets forth the number of facilities under contract or award at the end of the following fiscal years:

	1997	1996	1995
Contracts (1)	46	34	24
Facilities in operation	32	19	16
Design capacity of contracts	30,144	24,371	16,054
Design capacity of facilities in operation	20,720	12,235	9,135
Compensated resident days (2)	5,192,614	3,585,100	2,350,843

(1) Comprised of facilities in operation, facilities under development and facilities for which awards have been obtained.

(2) Compensated resident days are calculated as follows, (a) per diem rate facilities - the number of beds occupied by residents on a daily basis during the fiscal year and, (b) fixed rate facilities - the design capacity of the facility multiplied by the number of days the facility was in operation during the fiscal year. Amounts exclude compensated resident days for H.M. Prison Doncaster, England.

The number of compensated resident days in domestic and Australian facilities increased to 5.2 million in 1997 from 3.6 million in 1996. As a result of the increase in compensated resident days and minimum occupancy guarantees at several of the new facilities that opened in 1997, average facility occupancy in domestic and Australian facilities increased to 97.2% of capacity in 1997 compared to 96.8% in 1996.

Operating expenses increased by 48.5% to \$172.0 million in 1997 from \$115.8 million in 1996 resulting from ten new facilities that opened in 1997 and three facilities that opened in 1996. As a percentage of revenues, operating expenses decreased to 83.1% from 84.1% due to improving margins from the Company's Australian operations.

Depreciation and amortization increased by 78.4% to \$6.3 million in 1997 from \$3.5 million in 1996. This increase is due to capital and deferred charge expenditures incurred by the thirteen facilities that opened in 1997, a full year of depreciation and amortization for the facilities that opened in 1996, and depreciation associated with the purchase of two facilities in 1997.

Contribution from operations increased 55.4% to \$28.6 million in 1997 from \$18.4 million in 1996. This increase is due to ten new facilities discussed above that opened in 1997. As a percentage of revenues, contribution from operations increased to 13.8% from 13.4%.

General and administrative expenses increased by 38.9% to \$12.1 million in 1997 from \$8.7 million in 1996. This reflects increased business development activities in response to additional interest in the Company's services and increased additional infrastructure to support the Company's expanded operations. General and administrative expenses decreased to 5.8% of total revenues in 1997 from 6.3% in 1996.

Operating income increased by 70.0% to \$16.5 million in 1997 from \$9.7 million in 1996 as result of the factors described above. As a percentage of revenue, operating income increased to 8.0% from 7.1% due primarily to the continued leveraging of overhead.

Interest income was \$1.4 million in 1997 compared to interest income of \$2.2 million in 1996, resulting from a decrease in average invested cash as the Company had deployed cash to select project opportunities and operations.

Income before income taxes and equity income of affiliates increased to \$18.0 million in 1997 from \$11.9 million in 1996 due to the factors described above.

Provision for income taxes increased to \$7.2 million in 1997 from \$4.3 million in 1996 due to higher taxable income and an increase in the Company's effective tax rate.

Equity income of affiliates increased to \$1,105,000 in 1997 from \$604,000 in 1996. This increase is due to three expansions of the H.M. Prison Doncaster (Doncaster, England) in November 1996, March 1997 and July 1997, and a full year of operations for the two court escort contracts that commenced in May 1996.

Net income increased by 43.8% to \$11.9 million in 1997 from \$8.3 million in 1996 as a result of the factors described above.

FISCAL 1996 COMPARED WITH FISCAL 1995

Revenues increased by 38.6% to \$137.8 million in 1996 from \$99.4 million in 1995. The increase in revenues in 1996 compared with 1995 is primarily attributable to increased compensated resident days resulting from the increasing occupancy of two facilities that opened in the second half of 1995 (Moore Haven Correctional Facility, Moore Haven, Florida in July 1995 and John R. Lindsey Unit, Jack County, Texas in September 1995), the opening of two facilities in the first half of 1996 (Willacy County Unit, Willacy County, Texas in January 1996 and Marshall County Correctional Facility, Marshall County, Mississippi in June 1996), the assumption of operational responsibility for an existing facility (Delaware County Prison, Delaware County, Pennsylvania in April 1996) the expansion on one facility (Allen Correctional Center, Kinder, Louisiana) and the temporary double up at another facility (Arthur Gorrie Correctional Centre, Wacol, Australia).

The number of compensated resident days in domestic and Australian facilities increased to 3.6 million in 1996 from 2.4 million in 1995. As a result of the increase in compensated resident days, average facility occupancy in domestic and Australian facilities increased to 96.8% of capacity in 1996 compared to 94.8% in 1995.

Operating expenses increased by 40.8% to \$115.8 million in 1996 from \$82.3 million in 1995. As a percentage of revenues, operating expenses increased to 84.1%. This increase is primarily attributable to higher operating expenses at the Company's Australian facilities.

Depreciation and amortization increased by 53.4% to \$3.5 million in 1996 from \$2.3 million in 1995. This increase is due to the increase in capital and deferred charge expenditures resulting from the opening of the new facilities, the assumption of correctional services, the purchase of one facility and the expansions discussed above.

Contribution from operations increased 24.0% to \$18.4 million in 1996 from \$14.8 million in 1995. As a percentage of revenues, contribution from operations decreased to 13.4% from 14.9%. As discussed above, this decrease is due primarily to the Company's Australian operations.

General and administrative expenses increased by 13.9% to \$8.7 million in 1996 from \$7.6 million in 1995. This reflects increased business development activities in response to additional interest in the Company's services and increased infrastructure related to current and future corporate growth. General and administrative expenses decreased to 6.3% of total revenues in 1996 from 7.7% in 1995.

Operating income increased by 34.6% to \$9.7 million in 1996 from \$7.2 million in 1995 as a result of the factors described above. As a percentage of revenue, operating income decreased to 7.1% from 7.3%.

Interest income was \$2.2 million in 1996 compared to interest income of \$186,000 in 1995. The increase is attributable to interest earned on the proceeds of the January 1996 stock offering.

Income before income taxes and equity (loss) income of affiliates increased to \$11.9 million in 1996 from \$7.4 million in 1995 due to the factors described above.

Provision for income taxes increased to \$4.3 million in 1996 from \$2.9 million in 1995 due to higher taxable income.

Equity income (loss) of affiliates increased to \$604,000 in 1996 from (\$113,000) in 1995. Current and prior year performance reflects the activities of Premier Prison Services, a U.K. joint venture. The increase in current year income results from three expansion at the H.M. Prison Doncaster (Doncaster, England) in November 1995, June 1996 and November 1996, respectively, and income earned from two court escort contracts that were awarded in December 1995 and commenced operations in May 1996.

INFLATION

Management believes that inflation has not had a material effect on the Company's results of operations during the past three fiscal years. While some of the Company's contracts include provisions for inflationary indexing, since personnel costs represent the Company's largest expense in the facilities it manages, inflation could have a substantial adverse effect on the Company's results of operations in the future to the extent that wages and salaries increase at a faster rate than the per diem or fixed rates received by the Company for its management services.*

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

WACKENHUT CORRECTIONS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FISCAL YEARS ENDED
DECEMBER 28, 1997, DECEMBER 29, 1996, AND DECEMBER 31, 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1997	1996	1995
Revenues	\$ 206,930	\$ 137,784	\$ 99,431
Operating expenses (including amounts related to The Wackenhut Corporation ("TWC") of \$5,337, \$3,693 and \$6,008)	172,031	115,848	82,285
Depreciation and amortization	6,303	3,532	2,303
Contribution from operations	28,596	18,404	14,843
General and administrative expenses (including amounts related to TWC of \$1,566, \$1,432 and \$1,264)	12,051	8,673	7,614
Operating income	16,545	9,731	7,229
Interest income (including amounts related to TWC of (\$10), (\$40) and \$172)	1,451	2,195	186
Income before income taxes and equity income (loss) of affiliate	17,996	11,926	7,415
Provision for income taxes	7,226	4,269	2,862
Income before equity income (loss) of affiliate	10,770	7,657	4,553
Equity income (loss) of affiliate, net of income taxes (benefit) of \$692, \$378 and (\$70)	1,105	604	(113)
Net income	\$ 11,875	\$ 8,261	\$ 4,440
Basic earnings per share (Note 9)	\$ 0.54	\$ 0.39	\$ 0.26
Diluted earnings per share (Note 9)	\$ 0.52	\$ 0.37	\$ 0.25
Basic weighted average shares outstanding	22,015	21,361	16,850
Diluted weighted average shares outstanding	22,697	22,128	17,708

The accompanying notes to consolidated financial statements are an integral part of these statements.

WACKENHUT CORRECTIONS CORPORATION
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
 (IN THOUSANDS)

FISCAL YEARS ENDED DECEMBER 28, 1997, DECEMBER 29, 1996, AND DECEMBER 31, 1995

	COMMON STOCK NUMBER OF SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY
BALANCE, JANUARY 1, 1995	16,370	\$ 164	\$ 17,720	\$ 1,647	\$ 196	\$ 19,727
TRANSLATION ADJUSTMENT	--	--	--	--	(85)	(85)
PROCEEDS FROM STOCK OPTION EXERCISES	709	7	970	--	--	977
TAX BENEFIT RELATED TO EMPLOYEE STOCK OPTIONS	--	--	170	--	--	170
NET INCOME	--	--	--	4,440	--	4,440
BALANCE, DECEMBER 31, 1995	17,079	171	18,860	6,087	111	25,229
TRANSLATION ADJUSTMENT	--	--	--	--	305	305
PROCEEDS FROM STOCK OFFERING	4,600	46	51,535	--	--	51,581
PROCEEDS FROM STOCK OPTION EXERCISES	259	2	764	--	--	766
TAX BENEFIT RELATED TO EMPLOYEE STOCK OPTIONS	--	--	1,827	--	--	1,827
NET INCOME	--	--	--	8,261	--	8,261
BALANCE, DECEMBER 29, 1996	21,938	219	72,986	14,348	416	87,969
TRANSLATION ADJUSTMENT	--	--	--	--	(2,572)	(2,572)
PROCEEDS FROM STOCK OPTION EXERCISES	231	3	1,757	--	--	1,760
TAX BENEFIT RELATED TO EMPLOYEE STOCK OPTIONS	--	--	3,263	--	--	3,263
NET INCOME	--	--	--	11,875	--	11,875
BALANCE DECEMBER 28, 1997	22,169	\$ 222	\$ 78,006	\$26,223	\$ (2,156)	\$ 102,295

The accompanying notes to consolidated financial statements are an integral part of these statements.

WACKENHUT CORRECTIONS CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 28, 1997 AND DECEMBER 29, 1996
(IN THOUSANDS, EXCEPT SHARE DATA)

	1997	1996
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 28,960	\$ 44,368
Accounts receivable, net	36,755	24,879
Other	9,457	6,066
Total current assets	75,172	75,313
Property and equipment, net	38,754	18,975
Investments in and advances to affiliates	7,325	1,810
Deferred charges, net	14,218	7,522
Unamortized cost in excess of net assets of acquired companies, net	2,359	2,224
Other	1,375	967
	\$ 139,203	\$ 106,811
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 6,160	\$ 4,020
Accrued payroll and related taxes	8,316	4,558
Accrued expenses	11,717	3,717
Current portion of long-term debt	12	12
Deferred income tax liability, net	391	876
Total current liabilities	26,596	13,183
Deferred income tax liability, net	10,099	5,434
Long-term debt	213	225
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized	---	---
Common stock, \$.01 par value, 60,000,000 shares authorized, 22,168,542 and 21,937,992 shares issued and outstanding	222	219
Additional paid-in capital	78,006	72,986
Retained earnings	26,223	14,348
Cumulative translation adjustment	(2,156)	416
Total shareholders' equity	102,295	87,969
	\$ 139,203	\$ 106,811

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

WACKENHUT CORRECTIONS CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED
 DECEMBER 28, 1997, DECEMBER 29, 1996, AND DECEMBER 31, 1995
 (IN THOUSANDS)

	1997	1996	1995
<hr style="border-top: 1px dashed black;"/>			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 11,875	\$ 8,261	\$ 4,440
Adjustments to reconcile net income to net cash provided by operating activities--			
Depreciation and amortization expense	6,303	3,532	2,303
Equity (income) loss of affiliates	(1,797)	(982)	183
Changes in assets and liabilities -			
(Increase) decrease in assets:			
Accounts receivable	(12,623)	(6,943)	(7,355)
Other current assets	(3,606)	(2,384)	(1,966)
Other assets	(201)	34	(76)
Deferred income tax asset	--	51	20
Unamortized cost in excess of net assets acquired	(782)	--	--
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	10,739	2,003	(238)
Accrued payroll and related taxes	4,027	1,152	1,293
Deferred income taxes, net	7,442	4,404	2,741
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr style="border-top: 1px dashed black;"/> 21,377	<hr style="border-top: 1px dashed black;"/> 9,128	<hr style="border-top: 1px dashed black;"/> 1,345
<hr style="border-top: 1px dashed black;"/>			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in affiliates	(3,718)	(428)	(372)
Capital expenditures	(23,965)	(12,476)	(2,720)
Deferred charge expenditures	(9,625)	(4,505)	(3,693)
NET CASH USED IN INVESTING ACTIVITIES	<hr style="border-top: 1px dashed black;"/> (37,308)	<hr style="border-top: 1px dashed black;"/> (17,409)	<hr style="border-top: 1px dashed black;"/> (6,785)

(Continued)

The accompanying notes to consolidated financial statements are an integral part of these statements.

WACKENHUT CORRECTIONS CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED
 DECEMBER 28, 1997, DECEMBER 29, 1996, AND DECEMBER 31, 1995
 (IN THOUSANDS)

(Continued)

	1997	1996	1995
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of common stock	\$ --	\$ 51,581	\$ --
Proceeds from exercise of stock options	1,760	766	977
Retirement of debt	(12)	(792)	(381)
Advances from TWC	116,019	102,431	66,502
Repayments to TWC	(116,019)	(102,431)	(66,629)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,748	51,555	469
Effect of exchange rate changes on cash	(1,225)	185	(101)
Net (decrease) increase in cash	(15,408)	43,459	(5,072)
Cash, beginning of period	44,368	909	5,981
CASH, END OF PERIOD	\$ 28,960	\$ 44,368	\$ 909
SUPPLEMENTAL DISCLOSURES:			
Cash paid during the year for:			
Income taxes	\$ 100	\$ 976	\$ 1,156
Interest	\$ 59	\$ 114	\$ 20
Non-cash activities:			
Impact on equity from tax benefit related to the exercise of options issued under the company's non-qualified stock option plan	\$ 3,263	\$ 1,827	\$ 170

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (TABULAR INFORMATION: IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

FOR THE FISCAL YEARS ENDED DECEMBER 28, 1997, DECEMBER 29, 1996, AND DECEMBER 31, 1995

(1) GENERAL

Wackenhut Corrections Corporation, a Florida corporation, and subsidiaries (Company), a majority owned subsidiary of The Wackenhut Corporation (TWC), is a leading developer and manager of privatized correctional and detention facilities located in the United States, the United Kingdom and Australia.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FISCAL YEAR

The Company's fiscal year ends on the Sunday closest to the calendar year end. Fiscal 1997, 1996 and 1995 each included 52 weeks.

BASIS OF FINANCIAL STATEMENT PRESENTATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in 20 percent to 50 percent owned affiliates are accounted for under the equity method. All significant intercompany transactions and balances between the Company and its subsidiaries have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform with current year presentation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of related assets. Accelerated methods of depreciation are generally used for income tax purposes. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

UNAMORTIZED COST IN EXCESS OF NET ASSETS OF ACQUIRED COMPANIES (GOODWILL)

Goodwill represents the cost of an acquired enterprise in excess of the fair market value of the net tangible and identifiable intangible assets acquired. Goodwill is amortized on a straight-line basis over the period which represents management's estimation of the related benefit to be derived from the acquired business, not to exceed twenty-five years. Accumulated amortization totaled approximately \$1.1 million and \$969,000 at December 28, 1997 and December 29, 1996, respectively.

DEFERRED CHARGES

Facility start-up costs, which consist of costs of initial employee training, travel and other direct expenses incurred in connection with the opening of new facilities, are capitalized and amortized on a straight-line basis over the lesser of the initial term of the contract plus renewals or five years.

Project development costs consisting of direct and incremental costs paid to unrelated third parties that can be directly associated with a specific anticipated contract are deferred until the anticipated contract has been awarded. At the time the contract is awarded to the Company, the deferred project development costs are either capitalized as part of property and equipment or are amortized over five years as project development costs. Internal costs associated with securing new contracts are expensed as incurred. Project development costs are charged to general and administrative expenses when the success of obtaining a new contract is considered doubtful. Accumulated amortization totaled \$7,332,000 and \$4,440,000 in Fiscal 1997 and 1996, respectively.

In April 1997, the Financial Accounting Standards Board issued an Exposure Draft that proposed the issuance of a Statement of Position (SOP) on Accounting for the Costs of Start-up Activities. If adopted, this SOP would require the expensing of start-up costs, defined as pre-opening, pre-operating and pre-contract type costs, as incurred. Management expects the effects of adoption would be reported as a cumulative change in accounting principle; thus, any costs previously capitalized would be written off at the time the SOP is adopted. If this SOP is adopted in 1998, the Company anticipates a pre-tax write-off of approximately \$18.2 million (or \$10.9 million after-tax) to record the cumulative effect of the change in accounting principle.

REVENUES AND OPERATING PROFIT

Facility management revenues are recognized as services are provided based on a net rate per day per inmate or on a fixed monthly rate. Project development and design revenues are recognized as earned on a percentage of completion basis. Except for the major customers noted in the following table, no single customer provided more than 10% of consolidated revenues during Fiscal 1997, 1996 and 1995:

CUSTOMER	1997	1996	1995
Various agencies of the State of Texas	32%	39%	37%
Louisiana Department of Public Safety and Corrections	6%	9%	11%
State of Florida Correctional Privatization Committee	13%	9%	8%
New South Wales Department of Corrective Services	7%	10%	13%
Queensland Corrective Services Commission	7%	11%	13%

Concentration of credit risk related to accounts receivable is reflective of the related revenues.

INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Under this method, deferred income taxes are determined on the estimated future tax effects of differences between the financial reporting and tax

basis of assets and liabilities given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the asset or liability from year to year.

EARNINGS PER SHARE

In 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). SFAS 128 requires the disclosure of basic and diluted earnings per share for periods ending after December 15, 1997 and restatement of prior periods to conform with the new disclosure format. The computation under SFAS 128 differs from the primary and fully diluted earnings per share computed under APB Opinion No. 15 primarily in the manner in which potential common stock is treated. Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding. In the computation of diluted earnings per share, the weighted-average number of common shares outstanding is adjusted for the effect of all potential common stock.

CASH AND CASH EQUIVALENTS

The Company classifies as cash equivalents all interest-bearing deposits or investments with original maturities of three months or less.

FOREIGN CURRENCY TRANSLATION

The Company's foreign operations use the local currency as their functional currency. Assets and liabilities of the operations are translated at the exchange rates in effect on the balance sheet date. Income statement items are translated at the average exchange rates for the year. The impact of currency fluctuation is included in shareholders' equity as a translation adjustment.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash, accounts receivable, accounts payable, and long-term debt approximates fair value.

INTEREST RATE SENSITIVITY

The Company is exposed to market risks arising from changes in interest rates with respect to a \$220 million operating lease facility (Note 7). Monthly lease payments under this facility are indexed to a variable interest rate. Management has determined that a 10% change in the current lease rate would have an immaterial effect on the Company's pre-tax earnings over the next fiscal year.

STOCK-BASED COMPENSATION PLANS

In 1995 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 allows either adoption of a fair value based method of accounting for stock-based compensation or continuation under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). The Company has chosen to continue to account for stock-based compensation using the intrinsic value based method prescribed in APB 25. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the corporation's stock at the date of the

grant over the amount an employee must pay to acquire the stock. Pro forma disclosures of net income and earnings per share as if the fair value method had been adopted are presented in Note 11.

LONG-LIVED ASSETS

In 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 121 ("SFAS 121") "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS 121 requires that long-lived assets, including certain identifiable intangibles, and the goodwill related to those assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. Management has reviewed the Company's long-lived assets and has determined that there are no events requiring impairment loss recognition.

ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued Statement of Financial Accounting Standard No. 130, "Reporting Comprehensive Income" which requires adoption in Fiscal 1998. This statement establishes standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. This statement requires that an enterprise (a) classify items of other comprehensive income by their nature in financial statements and (b) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of statements of financial position. Comprehensive income is defined as the change in equity during the financial reporting period of a business enterprise resulting from non-owner sources.

In June 1997, the FASB issued Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" which requires adoption in Fiscal 1998. This statement requires that a public business enterprise report financial and descriptive information about its reportable operating segments including, among other things, a measure of segment profit or loss, certain specific revenue and expense items, and segment assets.

(3) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at fiscal year end:

(In Thousands)

	YEARS	1997	1996
Land	--	\$ 4,527	\$ 1,698
Building and improvements	20 - 40	34,107	16,430
Equipment	3 - 20	2,786	2,677
Furniture and fixtures	3 - 20	2,307	1,251
		43,727	22,056
Less - accumulated depreciation		(4,973)	(3,081)
		\$ 38,754	\$ 18,975

(4) DOMESTIC AND INTERNATIONAL OPERATIONS

A summary of domestic and international operations is presented below:

(In Thousands)

	1997	1996	1995
Revenues			
Domestic operations	\$ 167,223	\$ 108,245	\$ 72,852
International operations	39,707	29,539	26,579
Total revenues	206,930	137,784	99,431
Operating Income			
Domestic operations	12,388	7,087	4,501
International operations	4,157	2,644	2,728
Total operating income	16,545	9,731	7,229
Assets			
Domestic operations	120,538	96,872	30,641
International operations	18,665	9,939	8,199
Total assets	\$ 139,203	\$ 106,811	\$ 38,840

The Company's international operations represent its wholly-owned Australian subsidiaries which are pursuing construction and management contracts for correctional and detention facilities. Through its wholly-owned subsidiary, Wackenhut Corrections Corporation Australia Pty. Limited, the Company currently manages three correctional facilities, four immigration detention centers, and the State of Victoria's Correctional health care services.

The Company's 50% owned United Kingdom joint venture (Premier Prison Services, Ltd.), accounted for under the equity method, commenced management of a correctional facility in Fiscal 1994 and two court escort and transport contracts in Fiscal 1996. Equity in the undistributed income (loss) for Fiscal 1997, 1996, and 1995 was \$1,797,000, \$982,000, and (\$183,000), respectively.

A summary of financial data for the Company's equity affiliate is as follows:

(In Thousands)

	1997	1996	1995
STATEMENT OF OPERATIONS DATA			
Revenues	\$ 51,009	\$ 28,953	\$ 17,705
Operating income (loss)	3,884	1,764	(357)
Net income (loss)	2,209	1,208	(225)
BALANCE SHEET DATA			
Current Assets	14,595	13,145	1,783
Noncurrent Assets	517	538	509
Current liabilities	8,115	8,518	3,702
Noncurrent liabilities	4,029	5,075	--
Stockholders' equity/(deficit)	\$ 2,968	\$ 90	\$ (1,410)

The Company provided management services to the U.K. affiliate in Fiscal 1997 and 1996. The management fees for such services totaled \$484,000 and \$450,000 for Fiscal 1997 and 1996, respectively.

(5) INCOME TAXES

The provision for income taxes in the consolidated statements of income consists of the following components:

(In Thousands)

	1997	1996	1995
Federal Income Taxes:			
Current	\$ 175	\$ --	\$ --
Deferred	6,131	3,588	2,497
	6,306	3,588	2,497
State Income Taxes:			
Current	300	30	30
Deferred	620	488	335
	920	518	365
Foreign Income Taxes			
	--	163	--
Total	\$ 7,226	\$ 4,269	\$ 2,862

Deferred income taxes result from temporary differences in the recognition of revenue and expense for tax and financial reporting purposes.

The principal temporary differences and their tax effects are summarized as follows:

(In Thousands)

	1997	1996	1995
Amortization of deferred charges	\$ 2,921	\$ 1,561	\$ 1,605
Income of foreign subsidiary	1,681	617	1,062
Accrued liabilities	(1,136)		
NSO benefit, booked to equity	3,263	1,827	170
Other, net	22	71	(5)
	\$ 6,751	\$ 4,076	\$ 2,832

A reconciliation of the statutory U.S. federal tax rate (35.0% in 1997, 34.0% in 1996 and 1995) and the effective income tax rate is as follows:

(In Thousands)

	1997	1996	1995
Provision using statutory federal income tax rate	\$ 6,299	\$ 4,054	\$ 2,521
State income tax	818	508	354
Effect of foreign operations, net of foreign income tax provision	--	(264)	--
Other, net	109	(29)	(13)
	\$ 7,226	\$ 4,269	\$ 2,862

The components of the net current deferred income tax liability/ (asset) at fiscal year end are as follows:

(In Thousands)

	1997	1996
Uniforms	\$ 244	\$ 160
Accrued vacation	(291)	(123)
Deferred charges	1,630	895
Accrued liabilities	(1,192)	(56)
	\$ 391	\$ 876

The components of the net non-current deferred income tax liability at fiscal year end are as follows:

(In Thousands)

	1997	1996
Deferred charges	\$ 4,909	\$ 2,724
Income of foreign subsidiaries and affiliates	5,284	2,911
Other, net	(94)	(201)
	\$ 10,099	\$ 5,434

As of December 28, 1997, the Company had federal and state net operating loss carryforwards of approximately \$4,616,000, and \$4,051,000, respectively. The federal net operating losses will expire between 2010 and 2011, while certain state net operating losses will expire between 2000 and 2011.

Utilization of net operating losses in future years may be subject to annual limitations due to the ownership change limitations provided by the Internal Revenue Code of 1986 and similar state provisions. Such limitations, if any, are not expected to impact the ultimate utilization of the carryforwards.

The Company's loss carryforwards are attributable to compensation deductions on its income tax return which were not recognized for financial accounting purposes. The exercise of non-qualified stock options which have been granted under the Company's stock option plans give rise to compensation which is includable in the taxable income of the applicable employees and deducted by the Company for federal and state income tax purposes. Such compensation results from increases in the fair market value of the Company's common stock subsequent to the date of grant. In accordance with Accounting Principles Board Opinion No. 25, such compensation is not recognized as an expense for financial accounting purposes and related tax benefits are credited directly to additional paid-in-capital. In the years ended December 28, 1997 and December 29, 1996, such deductions resulted in significant federal and state deductions which may be carried forward. Utilization of such deductions will increase additional paid-in-capital.

(6) LONG-TERM DEBT

Long-term debt consists of the following:

(In Thousands)

	1997	1996
Note payable for property - 8%	\$ 225	\$ 237
Less - current portion	12	12
	\$ 213	\$ 225

In June 1994, the Company signed an unsecured note payable in the amount of \$262,000 for the purchase of land for the construction of a correctional facility. The note bears interest at 8.0% and matures in July 2009. The Company makes monthly principal and interest payments of \$2,504.

In June 1997, the Company entered into a \$30,000,000 multi-currency revolving credit facility with a syndicate of banks, the proceeds of which may be used for working capital, acquisitions and general corporate purposes. The credit facility also includes a letter of credit facility of up to \$5,000,000 for the issuance of standby letters of credit. Indebtedness under this facility will bear interest at the alternate base rate (defined as the higher of prime rate or federal funds plus 1/2 of 1%) or LIBOR plus 150 to 250 basis points, depending upon fixed charge coverage ratios. The facility requires the Company to, among other things, maintain a maximum leverage ratio; minimum fixed charge coverage ratio; and a minimum tangible net worth. The facility also limits certain payments and distributions. As of December 28, 1997, no amounts were outstanding under this facility. However, at December 28, 1997, the Company had four standby letters of credit outstanding with a bank in an aggregate amount of approximately \$222,000.

Aggregate annual maturities of long-term debt are as follows:

(In Thousands)

FISCAL YEAR	ANNUAL MATURITY
1998	\$ 12
1999	13
2000	15
2001	16
2002	17
Thereafter	152
	\$ 225

(7) COMMITMENTS AND CONTINGENCIES

The nature of the Company's business results in claims for damages arising from the conduct of its employees or others. In the opinion of management, there are no pending legal proceedings that would have a material effect on the consolidated financial statements of the Company.

The Company leases correctional facility office space, computers and vehicles under non-cancelable operating leases expiring between 1998 and 2002. The future minimum commitments under these leases are as follows:

(In Thousands)

FISCAL YEAR	ANNUAL RENTAL
1998	\$ 5,544
1999	5,307
2000	4,820
2001	4,517
2002	4,093
	\$ 24,281

In December 1997, the Company also entered into an \$220 million operating lease facility that has been established to acquire and develop new correctional institutions used in its business. As a condition of this facility, the Company unconditionally agreed to guarantee certain obligations of First Security Bank, National Association, a party to the aforementioned operating lease facility. As of December 28, 1997, approximately \$69 million of properties were under development under this facility.

Rent expense was approximately \$3,351,000, \$2,143,000 and \$1,512,000 for Fiscal 1997, 1996, and 1995 respectively.

The Company contracted with third parties to provide meals for inmates at two correctional facilities operated by the Company under agreements expiring in 1995 and 1996. Food service expense related to these agreements was \$53,000 and \$580,000 in Fiscal 1996 and 1995 respectively.

(8) COMMON AND PREFERRED STOCK

On April 25, 1996, the Company's Board of Directors declared a two-for-one split effected in the form of a 100% common stock dividend paid on June 4, 1996. Except as otherwise noted, all share data relating to the Company's common stock has been restated to reflect the two-for-one stock split.

In April 1994, the Company's Board of Directors authorized 10,000,000 shares of "blank check" preferred stock. The Board of Directors is authorized to determine the rights and privileges of any future

issuance of preferred stock such as voting and dividend rights, liquidation privileges, redemption rights and conversion privileges.

The Company follows the practice of recording amounts received upon the exercise of stock options by crediting common stock and additional paid-in-capital. No charges are reflected in the consolidated statements of income as a result of the grant of stock options, since all grants under the Company's stock option plans (Note 11) have been made at not more than the fair value at the date of grant. The Company realizes an income tax benefit from the exercise of certain stock options of the Company's non-qualified stock options. Since no compensation cost resulted from the grant of stock options in Fiscal 1997 and 1996, this benefit results in a decrease in current income taxes payable and an increase in additional paid-in capital.

(9) EARNINGS PER SHARE

The following table shows the amounts used in computing earnings per share in accordance with SFAS 128 and the effects on income and the weighted average number of shares of potential dilutive common stock. The number of shares used in the calculations for 1996 and 1995 reflect a 100% common stock dividend paid on June 4, 1996.

(In Thousands, except per share data)

	1997		1996		1995	
	INCOME	SHARES	INCOME	SHARES	INCOME	SHARES
NET INCOME	\$ 11,875		\$ 8,261		\$ 4,440	
BASIC EPS:						
Income available to common shareholders	\$ 11,875	22,015	\$ 8,261	21,361	\$ 4,440	16,850
Per share amount	\$ 0.54		\$ 0.39		\$ 0.26	
EFFECT OF DILUTIVE SECURITIES:	\$ (0.02)	682	\$ (0.02)	767	\$ (0.01)	858
DILUTED EPS:						
Income available to common shareholders	\$ 11,875	22,697	\$ 8,261	22,128	\$ 4,440	17,708
Per share amount	\$ 0.52		\$ 0.37		\$ 0.25	

(10) RELATED PARTY TRANSACTIONS

Related party transactions occur in the normal course of business between the Company and TWC. Such transactions include the purchase of goods and services and corporate costs for management support, office space, insurance and interest expense.

The Company incurred the following expenses related to transactions with TWC in the following years:

(In Thousands)

Description	1997	1996	1995
Food services	\$ 461	\$ 450	\$ 3,903
General and administrative expenses	1,200	1,100	1,093
Casualty insurance premiums	4,957	3,306	2,169
Interest (income) charges	10	40	(172)
Rent	285	269	106
	\$ 6,913	\$ 5,165	\$ 7,099

Food services represent charges for meals for inmates at certain correctional facilities operated by the Company. In third quarter 1995, the Company began to provide its own in-house food services at all but one of its facilities. General and administrative expenses represent charges for management and support services. Beginning in Fiscal 1994, TWC provided various general and administrative services to the Company under a Services Agreement. The Agreement expired December 31, 1997 and provides for one year renewal periods at the Company's option. Expenses under the Agreement for Fiscal 1997, Fiscal 1996 and Fiscal 1995 were \$1,200,000, \$1,100,000 and \$1,093,000, respectively. Casualty insurance premiums related to workers' compensation, general liability and automobile insurance coverage are provided through an insurance subsidiary of TWC. In addition, the Company is charged or charges interest on intercompany indebtedness at rates which reflect TWC's average interest costs on long-term debt, exclusive of mortgage financing. For purposes of computing interest expense (income) is calculated based on the average intercompany indebtedness. The Company's corporate offices are located in TWC's corporate office building for which it is allocated rent based upon space occupied under separate lease agreements.

Management believes that the difference between these expenses and those that would have been incurred on a stand alone basis is not material.

(11) STOCK OPTIONS

The Company has three stock option plans, the Wackenhut Corrections Corporation 1994 Stock Option Plan (First Plan), the Wackenhut Corrections Corporation Stock Option Plan (Second Plan) and the 1995 Non-Employee Director Stock Option Plan (Third Plan).

Under the First Plan, the Company may grant up to 897,600 shares of common stock to key employees and consultants. All options granted under this plan are exercisable at the fair market value of the common stock at date of grant, vest 100% after a minimum of six months and no later than ten years after the date of grant.

Under the Second Plan, the Company may grant options to key employees for up to 1,500,000 shares of common stock. Under the terms of this plan, the exercise price per share and vesting period is determined at the sole discretion of the Board of Directors. All options that have been granted under this plan are exercisable at the fair market value of the common stock at date of grant. Generally, the options vest and become exercisable ratably over a five-year period, beginning immediately on the date of grant. However, the Board of Directors has exercised its discretion and has granted options that vest 100% after a minimum of six months. All options under the Second Plan expire no later than ten years after the date of grant.

Under the Third Plan, the Company may grant up to 60,000 shares of common stock to non-employee directors of the Company. Under the terms of this plan, options are granted at the fair market value of the common stock at date of grant, become 100% exercisable immediately, and expire ten years after the date of grant.

A summary of the status of the Company's three stock option plans as of December 31, 1995, December 29, 1996, and December 28, 1997, and changes during the years then ended is presented below:

	1997		1996		1995	
	SHARES	WTD. AVG. EXERCISE PRICE	SHARES	WTD. AVG. EXERCISE PRICE	SHARES	WTD. AVG. EXERCISE PRICE
Outstanding at beginning of year	987,534	\$ 7.13	1,210,132	\$ 5.58	1,595,726	\$ 2.32
Granted	156,500	21.03	60,000	22.63	343,000	11.90
Exercised	230,550	7.16	258,598	2.96	709,394	1.38
Forfeited/Canceled	22,000	11.88	24,000	12.77	19,200	2.32
Options outstanding at end of year	891,484	9.44	987,534	7.13	1,210,132	5.58
Options exercisable at year end	629,084	--	744,734	--	939,732	--

The following table summarizes information about the stock options outstanding at December 28, 1997:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	Number Outstanding at 12/28/97	Wtd Avg Remaining Contractual Life	Wtd Avg Exercise Price	Number Exercisable at 12/28/97	Wtd Avg Exercise Price
\$1.20 - \$3.75	496,984	6.3	\$ 3.54	496,984	\$ 3.54
\$11.88 - \$13.75	189,600	7.9	11.91	77,600	11.97
\$16.63 - \$16.88	15,000	9.2	16.77	7,000	16.86
\$20.25 - \$29.56	189,900	8.9	21.84	47,500	22.12
	891,484			629,084	

The Company accounts for these plans under APB Opinion No. 25, under which no compensation cost has been recognized. Had compensation cost for these plans been determined based on the fair value at date of grant in accordance with FASB Statement No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts as follows:

PRO FORMA DISCLOSURES	1997	1996
Pro forma net earnings	\$11,197	\$7,750
Pro forma basic net earnings per share	0.51	0.37
Pro forma diluted net earnings per share	0.49	0.35
Pro forma weighted average fair value of options granted	\$11.07	\$11.80
Risk free interest rates	5.52% - 5.70%	6.25% - 6.55%
Expected lives	4 - 8 years	4 - 8 years
Expected volatility	48%	46%

Because the Statement 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years.

(12) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data for the Company and its subsidiaries for the fiscal years ended December 28, 1997 and December 29, 1996 is as follows:

(In Thousands, except per share data)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER

1997				
REVENUES	\$ 41,227	\$ 51,509	\$ 55,104	\$ 59,090
OPERATING INCOME	3,272	3,789	4,801	4,683
NET INCOME	2,581	2,723	3,188	3,383
BASIC EARNINGS PER SHARE	0.12	0.12	0.14	0.15
DILUTED EARNINGS PER SHARE	0.11	0.12	0.14	0.15
1996				
REVENUES	\$ 29,433	\$ 33,416	\$ 36,785	\$ 38,149
OPERATING INCOME	1,719	1,913	2,939	3,160
NET INCOME	1,468	1,814	2,411	2,568
BASIC EARNINGS PER SHARE	0.07	0.08	0.11	0.12
DILUTED EARNINGS PER SHARE	0.07	0.08	0.11	0.11

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF WACKENHUT CORRECTIONS CORPORATION:

We have audited the accompanying consolidated balance sheets of Wackenhut Corrections Corporation (a Florida corporation) and subsidiaries as of December 28, 1997 and December 29, 1996, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three fiscal years in the period ended December 28, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wackenhut Corrections Corporation and subsidiaries as of December 28, 1997 and December 29, 1996, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 28, 1997, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP
West Palm Beach, Florida,
February 6, 1998.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

To the Shareholders of Wackenhut Corrections Corporation:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principals. They include amounts based on judgments and estimates.

Representation in the financial statements and the fairness and integrity of such statements are the responsibility of management. In order to meet management's responsibility, the Company maintains a system of internal controls and procedures and a program of internal audits designed to provide reasonable assurance that the Company's assets are controlled and safeguarded, that transactions are executed in accordance with management's authorization and properly recorded, and that accounting records may be relied upon in the preparation of financial statements.

The financial statements have been audited by Arthur Andersen LLP, independent public accountants, whose appointment was ratified by shareholders. Their report expresses a professional opinion as to whether management's financial statements considered in their entirety present fairly, in conformity with generally accepted accounting principles, the Company's financial position and results of operations. Their audit was conducted in accordance with generally accepted auditing standards. As part of this audit, Arthur Andersen LLP considered the Company's system of internal controls to the degree they deemed necessary to determine the nature, timing, and extent of their audit tests which support their opinion on the financial statements.

The Audit Committee of the Board of Directors meets periodically with representatives of management, the independent public accounts and the Company's internal auditors to review matters relating to financial reporting, internal accounting controls and auditing. Both the internal auditors and the independent public accountants have unrestricted access to the Audit Committee to discuss the results of their reviews.

George R. Wackenhut
Chairman

John G. O'Rourke
Senior Vice President
Chief Financial Officer
and Treasurer

PART III

The information required by Items 10, 11, 12, and 13 of Form 10-K (except such information as is furnished in a separate caption "Executive Officers of the Company" and included in Part I, hereto) will be contained in, and is incorporated by reference from, the proxy statement (with the exception of the Board Compensation Committee Report and the Performance Graph) for the Company's 1998 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

1. Financial Statements.

Report of Independent Certified Public Accountants - Page 46

Consolidated Balance Sheets - December 28, 1997 and December 29, 1996 - Page 29

Consolidated Statements of Income - Fiscal years ended December 28, 1997, December 29, 1996 and December 31, 1995 - Page 27

Consolidated Statements of Cash Flows - Fiscal years ended December 28, 1997, December 29, 1996 and December 31, 1995 - Pages 30 - 31

Consolidated Statements of Shareholders' Equity - Fiscal years ended December 28, 1997, December 29, 1996 and December 31, 1995 - Page 28

Notes to Consolidated Financial Statements - Pages 32 - 45

2. Financial Statement Schedules.

Schedule II - Valuation and Qualifying Accounts - Page 52

All schedules specified in the accounting regulations of the Securities and Exchange Commission have been omitted because they are either inapplicable or not required.

3. Exhibits. The following exhibits are filed as part of this Annual Report:

EXHIBIT NUMBER -----	DESCRIPTION -----
3.1**	Amended and Restated Articles of Incorporation of the Company dated May 16, 1994.
3.2**	Bylaws of the Company.
4.1*	Amended and Restated Credit Agreement, dated December 18, 1997, by and among Wackenhut Corrections Corporation, Nations Bank, National Association, Scotia Banc Inc. and the Leders Party thereto from time to time.
4.2*	Amended and Restated Participation Agreement, dated June 19, 1997, among Wackenhut Corrections Corporation, First Security Bank, National Association, the Various Bank and other Lending Institutions which are Partners thereto from time to time, Scotia Banc Inc., and Nations Bank, National Association.
4.3*	Amended and Restated Lease Agreement, dated as of June 19, 1997, between First Security Bank, National Association and Wackenhut Correction Corporation.
4.4*	Guaranty and Suretyship Agreement, dated December 18, 1997, by and among the Guarantors parties thereto and Nations Bank, National Association.
4.5*	Third Amended and Restated Trust Agreement, dated as of June 19, 1997, among, Nations Bank, National Association, and the other financial institutions parties thereto and First Security Bank, National Association.
10.1+**	Wackenhut Corrections Corporation Stock Option Plan.
10.2+**	Wackenhut Corrections Corporation 1994 Stock Option Plan.
10.3+**	Form of Indemnification Agreement between the Company and its Officers and Directors.
10.4+***	Wackenhut Corrections Corporation Senior Officer Retirement Plan.
10.5+***	Wackenhut Corrections Corporation Director Deferral Plan.
10.6+***	Wackenhut Corrections Corporation Senior Officer Incentive Plan.
10.7	Services Agreement dated as of January 3, 1994 between the Company and TWC (incorporated by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1, as amended, Registration Number 33-79264).
10.8***	Services Agreement effective as of January 1, 1996 between the Company and TWC.
10.9	Lease Agreement effective as of January 3, 1994 between the Company and TWC (incorporated by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1, as amended, Registration Number 33-79264)
10.10	Revolving Credit Facility Agreement dated December 12, 1994 between the Company and Barnett Bank of South Florida, N.A. (incorporated by reference to Exhibit 10.106 of the Company's Annual Report on Form 10-K for the Fiscal Year ended January 1, 1995).
21.1***	Subsidiaries of the Company.
24.1*	Powers of Attorney. (Included as part of the signature page hereto.)
27.1	Financial Date Schedule (for SEC use only).

- -----

* Filed herewith.

** Incorporated herein by reference to exhibit of the same number filed in the Company's Registration Statement, as amended, on Form S-1 (Registration Number 33-79264)

*** Incorporated herein by reference to exhibit of the same number filed in the Company's Registration Statement, as amended, on Form S-1 (Registration Number 33-80785)

+ Management contract or compensatory plan, contract or agreement as defined in Item 402(a) (3) of Regulation S-K.

(b) Reports on Form 8-K. The Company did not file a current report on Form 8-K during the fourth quarter of fiscal year 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WACKENHUT CORRECTIONS CORPORATION

Date: February 20, 1998 /s/ John G. O'Rourke

JOHN G. O'ROURKE
Senior Vice President - Finance, Treasurer
and Chief Financial Officer

Each person whose signature appears below hereby constitutes and appoints George C. Zoley, John G. O'Rourke and David N.T. Watson and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Date: February 20, 1998 /s/ George C. Zoley

GEORGE C. ZOLEY
Vice Chairman of the Board and Chief
Executive Officer

(principal executive officer)

Date: February 20, 1998 /s/ John G. O'Rourke

JOHN G. O'ROURKE
Senior Vice President - Finance, Treasurer
and Chief Financial Officer

(principal financial officer)

Date: February 20, 1998 /s/ David N.T. Watson

DAVID N.T. WATSON
Controller, Chief Accounting Officer, and
Assistant Treasurer

(principal accounting officer)

Date: February 20, 1998 /s/ George R. Wackenhut

GEORGE R. WACKENHUT
Director

Date: February 20, 1998

/s/ Richard R. Wackenhut

RICHARD R. WACKENHUT
Director

Date: February 20, 1998

/s/Norman A. Carlson

NORMAN A. CARLSON
Director

Date: February 20, 1998

/s/Benjamin R. Civiletti

BENJAMIN R. CIVILETTI
Director

Date: February 20, 1998

/s/Manuel J. Justiz

MANUEL J. JUSTIZ
Director

Date: February 20, 1998

/s/John F. Ruffle

JOHN F. RUFFLE
Director

Date: February 20, 1998

/s/Anthony P. Trivisono

ANTHONY P. TRAVISONO
Director

SCHEDULE II

WACKENHUT CORRECTIONS CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEARS ENDED, DECEMBER 28, 1997, DECEMBER 29, 1996 AND
DECEMBER 31, 1995

(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COST AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS, ACTUAL CHARGE-OFFS	BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 28, 1997:					
Allowance for doubtful accounts	\$ --	\$ 1,745	\$ --	\$ (1,118)	\$ 627
YEAR ENDED DECEMBER 29, 1996:					
Allowance for doubtful accounts	\$	\$	\$	\$	\$
YEAR ENDED DECEMBER 31, 1995:					
Allowance for doubtful	\$	\$	\$	\$	\$

EXHIBIT INDEX

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21.1***	Subsidiaries of the Company.
24.1*	Powers of Attorney. (Included as part of the signature page hereto.)
27.1	Financial Date Schedule (for SEC use only).

AMENDED AND RESTATED
CREDIT AGREEMENT

by and among

WACKENHUT CORRECTIONS CORPORATION
as Borrower,

NATIONSBANK, NATIONAL ASSOCIATION,
as Administrative Agent and as Lender,

SCOTIABANC INC.,
as Documentation Agent and as a Lender,

and

THE LENDERS PARTY HERETO FROM TIME TO TIME

December 18, 1997

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of December 18, 1997 (the "Agreement"), is made by and among WACKENHUT CORRECTIONS CORPORATION, a Florida corporation having its principal place of business in Palm Beach Gardens, Florida (the "Borrower"), NATIONSBANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, in its capacity as a Lender ("NationsBank"), and each other financial institution executing and delivering a signature page hereto and each other financial institution which may hereafter execute and deliver an instrument of assignment with respect to this Agreement pursuant to Section 12.1 (hereinafter such financial institutions may be referred to individually as a "Lender" or collectively as the "Lenders"), and NATIONSBANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, in its capacity as agent for the Lenders (in such capacity, and together with any successor agent appointed in accordance with the terms of Section 11.7, the "Agent");

W I T N E S S E T H:

WHEREAS, the Borrower is presently a party to a Credit Agreement dated June 19, 1997 with NationsBank, as agent and various lenders (the "Existing Lenders"), and various other lenders party thereto (the "Existing Agreement"); and

WHEREAS, the Borrower has requested that the Lenders party hereto amend and restate the Existing Agreement in its entirety in the manner set forth herein; and

WHEREAS, the Lenders are willing to amend and restate the Existing Agreement and to make such revolving credit and letter of credit facilities available to the Borrower upon the terms and conditions set forth herein;

NOW, THEREFORE, the Borrower, the Lenders and the Agent hereby agree as follows:

ARTICLE I

Definitions and Terms

1.1. Amendment and Restatement. The Borrower, the Agent and the Lenders hereby agree that upon the effectiveness of this Agreement, the terms and provisions of the Existing Agreement shall be and hereby are amended and restated in their entirety by the terms and conditions of this Agreement and the terms and provisions of the Existing Agreement, except as otherwise provided herein, shall be superseded by this Agreement.

Notwithstanding the amendment and restatement of the Existing Agreement by this Agreement, the Borrower shall continue to be liable to the Agent and the Existing Lenders with respect to (and to the extent of) agreements on the part of the Borrower under the Existing Agreement to indemnify and hold harmless the Agent and the Existing Lenders from and against all claims, demands, liabilities, damages, losses, costs, charges and expenses to which the Agent and the Existing Lenders may be subject arising in connection with the Existing Agreement. This Agreement is given as a substitution of, and not as a payment of, the obligations of Borrower under the Existing Agreement and is not intended to constitute a novation of the Existing Agreement. Except as otherwise selected by the Borrower by delivery of a Borrowing Notice or Interest Rate Selection Notice prior to the Closing Date in accordance with the terms hereof, upon the effectiveness of this Agreement all amounts outstanding and owing by Borrower under the Existing Agreement as of the Closing Date, as determined by the Lenders, shall constitute Advances hereunder accruing interest with respect to the Base Rate Loans under the Existing Agreement, at the Base Rate hereunder. The parties hereto agree that the Interest Periods for all Eurodollar Loans outstanding under the Existing Agreement on the Closing Date shall be terminated, the Borrower shall make any payments required under Section 5.5 hereof to the Lenders. The Borrower shall furnish to the Agent Interest Rate Selection Notices for existing Loans and Borrowing Notices for additional Loans as may be required in connection with the allocation of Loans among Lenders in accordance with their Applicable Commitment Percentages. Except as otherwise provided for by the Borrower by delivery to NationsBank of an Application and Agreement for Letters of Credit prior to the Closing Date in accordance with the terms hereof, upon the effectiveness of this Agreement, all Letters of Credit issued for the account of the Borrower under the Existing Agreement as of the Closing Date shall constitute Letters of Credit hereunder.

1.2. Definitions. For the purposes of this Agreement, in addition to the definitions set forth above, the following terms shall have the respective meanings set forth below:

"Acquisition" means the acquisition of (i) a controlling equity interest in another Person (including the purchase of an option, warrant or convertible or similar type security to acquire such a controlling interest at the time it becomes exercisable by the holder thereof), whether by purchase of such equity interest or upon exercise of an option or warrant for, or conversion of securities into, such equity interest, or (ii) assets of another Person

which constitute all or substantially all of the assets of such Person or of a line or lines of business conducted by such Person.

"Advance" means a borrowing under the Revolving Credit Facility consisting of a Base Rate Loan or a Eurodollar Rate Loan.

"Advance Date Exchange Rate" means, with respect to a specified Advance or Loan in an Alternative Currency, the Spot Rate of Exchange as of the date two Business Days preceding the date such Advance is originally made, provided that, if such Advance or Loan is Continued for a subsequent Interest Period or Converted pursuant to Section 2.8, the Advance Date Exchange Rate with respect to such Loan shall be the Spot Rate of Exchange two Business Days preceding the effective date of the latest Continuation or Conversion of such Advance or Loan, and the Dollar Value of such Advance or Loan shall be adjusted as set forth in Section 2.1(b).

"Adjusted Consolidated EBITDA" means, the sum of Annualized Consolidated EBITDA plus Contract EBITDA.

"Adjusted Consolidated Leverage Ratio" means the ratio of (i) Consolidated Indebtedness as at the Determination Date to (ii) Adjusted Consolidated EBITDA.

"Affiliate" means any Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with the Borrower; or (ii) which beneficially owns or holds 5% or more of any class of the outstanding voting stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of the Borrower; or 5% or more of any class of the outstanding voting stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Borrower. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting stock, by contract or otherwise.

"Alternative Currency" means Pounds Sterling, Australian Dollars, Canadian Dollars, Euro Currency and with the prior written consent of all Lenders and the Agent, any other lawful currency other than Dollars which is freely transferable and convertible into Dollars in the United States currency market; provided, however, that an Alternative Currency shall only be available to the Borrower if each Lender shall have determined (which determination shall be conclusive) that it has access to such Alternative Currency on terms reasonably acceptable to such Lender and that the Alternative Currency is freely transferable and convertible into Dollars.

"Alternative Currency Equivalent Amount" means with respect to a specified Alternative Currency and a specified Dollar amount, the amount of such Alternative Currency into which such Dollar amount would be Converted, based on the applicable Advance Date Exchange Rate.

"Annualized Consolidated EBITDA" means, with respect to the Borrower and its Subsidiaries for any fiscal quarter period ending on the date of computation thereof, Consolidated EBITDA for such quarter period multiplied by four (4).

"Annualized Consolidated Senior Leverage Ratio" means the ratio of (i) Consolidated Senior Indebtedness to (ii) Annualized Consolidated EBITDA.

"Applicable Commitment Percentage" means, with respect to each Lender at any time, a fraction, the numerator of which shall be such Lender's Revolving Credit Commitment and the denominator of which shall be the Total Revolving Credit Commitment, which Applicable Commitment Percentage for each Lender as of the Closing Date is as set forth in Exhibit A; provided that the Applicable Commitment Percentage of each Lender shall be increased or decreased to reflect any assignments to or by such Lender effected in accordance with Section 12.1.

"Applicable Lending Office" means, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or of an affiliate of such Lender) designated for such Type of Loan on the signature pages hereof or such other office of such Lender (or an affiliate of such Lender) as such Lender may from time to time specify to the Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" means for each Eurodollar Rate Loan, or Swing Line Loan, that percent per annum set forth below, which shall be based upon the (i) Annualized Consolidated Senior Leverage Ratio and (ii) Consolidated Fixed Charge Ratio as specified below:

Tier	Annualized Consolidated Senior Leverage Ratio	Consolidated Fixed Charge Ratio	
		1.50 to 1.00 or Greater But Less Than 2.00 to 1.00	2.00 to 1.00 or Greater
----- Applicable Margin -----			
I	Greater than 5.00 to 1.00	2-1/2%	2-1/4%
II	Equal to or less than 5.00 to 1.00 and more than 4.00 to 1.00	2-1/4%	2%
III	Equal to or less than 4.00 to 1.00 and more than 3.00 to 1.00	2%	1-3/4%
IV	Equal to or less than 3.00 to 1.00	1-3/4%	1-1/2%

The Applicable Margin shall be established at the end of each fiscal quarter of the Borrower (each, a "Determination Date"). Any change in the Applicable Margin following each Determination Date shall be determined based upon the computations set forth in the certificate furnished to the Agent pursuant to Section 8.1(a)(ii) and Section 8.1(b)(ii), subject to review and approval of such computations by the Agent, and shall be effective commencing on the date following the date such certificate is received (or, if earlier, the date such certificate was required to be delivered) until the date following the date on which a new certificate is delivered or is required to be delivered, whichever shall first occur; provided however, if the Borrower shall fail to deliver any such certificate within five (5) days after the time period required by Section 8.1, then the Applicable Margin shall be Tier I and as if the Consolidated Fixed Charge Ratio is less than 2.00 to 1.00 from the date such certificate was required to be delivered until the appropriate certificate is so delivered. From the Closing Date to the date following the date on which the compliance certificate required by Section 8.1(b)(ii) is delivered for Fiscal Year 1997, the Applicable Margin shall be Tier III.

"Applicable Unused Fee" means that percent per annum set forth below, which shall be based upon the (i) Annualized Consolidated Senior Leverage Ratio and (ii) Consolidated Fixed Charge Ratio as specified below:

Tier	Annualized Consolidated Senior Leverage Ratio	Consolidated Fixed Charge Ratio	
		1.50 to 1.00 or Greater But Less Than 2.00 to 1.00	2.00 to 1.00 or Greater
----- Applicable Margin -----			
I	Greater than 5.00 to 1.00	1/2%	1/2%
II	Equal to or less than 5.00 to 1.00 and more than 4.00 to 1.00	1/2%	1/2%
III	Equal to or less than 4.00 to 1.00 and more than 3.00 to 1.00	1/2%	3/8%
IV	Equal to or less than 3.00 to 1.00	3/8%	3/8%

The Applicable Unused Fee shall be established on each Determination Date. Any change in the Applicable Unused Fee following each Determination Date shall be determined based

upon the computations set forth in the certificate furnished to the Agent pursuant to Section 8.1(a)(ii) and Section 8.1(b)(ii), subject to review and approval of such computations by the Agent and shall be effective commencing on the date following the date such certificate is received (or, if earlier, the date such certificate was required to be delivered) until the date following the date on which a new certificate is delivered or is required to be delivered, whichever shall first occur; provided however, if the Borrower shall fail to deliver any such certificate within five (5) days after the time period required by Section 8.1, then the Applicable Unused Fee shall be Tier I and as if the Consolidated Fixed Charge Ratio is less than 2.00 to 1.00 from the date such certificate was required to be delivered until the appropriate certificate is so delivered. From the Closing Date to the date following the date on which the compliance certificate required by Section 8.1(b)(ii) is delivered for Fiscal Year 1997, the Applicable Margin shall be Tier III.

"Applications and Agreements for Letters of Credit" means, collectively, the Applications and Agreements for Letters of Credit, or similar documentation, executed by the Borrower from time to time and delivered to the Issuing Bank to support the issuance of Letters of Credit.

"Assessment Rate" means, for any day, the annual assessment rate (rounded upwards, if necessary, to the nearest 1/100 of 1%) which is payable by the Agent (in its individual capacity) to the Federal Deposit Insurance Corporation (or any successor) for deposit insurance for Dollar time deposits with the Agent (in its individual capacity) at its Principal Office as determined by the Agent. The CD Rate shall be adjusted automatically on and as of the effective date of any change in the Assessment Rate.

"Assignment and Acceptance" shall mean an Assignment and Acceptance in the form of Exhibit B (with blanks appropriately filled in) executed and delivered to the Agent by the parties thereto in connection with an assignment of a Lender's interest under this Agreement pursuant to Section 12.1.

"Australian Dollars" means the official currency of Australia.

"Authorized Representative" means any of the Chief Executive Officer, President, any Senior Vice President or Controller of the Borrower or, with respect to financial matters, the chief financial officer or Controller of the Borrower, or any other Person expressly designated by the Board of Directors of the Borrower (or the appropriate committee thereof) as an Authorized Representative of the Borrower, as set forth from time to time in a certificate in the form of Exhibit C.

"Base Rate" means, for any day, the rate per annum equal to the sum of (i) the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the Prime Rate for such day plus (ii) the Base Rate Margin. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or Federal Funds Rate.

"Base Rate Loan" means a Dollar denominated Loan for which the rate of interest is determined by reference to the Base Rate.

"Base Rate Margin" means the Applicable Margin minus one and one-half percent (1- 1/2%).

"Base Rate Refunding Loan" means a Base Rate Loan made either to (i) satisfy Reimbursement Obligations arising from a drawing under a Letter of Credit or (ii) pay NationsBank in respect of Swing Line Outstandings.

"Board" means the Board of Governors of the Federal Reserve System (or any successor body).

"Borrower's Account" means a demand deposit account number [_____] or any successor account with the Agent, which may be maintained at one or more offices of the Agent or an agent of the Agent.

"Borrowing Notice" means the notice delivered by an Authorized Representative in connection with an Advance under the Revolving Credit Facility or a Swing Line Loan, in the forms of Exhibits D-1 and D-2, respectively.

"Business Day" means, (i) with respect to any Floating Rate Loan, any day which is not a Saturday, Sunday or a day on which banks in the States of New York and North Carolina are authorized or obligated by law, executive order or governmental decree to be closed, and (ii) with respect to any Eurodollar Rate Loan, any day which is a Business Day, as described above, and on which the relevant international financial markets are open for the transaction of business contemplated by this Agreement in London, England, New York, New York and Charlotte, North Carolina.

"Canadian Dollar" means the official currency of Canada.

"Capital Expenditures" means, with respect to the Borrower and its Subsidiaries, for any period the sum of (without duplication) (i) all expenditures (whether paid in cash or accrued as liabilities) by the Borrower or any Subsidiary during such period for items that would be classified as "property, plant or equipment" or comparable items on the consolidated balance sheet of the Borrower and its Subsidiaries, including without limitation all transactional costs incurred in connection with such expenditures provided the same have been capitalized and including all TROL Indebtedness, excluding, however, the amount of any Capital Expenditures paid for with proceeds of casualty insurance as evidenced in writing and submitted to the Agent together with any compliance certificate delivered pursuant to Section 8.1(a) or (b), and (ii) with respect to any Capital Lease entered into by the Borrower or its Subsidiaries during such period, the present value of the lease payments due under such Capital Lease over the term of such Capital Lease applying a discount rate equal to the interest rate provided in such Capital Lease (or in the absence of a stated interest

rate, that rate used in the preparation of the financial statements described in Section 8.1(a)), all the foregoing in accordance with GAAP applied on a Consistent Basis.

"Capital Leases" means all leases which have been or should be capitalized in accordance with GAAP as in effect from time to time including Statement No. 13 of the Financial Accounting Standards Board and any successor thereof.

"CD Rate" means the interest rate per annum calculated according to the following formula:

$$\text{CD Rate} = \frac{\text{Floating CD Rate}}{1 - \text{Reserve Requirement}} + \text{Assessment Rate} + \text{Applicable Margin}$$

"CD Rate Loans" means Loans that bear interest at rates based upon the CD Rate.

"Change of Control" means, at any time:

(i) any "person" or "group" (each as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) either (A) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of Voting Stock of the Borrower (or securities convertible into or exchangeable for such Voting Stock) representing 20% or more of the combined voting power of all Voting Stock of the Borrower (on a fully diluted basis) or (B) otherwise has the ability, directly or indirectly, to elect a majority of the board of directors of the Borrower; provided, however, that this subsection shall apply only to any "person" or "group" (each as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) who does not qualify hereunder as of the Closing Date.

(ii) during any period of up to 24 consecutive months, commencing on the Closing Date, individuals who at the beginning of such 24-month period were directors of the Borrower shall cease for any reason (other than the death, disability or retirement of an officer of the Borrower that is serving as a director at such time so long as another officer of the Borrower replaces such Person as a director) to constitute a majority of the board of directors of the Borrower; or

(iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence on the management or policies of the Borrower.

"Closing Date" means the date as of which this Agreement is executed by the Borrower, the Lenders and the Agent and on which the conditions set forth in Section 6.1 have been satisfied.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

"Collateral" means, collectively, all property of the Borrower or any Subsidiary in which the Agent or any Lender is granted a Lien as security for all or any portion of the Obligations under any of the Security Instruments.

"Consistent Basis" in reference to the application of GAAP means the accounting principles observed in the period referred to are comparable in all material respects to those applied in the preparation of the audited financial statements of the Borrower referred to in Section 7.6(a).

"Consolidated EBITDA" means, with respect to the Borrower and its Subsidiaries for the period ending on the date of computation thereof, the sum of, without duplication, (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) taxes on income, (iv) amortization, and (v) depreciation, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to the Borrower and its Subsidiaries for any Four-Quarter Period ending on the date of computation thereof, the ratio of (i) Consolidated EBITDA plus Consolidated Lease Payments for such period to (ii) Consolidated Fixed Charges for such period.

"Consolidated Fixed Charges" means, with respect to Borrower and its Subsidiaries for any Four-Quarter Period ending on the date of computation thereof, the sum of, without duplication, (i) Consolidated Interest Expense, (ii) required principal payments of Consolidated Indebtedness, (iii) Consolidated Lease Payments for such period and (iv) all Restricted Payments, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Consolidated Indebtedness" means all Indebtedness of the Borrower and its Subsidiaries plus all TROL Indebtedness, all determined on a consolidated basis.

"Consolidated Interest Expense" means, with respect to any period of computation thereof, the gross interest expense of the Borrower and its Subsidiaries, including without limitation (i) the current amortized portion of debt discounts to the extent included in gross interest expense, (ii) the current amortized portion of all fees (including fees payable in respect of any Swap Agreement and Letters of Credit) payable in connection with the incurrence of Indebtedness to the extent included in gross interest expense and (iii) the

portion of any payments made in connection with Capital Leases allocable to interest expense, in each of the foregoing cases determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis; provided that Consolidated Interest Expense shall not include payments with respect to the TROL Leases.

"Consolidated Lease Payments" means the gross amount of all lease or rental payments, whether or not characterized as rent, including rental payments under TROL Leases of the Borrower and its Subsidiaries, excluding payments in respect of Capital Leases constituting Indebtedness, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Consolidated Net Income" means, for any period of computation thereof, the gross revenues from operations of the Borrower and its Subsidiaries (including payments received by the Borrower and its Subsidiaries of (a) interest income, and (b) dividends and distributions, including management fees, made in the ordinary course of their businesses by a Special Purpose Subsidiary or other Persons in which investment is permitted pursuant to this Agreement), less all operating and non-operating expenses of the Borrower and its Subsidiaries including taxes on income, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis; but excluding (for all purposes other than compliance with Section 9.1(a) hereof) as income: (i) net gains or losses on the sale, conversion or other disposition of capital assets, (ii) net gains or losses on the acquisition, retirement, sale or other disposition of capital stock and other securities of the Borrower or its Subsidiaries, (iii) net gains or losses on the collection of proceeds of life insurance policies, (iv) any write-up of any asset, and (v) any other net gain or loss or credit or debit of an extraordinary nature as determined in accordance with GAAP applied on a Consistent Basis.

"Consolidated Net Worth" means, as of any date on which the amount thereof is to be determined, Consolidated Shareholders' Equity minus (without duplication of deductions in respect of items already deducted in arriving at surplus and retained earnings) all reserves (other than contingency reserves not allocated to any particular purpose), including without limitation reserves for depreciation, depletion, amortization, obsolescence, deferred income taxes, insurance and inventory valuation all as determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Consolidated Senior Indebtedness" means Consolidated Indebtedness minus Subordinated Indebtedness.

"Consolidated Shareholders' Equity" means, as of any date on which the amount thereof is to be determined, the sum of the following in respect of the Borrower and its Subsidiaries (determined on a consolidated basis and excluding any upward adjustment after the Closing Date due to revaluation of assets): (i) the amount of issued and outstanding share capital, plus (ii) the amount of additional paid-in capital and retained earnings (or, in the case

of a deficit, minus the amount of such deficit), plus (iii) the amount of any foreign currency translation adjustment (if positive, or, if negative, minus the amount of such translation adjustment), minus (iv) the amount of any treasury stock, all as determined in accordance with GAAP applied on a Consistent Basis.

"Consolidated Total Assets" means, as of the date on which the amount thereof is to be determined, the net book value of all assets of the Borrower and its Subsidiaries as determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Contingent Obligation" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Contingent Obligation shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness guaranteed thereby).

"Continue", "Continuation", and "Continued" shall refer to the continuation pursuant to Section 2.8 hereof of a Eurodollar Rate Loan of one Type as a Eurodollar Rate Loan of the same Type from one Interest Period to the next Interest Period.

"Contract EBITDA" means the Dollar amount of Consolidated EBITDA for a Four-Quarter Period which the Borrower can project to be received from the operation of a Qualifying Property based upon the pricing proposal which forms the basis, as amended from time to time, for the award of a contract or which is otherwise acceptable to the Agent, and with respect to which Qualifying Property debt for construction of improvements thereon has been incurred.

"Convert", "Conversion", and "Converted" shall refer to a conversion pursuant to Section 2.8 or Article IV of one Type of Loan into another Type of Loan.

"Cost of an Acquisition" means, with respect to any Acquisition, as at the date of entering into any agreement therefor, the sum of the following (without duplication): (i) the value of the capital stock, warrants or options to acquire capital stock of Borrower or any Subsidiary to be transferred in connection therewith, (ii) the amount of any cash and fair market value of other property (excluding property described in clause (i) and the unpaid principal amount of any debt instrument) given as consideration, (iii) the amount (determined by using the face amount or the amount payable at maturity, whichever is greater) of any Indebtedness incurred, assumed or acquired by the Borrower or any Subsidiary in connection with such Acquisition, (iv) all additional purchase price amounts in the form of earnouts and other contingent obligations that should be recorded on the financial statements of the Borrower and its Subsidiaries in accordance with GAAP, (v) all amounts paid in respect of

covenants not to compete, consulting agreements that should be recorded on financial statements of the Borrower and its Subsidiaries in accordance with GAAP, (vi) the aggregate fair market value of all other consideration given by the Borrower or any Subsidiary in connection with such Acquisition, and (vii) out of pocket transaction costs for the services and expenses of attorneys, accountants and other consultants incurred in effecting such transaction, and other similar transaction costs so incurred.

"Default" means any event or condition which, with the giving or receipt of notice or lapse of time or both, would constitute an Event of Default hereunder.

"Default Rate" means (i) with respect to each Eurodollar Rate Loan, until the end of the Interest Period applicable thereto, a rate of two percent (2%) above the Eurodollar Rate applicable to such Loan, and thereafter at a rate of interest per annum which shall be two percent (2%) above the Base Rate, (ii) with respect to Floating Rate Loans, at a rate of interest per annum which shall be two percent (2%) above the Base Rate, and (iii) in any case, the maximum rate permitted by applicable law, if lower.

"Determination Date" has the meaning set forth in the definition "Applicable Margin".

"Direct Foreign Subsidiary" means any Subsidiary of the Borrower that is not a Domestic Subsidiary a majority of whose outstanding Voting Stock is owned by the Borrower or a Domestic Subsidiary.

"Dollar Equivalent Amount" means, with respect to a specified Alternative Currency amount, the amount of Dollars into which the Alternative Currency amount would be converted, based on the applicable Advance Date Exchange Rate.

"Dollar Value" of an Advance or a Loan in an Alternative Currency means the Dollar Equivalent Amount of the principal amount of such Advance or Loan based on the Advance Date Exchange Rate with respect to such Advance or Loan, as recorded in the Agent's records pursuant to Section 2.1.

"Dollars" and the symbol "\$" means dollars constituting legal tender for the payment of public and private debts in the United States of America.

"Domestic Subsidiary" means any Subsidiary of the Borrower organized under the laws of the United States of America or a state or territory thereof.

"Eligible Assignee" means (i) a Lender; (ii) an affiliate of a Lender; and (iii) any other Person approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 12.1; the Borrower, such approval not to be unreasonably withheld or delayed by the Borrower, it

being agreed that Borrower may withhold its approval if as a result of such assignment the Borrower incurs increased cost under Section 5.6; provided, however, that neither the Borrower nor an affiliate of the Borrower shall qualify as an Eligible Assignee.

"Eligible Securities" means the following obligations and any other obligations previously approved in writing by the Agent:

(a) Government Securities;

(b) obligations of any corporation organized under the laws of any state of the United States of America or under the laws of any other nation, payable in the United States of America, expressed to mature not later than 270 days following the date of issuance thereof and rated in an investment grade rating category by S&P and Moody's;

(c) interest bearing demand or time deposits issued by any Lender or certificates of deposit maturing within one year from the date of issuance thereof and issued by a bank or trust company organized under the laws of the United States or of any state thereof having capital surplus and undivided profits aggregating at least \$400,000,000 and being rated "A-" or better by S&P or "A-3" or better by Moody's;

(d) Repurchase Agreements;

(e) Municipal Obligations;

(f) Pre-Refunded Municipal Obligations;

(g) shares of mutual funds which invest in obligations described in paragraphs (a) through (f) above, the shares of which mutual funds are at all times rated "AAA" by S&P;

(h) tax-exempt or taxable adjustable rate preferred stock issued by a Person having a rating of its long term unsecured debt of "A-" or better by S&P or "A-3" or better by Moody's; and

(i) asset-backed remarketed certificates of participation representing a fractional undivided interest in the assets of a trust, which certificates are rated at least "A-1" by S&P and "P-1" by Moody's.

"Employee Benefit Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA which (i) is maintained for employees of the Borrower or any of its ERISA Affiliates or is assumed by the Borrower or any of its ERISA Affiliates in connection with any Acquisition or (ii) has at any time been maintained for the employees of the Borrower or any current or former ERISA Affiliate.

"Environmental Laws" means any federal, state or local statute, law, ordinance, code, rule, regulation, order, decree, permit or license regulating, relating to, or imposing liability or standards of conduct concerning, any environmental matters or conditions, environmental protection or conservation, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; the Resource Conservation and Recovery Act, as amended; the Toxic Substances Control Act, as amended; the Clean Air Act, as amended; the Clean Water Act, as amended; together with all regulations promulgated thereunder, and any other "Superfund" or "Superlien" law."

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"ERISA Affiliate", as applied to the Borrower, means any Person or trade or business which is a member of a group which is under common control with the Borrower, who together with the Borrower, is treated as a single employer within the meaning of Section 414(b) and (c) of the Code.

"Euro Currency" means the official currency, if any, of the European Union.

"Eurodollar Rate Loan" means Loans that bear interest at rates based upon the Eurodollar Rate.

"Eurodollar Rate" means the interest rate per annum calculated according to the following formula:

$$\begin{array}{rclcl} \text{Eurodollar} & = & \text{Interbank Offered Rate} & + & \text{Applicable} \\ \text{Rate} & & \text{-----} & & \text{Margin} \\ & & 1 - \text{Reserve Requirement} & & \end{array}$$

"Event of Default" means any of the occurrences set forth as such in Section 10.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

"Existing Letters of Credit" means those Letters of Credit issued by NationsBank described on Schedule 1.1 hereto.

"Facility Guaranty" means each Guaranty and Suretyship Agreement between one or more Guarantors and the Agent for the benefit of the Lenders, delivered as of the Closing Date and otherwise pursuant to Section 8.19, as the same may be amended, modified or supplemented.

"Facility Termination Date" means the date on which the Revolving Credit Termination Date shall have occurred, no Letters of Credit shall remain outstanding and the Borrower shall have fully, finally and irrevocably paid and satisfied all Obligations.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Agent (in its individual capacity) on such day on such transactions as determined by the Agent.

"Fiscal Year" means the twelve month fiscal period of the Borrower and its Subsidiaries commencing on the Monday after the Sunday closest to the calendar year end of each calendar year and ending on the Sunday closest to the calendar year end of each calendar year.

"Floating CD Rate" means, for any CD Rate Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Agent to be the average of the bid rates quoted to the Agent at approximately 10:00 a.m. (or as soon thereafter as practicable) by two (2) or more certificate of deposit dealers of recognized national standing selected by the Agent for the purchase at face value of certificates of deposit of the Agent having a term of ninety (90) days and in an amount comparable to the principal amount of the CD Loan to be made by the Agent.

"Floating Rate Loan" means Base Rate Loans or CD Rate Loans or both.

"Foreign Benefit Law" means any applicable statute, law, ordinance, code, rule, regulation, order or decree of any foreign nation or any province, state, territory, protectorate or other political subdivision thereof regulating, relating to, or imposing liability or standards of conduct concerning, any Employee Benefit Plan.

"Four-Quarter Period" means a period of four full consecutive fiscal quarters of the Borrower and its Subsidiaries, taken together as one accounting period.

"Funding Bank" means any banking institution approved by the Agent located within a country which country's currency has been approved by the Lenders as an Alternative Currency.

"GAAP" or "Generally Accepted Accounting Principles" means generally accepted accounting principles, being those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report.

"Government Securities" means direct obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Governmental Authority" shall mean any Federal, state, municipal, national or other governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Guarantors" means, at any date, the Subsidiaries who are required to be parties to a Facility Guaranty at such date.

"Hazardous Material" means and includes any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material (including without limitation petroleum products, asbestos-containing materials and lead), the generation, handling, storage, transportation, disposal, treatment, release, discharge or emission of which is subject to any Environmental Law.

"Indebtedness" means with respect to any Person, without duplication, all Indebtedness for Money Borrowed, all indebtedness of such Person for the acquisition of property or arising under Rate Hedging Obligations, all indebtedness secured by any Lien on the property of such Person whether or not such indebtedness is assumed, all liability of such Person by way of endorsements (other than for collection or deposit in the ordinary course of business), all Contingent Obligations, including letters of credit, that portion of obligations with respect to Capital Leases and other items which in accordance with GAAP is required to be classified as a liability on a balance sheet; but excluding all accounts payable and accruals in the ordinary course of business so long as payment therefor is due within one year; provided that in no event shall the term Indebtedness include surplus and retained earnings, lease obligations (other than pursuant to Capital Leases), reserves for deferred income taxes and investment credits, other deferred credits or reserves.

"Indebtedness for Money Borrowed" means with respect to any Person, without duplication, all indebtedness in respect of money borrowed, including without limitation all Capital Leases and the deferred purchase price of any property or asset, evidenced by a promissory note, bond, debenture or similar written obligation for the payment of money (including conditional sales or similar title retention agreements), other than trade payables and short-term accounts payable incurred in the ordinary course of business.

"Interbank Offered Rate" means, for any Eurodollar Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered

rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Eurodollar Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

"Interest Period" means, for each Eurodollar Rate Loan, a period commencing on the date such Eurodollar Rate Loan is made or Converted and ending, at the Borrower's option, on the date one, two, three or six months and nine months, if available, thereafter as notified to the Agent by the Authorized Representative three (3) Business Days prior to the beginning of such Interest Period; provided, that,

(i) if the Authorized Representative fails to notify the Agent of the length of an Interest Period three (3) Business Days prior to the first day of such Interest Period, the Loan for which such Interest Period was to be determined shall be deemed to be a Base Rate Loan as of the first day thereof;

(ii) if an Interest Period for a Eurodollar Rate Loan would end on a day which is not a Business Day, such Interest Period shall be extended to the next Business Day (unless such extension would cause the applicable Interest Period to end in the succeeding calendar month, in which case such Interest Period shall end on the next preceding Business Day);

(iii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iv) no Interest Period shall extend past the Stated Termination Date; and

(v) there shall not be more than seven (7) Interest Periods in effect on any day.

"Interest Rate Selection Notice" means the written notice delivered by an Authorized Representative in connection with the election of a subsequent Interest Period for any Eurodollar Rate Loan or the Conversion of any Eurodollar Rate Loan into a Base Rate Loan or the Conversion of any Base Rate Loan into a Eurodollar Rate Loan, in the form of Exhibit E.

"Issuing Bank" means initially NationsBank and thereafter any Lender which is successor to NationsBank as issuer of Letters of Credit under Article III.

"LC Account Agreement" means the LC Account Agreement dated as of the date hereof between the Borrower and the Agent, as amended, modified or supplemented from time to time.

"Letter of Credit" means a standby or commercial letter of credit issued by the Issuing Bank for the account of the Borrower in favor of a Person advancing credit or securing an obligation on behalf of the Borrower including the Existing Letters of Credit.

"Letter of Credit Commitment" means, with respect to each Lender, the obligation of such Lender to acquire Participations in respect of Letters of Credit and Reimbursement Obligations up to an aggregate amount at any one time outstanding equal to such Lender's Applicable Commitment Percentage of the Total Letter of Credit Commitment as the same may be increased or decreased from time to time pursuant to this Agreement.

"Letter of Credit Facility" means the facility described in Article III hereof providing for the issuance by the Issuing Bank for the account of the Borrower of Letters of Credit in an aggregate stated amount at any time outstanding not exceeding the Total Letter of Credit Commitment.

"Letter of Credit Outstandings" means, as of any date of determination, the aggregate amount remaining undrawn under all Letters of Credit plus Reimbursement Obligations then outstanding.

"Lien" means any interest in property securing any obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. For the purposes of this Agreement, the Borrower and any Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, financing lease, or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes.

"Loan" or "Loans" means any borrowing pursuant to an Advance under the Revolving Credit Facility.

"Loan Documents" means this Agreement, the Notes, the Security Instruments, the Facility Guaranties, the LC Account Agreement, the Applications and Agreements for Letter of Credit, and all other instruments and documents heretofore or hereafter executed or delivered to or in favor of any Lender or the Agent in connection with the Loans made and

transactions contemplated under this Agreement, as the same may be amended, supplemented or replaced from time to time.

"Loan Parties" means the Borrower and the Guarantors.

"Material Adverse Effect" means a material adverse effect on (i) the business, properties, operations or condition, financial or otherwise, of the Borrower and any of its Subsidiaries, taken as a whole, (ii) the ability of the Loan Parties to pay or perform their respective obligations, liabilities and indebtedness under the Loan Documents as such payment or performance becomes due in accordance with the terms thereof, or (iii) the rights, powers and remedies of the Agent or any Lender under any Loan Document or the validity, legality or enforceability thereof.

"Material Subsidiary" means Domestic Subsidiaries and Direct Foreign Subsidiaries of Borrower existing on the Closing Date and in the case of any Domestic Subsidiary or Direct Foreign Subsidiary acquired or created after the Closing Date any direct or indirect Domestic Subsidiary or Direct Foreign Subsidiary of the Borrower which (i) has total assets equal to or greater than 5% of Consolidated Total Assets (calculated as of the most recent fiscal period with respect to which the Agent shall have received financial statements required to be delivered pursuant to Sections 9.01(a) or (b) (or if prior to delivery of any financial statements pursuant to such Sections, then calculated with respect to the Fiscal Year end financial statements referred in Section 8.01(f) (the "Required Financial Information")) or (ii) has revenues equal to or greater than 5% of total revenues of the Borrower and its Subsidiaries (calculated for the most recent period for which the Agent has received the Required Financial Information); provided, however, that notwithstanding the foregoing, the term "Material Subsidiaries" shall mean Domestic Subsidiaries and Direct Foreign Subsidiaries of the Borrower that together with the Borrower have assets equal to not less than 80% of Consolidated Total Assets (calculated as described above) and revenues of not less than 80% of total revenues of the Borrower and its Subsidiaries (calculated as described above); provided further that if more than one combination of Domestic Subsidiaries and Direct Foreign Subsidiaries satisfies such threshold, then those Domestic Subsidiaries and Direct Foreign Subsidiaries determined by the Borrower to be "Material Subsidiaries" shall be specified by the Borrower.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means, collectively, all Mortgages, Deeds of Trust and Deeds to Secure Debt granting a Lien to the Agent (or a trustee for the benefit of the Agent) for the benefit of the Lenders in Collateral constituting real property, as such documents may be amended, modified or supplemented from time to time.

"Mortgage Properties" means the real property and improvements thereon described in the Mortgage.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making, or is accruing an obligation to make, contributions or has made, or been obligated to make, contributions within the preceding six (6) Fiscal Years.

"Municipal Obligations" means general obligations issued by, and supported by the full taxing authority of, any state of the United States of America or of any municipal corporation or other public body organized under the laws of any such state which are rated in the highest investment rating category by both S&P and Moody's.

"NationsBank" means NationsBank, National Association.

"NMSI" means NationsBanc Montgomery Securities, Inc. and its successors.

"Non-Recourse Indebtedness" means Indebtedness of a Special Purpose Subsidiary the source of payment of which as it relates to such Special Purpose Subsidiary is limited to the assets of such Special Purpose Subsidiary or any other Special Purpose Subsidiary.

"Notes" means, collectively, the promissory notes of the Borrower evidencing (i) Revolving Loans executed and delivered to the Lenders substantially in the form of Exhibit F- 1, and (ii) Swing Line Loans executed and delivered to the NationsBank substantially in the form of Exhibit F-2.

"Obligations" means the obligations, liabilities and Indebtedness of the Borrower with respect to (i) the principal and interest on the Loans as evidenced by the Notes, (ii) the Reimbursement Obligations and otherwise in respect of the Letters of Credit, (iii) all liabilities of Borrower to any Lender which arise under a Swap Agreement, and (iii) the payment and performance of all other obligations, liabilities and Indebtedness of the Borrower to the Lenders, the Agent or NMSI hereunder, under any one or more of the other Loan Documents or with respect to the Loans.

"Outstandings" means, collectively, at any date, the Letter of Credit Outstandings, Swing Line Outstandings, and Revolving Credit Outstandings on such date.

"Participation" means, (i) with respect to any Lender (other than the Issuing Bank) and a Letter of Credit, the extension of credit represented by the participation of such Lender hereunder in the liability of the Issuing Bank in respect of a Letter of Credit issued by the Issuing Bank in accordance with the terms hereof and (ii) with respect to any Lender (other than NationsBank) and a Swing Line Loan, the extension of credit represented by the participation of such Lender hereunder in the liability of NationsBank in respect of a Swing Line Loan made by NationsBank in accordance with the terms hereof.

"PBGC" means the Pension Benefit Guaranty Corporation and any successor thereto.

"Pension Plan" means any employee pension benefit plan within the meaning of Section 3(2) of ERISA, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (i) is maintained for employees of the Borrower or any of its ERISA Affiliates or is assumed by the Borrower or any of its ERISA Affiliates in connection with any Acquisition or (ii) has at any time been maintained for the employees of the Borrower or any current or former ERISA Affiliate.

"Person" means an individual, partnership, corporation, trust, limited liability company, unincorporated organization, association, joint venture or a government or agency or political subdivision thereof.

"Pledge Agreement" means a Pledge Agreement, Share Charge, Debenture or similar instrument whereby the Borrower or Domestic Subsidiary creates a security interest in favor of the Agent in 65% of the outstanding capital stock of a Material Subsidiary that is a Direct Foreign Subsidiary.

"Pledged Stock" means the ownership interest in a Direct Foreign Subsidiary which is pledged to the Agent pursuant to a Pledge Agreement.

"Pounds Sterling" means the official currency of the United Kingdom.

"Pre-Refunded Municipal Obligations" means obligations of any state of the United States of America or of any municipal corporation or other public body organized under the laws of any such state which are rated, based on the escrow, in the highest investment rating category by both S&P and Moody's and which have been irrevocably called for redemption and advance refunded through the deposit in escrow of Government Securities or other debt securities which are (i) not callable at the option of the issuer thereof prior to maturity, (ii) irrevocably pledged solely to the payment of all principal and interest on such obligations as the same becomes due, and (iii) in a principal amount and bear such rate or rates of interest as shall be sufficient to pay in full all principal of, interest, and premium, if any, on such obligations as the same becomes due as verified by a nationally recognized firm of certified public accountants.

"Prime Rate" means the per annum rate of interest established from time to time by NationsBank as its prime rate, which rate may not be the lowest rate of interest charged by NationsBank to its customers.

"Principal Office" means the principal office of NationsBank, presently located at, Independence Center, 15th Floor, NC1 001-15-04, Charlotte, North Carolina 28255, Attention: Agency Services.

"Qualifying Property" means real property and the improvements to be constructed thereon which is the subject of a valid, binding and enforceable contract, lease or other arrangement in favor of the Borrower or a Subsidiary whereby the Borrower or a Subsidiary shall operate such property and the other party to such contract being a governmental agency or instrumentality reasonably acceptable to the Agent.

"Rate Hedging Obligations" means any and all obligations of the Borrower or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, Dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts, warrants and those commonly known as interest rate "swap" agreements; and (ii) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

"Regulation D" means Regulation D of the Board as the same may be amended or supplemented from time to time.

"Reimbursement Obligation" shall mean at any time, the obligation of the Borrower with respect to any Letter of Credit to reimburse the Issuing Bank and the Lenders to the extent of their respective Participations (including by the receipt by the Issuing Bank of proceeds of Loans pursuant to Section 3.2) for amounts theretofore paid by the Issuing Bank pursuant to a drawing under such Letter of Credit.

"REIT Event" means the date of the completion of the transfer of income generating property and improvements of the Borrower or a Subsidiary to a real estate investment trust.

"Repurchase Agreement" means a repurchase agreement entered into with any financial institution whose debt obligations or commercial paper are rated "A" by either of S&P or Moody's or "A-1" by S&P or "P-1" by Moody's.

"Required Lenders" means, as of any date, Lenders on such date having Credit Exposures (as defined below) aggregating at least 51% of the aggregate Credit Exposures of all Lenders on such date; provided, however, that to the extent NationsBank has more than 51% of the aggregate Credit Exposures, Required Lenders means Lenders on such date having Credit Exposures of 80% of the aggregate Credit Exposures of all Lenders. For purposes of the preceding sentence, the amount of the "Credit Exposure" of each Lender shall be equal to the aggregate principal amount of the Loans owing to such Lender plus the aggregate unutilized amounts of such Lender's Revolving Credit Commitment (without regard to any Swing Line Outstandings) plus the amount of such Lender's Applicable Commitment Percentage of Letter of Credit Outstandings; provided that, (i) if any Lender

shall have failed to pay to the Issuing Bank its Applicable Commitment Percentage of any drawing under any Letter of Credit resulting in an outstanding Reimbursement Obligation, such Lender's Credit Exposure attributable to Letters of Credit and Reimbursement Obligations shall be deemed to be held by the Issuing Bank for purposes of this definition and (ii) if any Lender shall have failed to pay to NationsBank its Applicable Commitment Percentage of any Swing Line Loan, such Lender's Credit Exposure attributable to all Swing Line Outstandings shall be deemed to be held by NationsBank for purposes of this definition.

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against (a) in the case of Eurodollar Rate Loans, "Eurocurrency liabilities" (as such term is used in Regulation D) or (b) in the case of CD Rate Loans, non-personal Dollar time deposits in an amount of \$100,000 or more. Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the Eurodollar Rate or CD Rate (as the case may be) is to be determined, or (ii) any category of extensions of credit or other assets which include Eurodollar Rate Loans or CD Rate Loans. The Eurodollar Rate and the CD Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement.

"Restricted Payment" means (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of Borrower or any of its Subsidiaries (other than those payable or distributable solely to the Borrower) now or hereafter outstanding, except a dividend payable solely in shares of a class of stock to the holders of that class; (b) any redemption, conversion, exchange, retirement or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of Borrower or any of its Subsidiaries (other than those payable or distributable solely to the Borrower) now or hereafter outstanding; (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of Borrower or any of its Subsidiaries now or hereafter outstanding; and (d) any issuance and sale of capital stock of any Subsidiary of the Borrower (or any option, warrant or right to acquire such stock) other than to the Borrower.

"Revolving Credit Commitment" means, with respect to each Lender, the obligation of such Lender to make Revolving Loans to the Borrower up to an aggregate principal amount at any one time outstanding equal to such Lender's Applicable Commitment Percentage of the Total Revolving Credit Commitment.

"Revolving Credit Facility" means the facility described in Article II hereof providing for Loans to the Borrower by the Lenders in the aggregate principal amount of the Total Revolving Credit Commitment.

"Revolving Credit Outstandings" means, as of any date of determination, the aggregate principal amount of all Revolving Loans made pursuant to Section 2.1 then outstanding.

"Revolving Credit Termination Date" means (i) the Stated Termination Date or (ii) such earlier date of termination of Lenders' obligations pursuant to Section 10.1 upon the occurrence of an Event of Default, or (iii) such date as the Borrower may voluntarily and permanently terminate the Revolving Credit Facility by payment in full of all Revolving Credit Outstandings, Swing Line Outstandings and Letter of Credit Outstandings and cancellation of all Letters of Credit.

"Revolving Loan" means any borrowing pursuant to an Advance under the Revolving Credit Facility in accordance with Article II.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill.

"Security Agreement" means, collectively (or individually as the context may indicate), (i) the Security Agreement dated as of the date hereof by the Borrower and Guarantors to the Agent, and (ii) any additional Security Agreement delivered to the Agent pursuant to Section 8.19, as hereafter modified, amended or restated from time to time.

"Security Instruments" means, collectively, the Pledge Agreement, the Security Agreement, the Mortgage, and all other agreements, instruments and other documents, whether now existing or hereafter in effect, pursuant to which the Borrower or any Subsidiary shall grant or convey to the Agent or the Lenders a Lien in property as security for all or any portion of the Obligations, as any of them may be amended, modified or restated from time to time.

"Single Employer Plan" means any employee pension benefit plan covered by Title IV of ERISA in respect of which the Borrower or any Subsidiary is an "employer" as described in Section 4001(b) of ERISA and which is not a Multiemployer Plan.

"Solvent" means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value on an orderly basis) is in excess of the total amount of its liabilities, including Contingent Obligations; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

"Special Purpose Subsidiary" means a Subsidiary of the Borrower or another Subsidiary no portion of whose obligations or liabilities are payable, directly or indirectly by the Borrower or any other Subsidiary.

"Spot Rate of Exchange" means (i) in determining the Dollar Equivalent Amount of a specified Alternative Currency amount as of any date, the spot exchange rate determined by the Agent in accordance with its usual procedures for the purchase by the Agent of Dollars with such Alternative Currency at approximately 10:00 A.M. on the business Day that is two (2) Business Days prior to such date, and (ii) in determining the Alternative Currency Equivalent Amount of a specified Dollar amount on any date, the spot exchange rate determined by the Agent in accordance with its usual procedures for the purchase by the Agent of such Alternative Currency with Dollars at approximately 10:00 A.M. on the Business Day that is two (2) Business Days prior to such date.

"Stated Termination Date" means December 18, 2002 or such later date as the parties may agree pursuant to Section 2.13.

"Subordinated Indebtedness" means Indebtedness subordinated to the Obligations in accordance with such subordination terms as shall be acceptable to the Required Lenders and other terms which are reasonably acceptable to the Required Lenders.

"Subsidiary" means any corporation or other entity, other than a Special Purpose Subsidiary, in which more than 50% of its outstanding voting stock or more than 50% of all equity interests is owned directly or indirectly by the Borrower and/or by one or more of the Borrower's Subsidiaries.

"Swap Agreement" means one or more agreements between the Borrower and any Person with respect to Indebtedness evidenced by any or all of the Notes, on terms mutually acceptable to Borrower and such Person and approved by the Agent, which agreements create Rate Hedging Obligations; provided, however, that no such approval of the Agent shall be required to the extent such agreements are entered into between the Borrower and any Lender.

"Swing Line" means the revolving line of credit established by NationsBank in favor of the Borrower pursuant to Section 2.14.

"Swing Line Loans" means loans made by NationsBank to the Borrower pursuant to Section 2.14.

"Swing Line Outstandings" means, as of any date of determination, the aggregate principal amount of all Swing Line Loans then outstanding.

"Termination Event" means: (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (unless the notice requirement has been waived by applicable regulation); or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or was deemed such under Section 4068(f) of ERISA; or (iii) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination under Section 4041 of ERISA; or (iv) the institution of proceedings to terminate a Pension Plan by the PBGC; or (v) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; or (vi) the partial or complete withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan; or (vii) the imposition of a Lien pursuant to Section 412 of the Code or Section 302 of ERISA; or (viii) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Section 4241 or Section 4245 of ERISA, respectively; or (ix) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by the PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA.

"Total Letter of Credit Commitment" means an amount not to exceed \$5,000,000.

"Total Revolving Credit Commitment" means a principal amount equal to \$30,000,000, as reduced from time to time in accordance with Section 2.7.

"TROL Indebtedness" means the aggregate amount of liabilities (including obligations to purchase or repurchase or other Contingent Obligations) arising under TROL Leases.

"TROL Leases" means all tax retention operating lease agreements between the Borrower or any Subsidiary, as Lessee, and First Security Bank, N.A., as Lessor, as amended, supplemented or modified from time to time.

"Type" shall mean any type of Loan (i.e., a Base Rate Loan, CD Rate Loan, or Eurodollar Rate Loan).

"Voting Stock" means shares of capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

1.3. Rules of Interpretation.

(a) All accounting terms not specifically defined herein shall have the meanings assigned to such terms and shall be interpreted in accordance with GAAP applied on a Consistent Basis.

(b) Each term defined in Article 1 or 9 of the Florida Uniform Commercial Code shall have the meaning given therein unless otherwise defined herein, except to the extent that the Uniform Commercial Code of another jurisdiction is controlling, in which case such terms shall have the meaning given in the Uniform Commercial Code of the applicable jurisdiction.

(c) The headings, subheadings and table of contents used herein or in any other Loan Document are solely for convenience of reference and shall not constitute a part of any such document or affect the meaning, construction or effect of any provision thereof.

(d) Except as otherwise expressly provided, references herein to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules are references to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules in or to this Agreement.

(e) All definitions set forth herein or in any other Loan Document shall apply to the singular as well as the plural form of such defined term, and all references to the masculine gender shall include reference to the feminine or neuter gender, and vice versa, as the context may require.

(f) used herein or in any other Loan Document, words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof.

(g) References to "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

(h) All dates and times of day specified herein shall refer to such dates and times at Charlotte, North Carolina.

(i) Each of the parties to the Loan Documents and their counsel have reviewed and revised, or requested (or had the opportunity to request) revisions to, the Loan Documents, and any rule of construction that ambiguities are to be resolved against the drafting party shall be inapplicable in the construing and interpretation of the Loan Documents and all exhibits, schedules and appendices thereto.

(j) Any reference to an officer of the Borrower or any other Person by reference to the title of such officer shall be deemed to refer to each other officer of such Person, however titled, exercising the same or substantially similar functions.

(k) All references to any agreement or document as amended, modified or supplemented, or words of similar effect, shall mean such document or agreement, as the case may be, as amended, modified or supplemented from time to time only as and to the extent permitted therein and in the Loan Documents.

1.4. Accounting Principles. Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied as utilized by the Borrower. If any change after the Closing Date in GAAP as in effect on the Closing Date shall result in a change in any calculation required to determine compliance with any provision contained in this Agreement, the Borrower and the Required Lenders will negotiate in good faith to amend such provision in a manner to reflect such change such that the determination of compliance with such provision shall yield the same substantive result as would have obtained prior to such change in GAAP. Until such an amendment is entered into, covenants shall be calculated in accordance with GAAP as in effect immediately preceding such change.

ARTICLE II

The Revolving Credit Facility

2.1 Revolving Loans.

(a) Commitment. Subject to the terms and conditions of this Agreement, each Lender severally agrees to make Advances in Dollars or an Alternative Currency (as specified in the respective Borrowing Notice) to the Borrower under the Revolving Credit Facility from time to time from the Closing Date until the Revolving Credit Termination Date on a pro rata basis as to the total borrowing requested by the Borrower on any day determined by such Lender's Applicable Commitment Percentage up to but not exceeding a Dollar Value equal to the Revolving Credit Commitment of such Lender, provided, however, that the Lenders will not be required and shall have no obligation to make any such Advance (i) so long as a Default or an Event of Default has occurred and is continuing or (ii) if the Agent has accelerated the maturity of any of the Notes as a result of an Event of Default; provided further, however, that immediately after giving effect to each such Advance, the Dollar Value of the principal amount of Revolving Credit Outstandings plus Letter of Credit Outstandings plus Swing Line Outstandings shall not exceed the Total Revolving Credit Commitment. Within such limits, the Borrower may borrow, repay and reborrow under the Revolving Credit Facility on a Business Day from the Closing Date until, but (as to borrowings and reborrowings) not including, the Revolving Credit Termination Date; provided, however, that (y) no Eurodollar Rate Loan shall be made which has an Interest Period that extends beyond the Stated Termination Date and (z) each Eurodollar Rate Loan may, subject to the provisions of Section 2.7, be repaid only on the last day of the Interest Period with respect thereto unless such payment is accompanied by the additional payment, if any, required by Section 5.5. The Borrower agrees that if at any time the Outstandings shall exceed the Total Revolving Credit Commitment, the Borrower shall immediately reduce the outstanding principal amount of the Loans such that, as a result of such reduction, the Outstandings shall not exceed the Total Revolving Credit Commitment.

(b) Amounts. (i) Each request for an Advance of an Alternative Currency under a Borrowing Notice shall constitute the Borrower's request for a Loan of the Dollar Value of the amount of the Alternative Currency specified in such Borrowing Notice and for such Loan to be made available by the Lenders to the Borrower in the Alternative Currency Equivalent Amount of such Dollar Value (determined based on the Advance Date Exchange Rate applicable to such Advance). The principal amount outstanding on any Loan shall be recorded in the Agent's records in Dollars (in the case of an Advance of an Alternative Currency as if the Loan had initially been made in Dollars), based on the amount of any Eurodollar Rate Loan Advance and on the Dollar Value of the initial Advance of an Alternative Currency, as reduced from time to time by the Dollar Equivalent Amount (based on the Advance Date Exchange Rate applicable to such Advance) of any principal payments with respect to such Advance. Advances in an Alternative Currency shall be limited to Eurodollar Rate Loans. In the event a Eurodollar Rate Loan of an Alternative Currency is Continued, such election to Continue the Eurodollar Rate Loan shall be treated as an Advance and the Agent shall notify the Borrower and the Lenders of the Advance Date Exchange Rate, Interest

Period and the Eurodollar Rate for such Continued Eurodollar Rate Loan. The Lenders shall each be deemed to have made an Advance to the Borrower of its Applicable Commitment Percentage of such Loan of an Alternative Currency and the Agent shall apply the Advance Date Exchange Rate for such new Interest Period to such Continued Alternative Currency Equivalent Amount to determine the new Dollar Value of such Eurodollar Rate Loan and shall adjust its books and the Revolving Credit Outstandings. In the event that such adjustment with respect to a Continued Loan would cause the total Dollar Value of Outstandings to exceed the Total Revolving Credit Commitment, the Borrower shall, immediately on the effective date of such Continuation, repay (a "Rate Adjustment Payment") the portion of such Continued Loan (applying the new Advance Date Exchange Rate) necessary to ensure that the total Dollar Value of all Outstandings does not exceed the Total Revolving Credit Commitment, provided, however, that the Borrower shall not be required to pay any additional compensation pursuant to Section 5.5 with respect to a prepayment of a Loan required by this sentence if such prepayment is made immediately on the effective date of the Continuation giving rise to such prepayment and no notice of such prepayment shall be required. For the purposes of determining the maximum amount of Outstandings hereunder, it is intended by the parties that all Loans shall be the functional equivalent of Loans made and repaid (based on the applicable Advance Date Exchange Rate for each Advance) in Dollars. It is recognized that one or more Lenders may elect to record Loans or Advances in Alternative Currencies. The Agent shall maintain records sufficient to identify at any time, (A) the Advance Date Exchange Rate with respect to each Advance, and (B) the portion of the Revolving Credit Outstanding attributable to each Advance.

(ii) Except as otherwise permitted by the Lenders from time to time, the aggregate unpaid principal amount (including with respect to Loans of Alternative Currencies the total Dollar Value) of the Revolving Credit Outstandings plus Letter of Credit Outstandings plus Swing Line Outstandings shall not exceed at any time the Total Revolving Credit Commitment, and, in the event there shall be outstanding any such excess, the Borrower shall immediately make such payments and prepayments as shall be necessary to comply with this restriction. Each Loan hereunder, other than Base Rate Refunding Loans, and each Conversion under Section 2.8, shall be (A) in the case of Loans made in Dollars, in an amount of at least \$2,000,000, and, if greater than \$2,000,000, an integral multiple of \$100,000, and (B) in the case of Loans made in an Alternative Currency, in an amount of at least \$2,000,000 (or the equivalent thereof in any Alternative Currency), and, if greater than \$2,000,000, an integral multiple of \$100,000 (or the equivalent thereof if in any Alternative Currency).

(c) Advances and Rate Selection. (i) An Authorized Representative shall give the Agent (A) at least three (3) Business Days' irrevocable written notice by telefacsimile transmission of a Borrowing Notice or Interest Rate Selection Notice (as applicable) with appropriate insertions, effective upon receipt, of each Eurodollar Rate Loan (whether representing an additional borrowing hereunder or the Conversion of a borrowing hereunder) prior to 11:00 A.M. and (B) irrevocable written notice by telefacsimile transmission of a Borrowing Notice or Interest Rate Selection Notice (as applicable) with appropriate insertions, effective upon receipt, of each Revolving Loan (other than Base Rate Refunding Loans to the extent the same are effected without notice pursuant to

Section 2.1(c)(iv)) that is a Base Rate Loan (whether representing an additional borrowing hereunder or the Conversion of borrowing hereunder) prior to 11:00 A.M. on the day of such proposed Base Rate Loan. Each such notice shall specify the amount of the borrowing, whether Dollar or Alternative Currency, the type of Loan (Base Rate or Eurodollar Rate), the date of borrowing and, if a Eurodollar Rate Loan, the Interest Period to be used in the computation of interest. Notice of receipt of such Borrowing Notice or Interest Rate Selection Notice, as the case may be, together with the amount of each Lender's portion of an Advance requested thereunder, shall be promptly provided by the Agent to each Lender by telefacsimile transmission, but (provided the Agent shall have received such notice by 11:00 A.M.) not later than 1:00 P.M. on the same day as the Agent's receipt of such notice. At approximately 10:00 A.M. two (2) Business Days preceding the date specified for an Advance of an Alternative Currency, the Agent shall determine the Advance Date Exchange Rate and the applicable Eurodollar Rate. Not later than 10:45 A.M. two (2) Business Days preceding the date specified for each Advance of an Alternative Currency, the Agent shall provide the Borrower and each Lender notice by telefacsimile transmission of the Advance Date Exchange Rate applicable to such Advance, and the applicable Alternative Currency Equivalent Amount of the Loan or Loans required to be made by each Lender on such date, and the Dollar Value of such Loan or Loans and the applicable Eurodollar Rate.

(ii) (A) In the case of Advances in Dollars, not later than 2:00 P.M. on the date specified for each borrowing under this Section 2.1, each Lender shall, pursuant to the terms and subject to the conditions of this Agreement, make the amount of the Advance or Advances to be made by it on such day available by wire transfer to the Agent in the amount of its pro rata share, determined according to such Lender's Applicable Commitment Percentage of the Revolving Loan or Revolving Loans to be made on such day. Such wire transfer shall be directed to the Agent at the Principal Office and shall be in the form of Dollars constituting immediately available funds. The amount so received by the Agent shall, subject to the terms and conditions of this Agreement, be made available to the Borrower by delivery of the proceeds thereof to the Borrower's Account or otherwise as shall be directed in the applicable Borrowing Notice by the Authorized Representative and reasonably acceptable to the Agent.

(B) In the case of Advances of an Alternative Currency, not later than 10:00 A.M. on the date specified for each Advance, each Lender shall, pursuant to the terms and subject to the conditions of this Agreement, make the amount of the Loan or Loans to be made by it on such day available to the Borrower at the Funding Bank, to the account of the Agent with the Funding Bank. The amount so received by the Funding Bank shall, subject to the terms and conditions of the Loan Documents and upon instruction from the Agent to the Funding Bank on the same day or immediately preceding day but no later than 10:00 A.M., be made available to the Borrower by delivery of the Alternative Currency Equivalent Amount to the Borrower's account with the Funding Bank.

(iii) The Borrower shall have the option to elect the duration of the initial and any subsequent Interest Periods and to Convert the Loans in accordance with Section 2.8. Eurodollar Rate Loans and Base Rate Loans may be outstanding at the same time, provided, however, there shall not be outstanding at any one time Eurodollar Rate Loans having more than seven (7) different Interest Periods. If the Agent does not receive a Borrowing Notice or an Interest Rate Selection

Notice giving notice of election of the duration of an Interest Period or of Conversion of any Loan to or Continuation of a Loan as a Eurodollar Rate Loan by the time prescribed by Section 2.1(c) or 2.8, the Borrower shall be deemed to have elected to Convert such Loans to (or continue such Loan as) a Base Rate Loan until the Borrower notifies the Agent in accordance with Section 2.8.

(iv) Notwithstanding the foregoing, if a drawing is made under any Letter of Credit, such drawing is honored by the Issuing Bank prior to the Stated Termination Date, and the Borrower shall not immediately fully reimburse the Issuing Bank in respect of such drawing, (A) provided that the conditions to making a Loan as herein provided shall then be satisfied, the Reimbursement Obligation arising from such drawing shall be paid to the Issuing Bank by the Agent without the requirement of notice to or from the Borrower from immediately available funds which shall be advanced as a Base Rate Refunding Loan by each Lender under the Revolving Credit Facility in an amount equal to such Lender's Applicable Commitment Percentage of such Reimbursement Obligation, and (B) if the conditions to making a Revolving Loan as herein provided shall not then be satisfied, each of the Lenders shall fund by payment to the Agent (for the benefit of the Issuing Bank) in immediately available funds the purchase from the Issuing Bank of their respective Participations in the related Reimbursement Obligation based on their respective Applicable Commitment Percentages of the Total Letter of Credit Commitment. If a drawing is presented under any Letter of Credit in accordance with the terms thereof and the Borrower shall not immediately reimburse the Issuing Bank in respect thereof, then notice of such drawing or payment shall be provided promptly by the Issuing Bank to the Agent and the Agent shall promptly provide notice to each Lender by telephone or telefacsimile transmission. If notice to the Lenders of a drawing under any Letter of Credit is given by the Agent at or before 12:00 noon on any Business Day, each Lender shall, pursuant to the conditions specified in this Section 2.1(c)(iv), either make a Base Rate Refunding Loan or fund the purchase of its Participation in the amount of such Lender's Applicable Commitment Percentage of such drawing or payment and shall pay such amount to the Agent for the account of the Issuing Bank at the Principal Office in Dollars and in immediately available funds before 2:30 P.M. on the same Business Day. If notice to the Lenders of a drawing under a Letter of Credit is given by the Agent after 12:00 noon on any Business Day, each Lender shall, pursuant to the conditions specified in this Section 2.1(c)(iv), either make a Base Rate Refunding Loan or fund the purchase of its Participation in the amount of such Lender's Applicable Commitment Percentage of such drawing or payment and shall pay such amount to the Agent for the account of the Issuing Bank at the Principal Office in Dollars and in immediately available funds before 12:00 noon on the next following Business Day. Any such Base Rate Refunding Loan shall be advanced as, and shall continue as, a Base Rate Loan unless and until the Borrower Converts such Base Rate Loan in accordance with the terms of Section 2.8.

(d) Availability of Alternative Currency. If any Lender shall notify the Borrower and the Agent of its election not to fund in any Alternative Currency in accordance with the terms of this Agreement on or prior to two (2) Business Days preceding the first day of an Interest Period for which a Borrowing Notice or an Interest Rate Selection Notice, as the case may be, has been delivered to the Agent requesting an Advance in an Alternative Currency or a Continuation or Conversion of an Advance in an Alternative Currency, then such Lender shall be obligated to fund the requested Advance, Continuation or Conversion, as the case may be, in the Dollar Equivalent

Amount of the amount of the Alternative Currency specified in such Borrowing Notice or Interest Rate Selection Notice and at the Eurodollar Rate specified by the Agent for such request.

2.2. Payment of Interest. (a) The Borrower shall pay interest to the Agent for the account of each Lender on the outstanding and unpaid principal amount of each Revolving Loan made by such Lender for the period commencing on the date of such Revolving Loan until such Revolving Loan shall be due (i) in the case of Loans made in Dollars, at the then applicable Base Rate for Base Rate Loans or applicable Eurodollar Rate for Eurodollar Rate Loans, as designated by the Authorized Representative pursuant to Section 2.1, such payments to be made in Dollars, and (ii) in the case of Loans made in Alternative Currencies, at the applicable Eurodollar Rate, such payments to be made in the appropriate Alternative Currency; provided, however, that if any amount shall not be paid when due (at maturity, by acceleration or otherwise), all amounts outstanding hereunder shall bear interest thereafter at the Default Rate.

(b) Interest on each Revolving Loan shall be computed on the basis of a year of 360 days and calculated in each case for the actual number of days elapsed. Interest on each Revolving Loan shall be paid (i) quarterly in arrears on the last Business Day of each March, June, September and December, commencing December 31, 1997 for each Base Rate Loan, (ii) on the last day of the applicable Interest Period for each Eurodollar Rate Loan and, if such Interest Period extends for more than three (3) months, at intervals of three (3) months after the first day of such Interest Period, and (iii) upon payment in full of the principal amount of such Revolving Loan.

2.3. Payment of Principal. The principal amount of the Revolving Credit Outstandings shall be due and payable to the Agent for the benefit of each Lender in full on the Revolving Credit Termination Date, or earlier as specifically provided herein. Such principal amount shall be recorded in Dollars as set forth in Section 2.1. The repayment of such principal amount shall be made in the in Dollars if the Revolving Loan was made in Dollars or in the appropriate Alternative Currency, if made in an Alternative Currency, as follows: the portion of the Revolving Credit Outstandings attributable to each specified Advance (or the Continuation or Conversion thereof) (as determined from the Agent's records) shall be repaid in the same Alternative Currency as such Advance. The principal amount of any Base Rate Loan may be prepaid in Dollars in whole or in part at any time. The principal amount of any Eurodollar Rate Loan may be prepaid only at the end of the applicable Interest Period unless the Borrower shall pay to the Agent for the account of the Lenders the additional amount, if any, required under Section 5.5. All prepayments of Revolving Loans made by the Borrower shall be in the amount of \$1,000,000 (or the equivalent thereof in any Alternative Currency) or such greater amount which is an integral multiple of \$100,000 (or the equivalent thereof in any Alternative Currency), or the amount equal to all Revolving Credit Outstandings, or such other amount as necessary to comply with Section 2.1(b) or Section 2.8.

2.4. Non-Conforming Payments. (a) Each payment of principal (including any prepayment) and payment of interest and fees, and any other amount required to be paid to the Lenders with respect to the Revolving Loans, shall be made to the Agent at the Principal Office, for the account of each Lender, in Dollars in the case Loans made in Dollars and in the same Alternative

Currency in the case of Loans made in Alternative Currencies, in immediately available funds before 12:30 P.M. on the date such payment is due. The Borrower shall give the Agent one (1) Business Days prior written notice of any payment of principal, such notice to be given prior to 10:00 A.M. and to specify (i) the date the payment will be made and (ii) the Loan to which payment relates. The Agent may, at the election of the Borrower, but shall not be obligated to, debit the amount of any such payment which is not made by such time to any ordinary deposit account, if any, of the Borrower with the Agent.

(b) The Agent shall deem any payment made by or on behalf of the Borrower hereunder that is not made both (i) in Dollars in the case of Loans made in Dollars and in the required Alternative Currency in the case of Loans made in Alternative Currencies in immediately available funds and (ii) prior to 12:30 P.M. on the date payment is due to be a non-conforming payment. Any such payment shall not be deemed to be received by the Agent until the later of (i) the time such funds become available funds and (ii) the next Business Day. Any non-conforming payment may constitute or become a Default or Event of Default at the determination of the Agent. The Agent shall give prompt telephonic or telefacsimile notice to the Borrower if a non-conforming payment constitutes a Default or an Event of Default. Interest shall continue to accrue on any principal as to which a non-conforming payment is made until the later of (x) the date such funds become available funds or (y) the next Business Day at the Default Rate from the date such amount was due and payable.

(c) In the event that any payment hereunder or under the Notes becomes due and payable on a day other than a Business Day, then such due date shall be extended to the next succeeding Business Day unless provided otherwise under clause (ii) of the definition of "Interest Period"; provided that interest shall continue to accrue during the period of any such extension and provided further, that in no event shall any such due date be extended beyond the Revolving Credit Termination Date.

2.5. Notes. Revolving Loans made by each Lender shall be evidenced by Notes in substantially the form set forth as Exhibit F-1 payable to the order of such Lender in the respective amount of its Applicable Commitment Percentage of the Revolving Credit Commitment, which Note shall be dated the Closing Date or a later date pursuant to an Assignment and Acceptance and shall be duly completed, executed and delivered by the Borrower. Swing Line Loans made by NationsBank shall be evidenced by a Note in substantially the form as set forth as Exhibit F-2 payable to the order of NationsBank.

2.6. Pro Rata Payments. Except as otherwise provided herein, (a) each payment on account of the principal of and interest on the Revolving Loans and the fees described in Section 2.10 shall be made to the Agent for the account of the Lenders pro rata based on their Applicable Commitment Percentages, (b) all payments to be made by the Borrower for the account of each of the Lenders on account of principal, interest and fees, shall be made without diminution, setoff, recoupment or counterclaim, and (c) the Agent will promptly distribute to the Lenders in

immediately available funds payments received in fully collected, immediately available funds from the Borrower.

2.7. Reductions. The Borrower shall, by notice from an Authorized Representative, have the right from time to time but not more frequently than once each calendar month, upon not less than three (3) Business Days' written notice to the Agent, effective upon receipt, to reduce the Total Revolving Credit Commitment. The Agent shall give each Lender, within one (1) Business Day of receipt of such notice, telefacsimile notice, or telephonic notice (confirmed in writing), of such reduction. Each such reduction shall be in the aggregate amount of \$5,000,000 or such greater amount which is in an integral multiple of \$1,000,000, or the entire remaining Total Revolving Credit Commitment, and shall permanently reduce the Total Revolving Credit Commitment. Each reduction of the Total Revolving Credit Commitment shall be accompanied by payment of the Revolving Loans to the extent that the principal amount of Revolving Credit Outstandings plus Letter of Credit Outstandings plus Swing Line Outstandings exceeds the Total Revolving Credit Commitment after giving effect to such reduction, together with accrued and unpaid interest on the amounts prepaid. No such reduction shall result in the payment of any Eurodollar Rate Loan other than on the last day of the Interest Period of such Eurodollar Rate Loan unless such prepayment is accompanied by amounts due, if any, under Section 5.5.

2.8. Conversions and Elections of Subsequent Interest Periods. Provided that no Default or Event of Default shall have occurred and be continuing and subject to the limitations set forth below and in Article V, the Borrower may:

(a) upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent on or before 10:30 A.M. on any Business Day, Convert all or a part of Eurodollar Rate Loans to Base Rate Loans on the last day of the Interest Period for such Eurodollar Rate Loans; and

(b) upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent on or before 11:00 A.M. three (3) Business Days' prior to the date of such election or Conversion:

(i) elect a subsequent Interest Period for all or a portion of Eurodollar Rate Loans to begin on the last day of the then current Interest Period for such Eurodollar Rate Loans; and

(ii) Convert Base Rate Loans to Eurodollar Rate Loans on any Business Day;

(iii) elect that any Eurodollar Rate Loan be converted from an Alternative Currency into another Alternative Currency on the last day of the Interest Period for any Eurodollar Rate Loan.

Each election and Conversion pursuant to this Section 2.8 shall be subject to the limitations on Eurodollar Rate Loans set forth in the definition of "Interest Period" herein and in Sections 2.1, 2.3 and Article V. The Agent shall give written notice to each Lender of such notice of election or Conversion prior to 3:00 P.M. on the day such notice of election or Conversion is received. All such Continuations or Conversions of Loans shall be effected pro rata based on the Applicable Commitment Percentages of the Lenders.

2.9. Increase and Decrease in Amounts. The amount of the Total Revolving Credit Commitment which shall be available to the Borrower as Advances shall be reduced by the aggregate amount of Outstanding Letters of Credit and Outstanding Swing Line Loans.

2.10. Facility Fees.

Unused Fee. For the period beginning on the Closing Date and ending on the Revolving Credit Termination Date, the Borrower agrees to pay to the Agent, for the pro rata benefit of the Lenders based on their Applicable Commitment Percentages, an unused fee equal to the Applicable Unused Fee multiplied by the average daily amount by which the Total Revolving Credit Commitment exceeds the sum of (i) Revolving Credit Outstandings without giving effect to Swing Line Outstandings plus (ii) Letter of Credit Outstandings. Such fees shall be due in arrears on the last Business Day of each March, June, September and December commencing December 31, 1997 to the Revolving Credit Termination Date (but excluding such day for the purpose of computing such fee). Notwithstanding the foregoing, so long as any Lender fails to make available any portion of its Revolving Credit Commitment when requested, such Lender shall not be entitled to receive payment of its pro rata share of such fee until such Lender shall make available such portion. Such fee shall be calculated on the basis of a year of 360 days for the actual number of days elapsed.

2.11. Deficiency Advances. No Lender shall be responsible for any default of any other Lender in respect to such other Lender's obligation to make any Loan or fund its purchase of any Participation hereunder nor shall the Revolving Credit Commitment of any Lender hereunder be increased as a result of such default of any other Lender. Without limiting the generality of the foregoing, in the event any Lender shall fail to advance funds to the Borrower as herein provided, the Agent may in its discretion, but shall not be obligated to, advance under the Note in its favor as a Lender all or any portion of such amount or amounts (each, a "deficiency advance") and shall thereafter be entitled to payments of principal of and interest on such deficiency advance in the same manner and at the same interest rate or rates to which such other Lender would have been entitled had it made such advance under its Note; provided that, upon payment to the Agent from such other Lender of the entire outstanding amount of each such deficiency advance, together with accrued and unpaid interest thereon, from the most recent date or dates interest was paid to the Agent by the Borrower on each Revolving Loan comprising the deficiency advance at the interest rate per annum for overnight borrowing by the Agent from the Federal Reserve Bank, then such payment shall be credited against the applicable Note of the Agent in full payment of such deficiency advance and the Borrower shall be deemed to have borrowed the amount of such deficiency advance from such other

Lender as of the most recent date or dates, as the case may be, upon which any payments of interest were made by the Borrower thereon.

2.12. Use of Proceeds. The proceeds of the Loans made pursuant to the Revolving Credit Facility hereunder shall be used by the Borrower to repay Indebtedness under the Existing Agreement, for general working capital needs and other corporate purposes, including the making of Acquisitions and Capital Expenditures permitted hereunder.

2.13. Extension of Stated Termination Date. At the request of the Borrower the Lenders may, in their sole discretion, elect to extend the Stated Termination Date then in effect for additional periods of one year upon each of the first and second anniversary of the Closing Date. The Borrower shall notify the Lenders of its request for such an extension by delivering to the Agent and the Lenders notice of such request signed by an Authorized Representative not more than ninety (90) days nor less than sixty (60) days prior to either the first or second anniversary of the Closing Date, as the case may be. If all the Lenders shall elect to so extend, the Agent shall notify the Borrower in writing within sixty (60) days of its receipt of such request for extension of the decision of the Lenders as to whether to extend the Stated Termination Date. Failure by any Lender to respond to a request for an extension shall constitute a refusal of such Lender to give its consent to such extension. Failure by the Agent to give such notice shall constitute refusal by the Lenders to extend the Stated Termination Date.

2.14. Swing Line. (a) Notwithstanding any other provision of this Agreement to the contrary, in order to administer the Revolving Credit Facility in an efficient manner and to minimize the transfer of funds between the Agent and the Lenders, NationsBank shall make available Swing Line Loans to the Borrower prior to the Revolving Credit Termination Date. NationsBank shall not make any Swing Line Loan pursuant hereto (i) if to the actual knowledge of NationsBank the Borrower is not in compliance with all the conditions to the making of Revolving Loans set forth in this Agreement, (ii) if after giving effect to such Swing Line Loan, the Swing Line Outstandings exceed \$5,000,000, or (iii) if after giving effect to such Swing Line Loan, the sum of the Swing Line Outstandings, the Revolving Credit Outstandings and Letter of Credit Outstandings exceeds the Total Revolving Credit Commitment. Swing Line Loans shall be limited to CD Rate Loans. The Company may borrow, repay and reborrow under this Section 2.14. Unless notified to the contrary by NationsBank, borrowings under the Swing Line shall be made in the minimum amount of \$200,000 or in the amount necessary to effect a Base Rate Refunding Loan, upon written request by telefacsimile transmission, effective upon receipt, by an Authorized Representative of the Borrower made to NationsBank not later than 12:30 P.M. on the Business Day of the requested borrowing. Each such Borrowing Notice shall specify the amount of the borrowing and the date of borrowing, and shall be in the form of Exhibit D-2, with appropriate insertions. If the Borrower instructs NationsBank to debit any demand deposit account of the Borrower in the amount of any payment with respect to a Swing Line Loan, or NationsBank otherwise receives repayment, after 1:00 P.M. on a Business Day, such payment shall be deemed received on the next Business Day.

(b) Swing Line Loans shall bear interest at the CD Rate, the interest payable on Swing Line Loans is solely for the account of NationsBank, and all accrued and unpaid interest on Swing Line Loans shall be payable on the dates and in the time provided in Sections 2.2(b) and 2.4 with respect to interest on Base Rate Loans. The Swing Line Outstandings shall be evidenced by the Note delivered to NationsBank pursuant to Section 2.5.

(c) Upon the making of a Swing Line Loan, each Lender shall be deemed to have purchased from NationsBank a Participation therein in an amount equal to that Lender's Applicable Commitment Percentage of such Swing Line Loan. Upon demand made by NationsBank, each Lender shall, according to its Applicable Commitment Percentage of such Swing Line Loan, promptly provide to NationsBank its purchase price therefor in an amount equal to its Participation therein. Any Advance made by a Lender pursuant to demand of NationsBank of the purchase price of its Participation shall be deemed (i) provided that the conditions to making Revolving Loans shall be satisfied, a Base Rate Refunding Loan under Section 2.1 until the Borrower Converts such Base Rate Loan in accordance with the terms of Section 2.8, and (ii) in all other cases, the funding by each Lender of the purchase price of its Participation in such Swing Line Loan. The obligation of each Lender to so provide its purchase price to NationsBank shall be absolute and unconditional and shall not be affected by the occurrence of an Event of Default or any other occurrence or event.

The Borrower, at its option and subject to the terms hereof, may request an Advance pursuant to Section 2.1 in an amount sufficient to repay Swing Line Outstandings on any date and the Agent shall provide from the proceeds of such Advance to NationsBank the amount necessary to repay such Swing Line Outstandings (which NationsBank shall then apply to such repayment) and credit any balance of the Advance in immediately available funds in the manner directed by the Borrower pursuant to Section 2.1(c)(ii). The proceeds of such Advances shall be paid to NationsBank for application to the Swing Line Outstandings and the Lenders shall then be deemed to have made Loans in the amount of such Advances. The Swing Line shall continue in effect until the Revolving Credit Termination Date, at which time all Swing Line Outstandings and accrued interest thereon shall be due and payable in full.

ARTICLE III

Letters of Credit

3.1. Letters of Credit. (a) The Issuing Bank agrees, subject to the terms and conditions of this Agreement, upon request of the Borrower to issue from time to time for the account of the Borrower Letters of Credit upon delivery to the Issuing Bank of an Application and Agreement for Letter of Credit relating thereto in form and content acceptable to the Issuing Bank; provided, that (i) the Letter of Credit Outstandings shall not exceed the Total Letter of Credit Commitment and (ii) no Letter of Credit shall be issued if, after giving effect thereto, Letter of Credit Outstandings plus the Revolving Credit Outstandings plus Swing Line Outstandings shall exceed the Total Revolving Credit Commitment. No Letter of Credit shall have an expiry date (including all rights of the Borrower or any beneficiary named in such Letter of Credit to require renewal) or payment date occurring later than the earlier to occur of one year after the date of its issuance or the fifth Business Day prior to the Stated Termination Date.

(b) Subject to the approval by the Lenders of the making available of an Alternative Currency not otherwise provided for herein, upon completion of a proper Application and Agreement for Letter of Credit, NationsBank may issue upon request and for the account of Borrower Letters of Credit payable in such Alternative Currency. For purposes of determining Outstanding Letters of Credit, any Letter of Credit issued in an Alternative Currency shall be recorded in the Agent's account in Dollars based on the Alternative Currency Equivalent Amount on the date of issuance of such Letter of Credit; provided, however, that the Agent shall determine the Dollar Equivalent Amount of any Letter of Credit issued in an Alternative Currency on the date of any Advance or Conversion for the purpose of determining the amount of Outstandings. Any draw on a Letter of Credit issued in an Alternative Currency shall be repaid in the same Alternative Currency Equivalent Amount (determined based on the Spot Rate of Exchange on the date of drawing under the Letter of Credit). To the extent that the Agent shall determine at any time that the sum of (i) the Dollar Value of outstanding Loans and Outstanding Letters of Credit, in each case determined on the date of each Advance or issuance of a Letter of Credit, made or issued in Alternative Currencies and (ii) outstanding Loans and Outstanding Letters of Credit made or issued in Dollars exceeds the Total Revolving Credit Commitment, the Borrower shall immediately repay Loans so that after giving effect to such payment the outstanding Loans plus Outstanding Letters of Credit do not exceed the Total Revolving Credit Commitment.

3.2. Reimbursement.

(a) The Borrower hereby unconditionally agrees to pay to the Issuing Bank immediately on demand at the Principal Office all amounts required to pay all drafts drawn or purporting to be drawn under the Letters of Credit and all reasonable expenses incurred by the Issuing Bank in connection with the Letters of Credit, and in any event and without demand to place in possession of the Issuing Bank (which shall include Advances under the Revolving Credit Facility if permitted by Section 2.1 and Swing Line Loans if permitted by Section 2.14) sufficient funds to pay all debts

and liabilities arising under any Letter of Credit. The Issuing Bank agrees to give the Borrower prompt notice of any request for a draw under a Letter of Credit. The Issuing Bank may, at the request of the Borrower, charge any account the Borrower may have with it for any and all amounts the Issuing Bank pays under a Letter of Credit, plus charges and reasonable expenses as from time to time agreed to by the Issuing Bank and the Borrower; provided that to the extent permitted by Section 2.1(c)(iv) and Section 2.14, amounts shall be paid pursuant to Advances under the Revolving Credit Facility or, if the Borrower shall elect, by Swing Line Loans. The Borrower agrees to pay the Issuing Bank interest on any Reimbursement Obligations not paid when due hereunder at the Base Rate plus two percent (2.0%), or the maximum rate permitted by applicable law, if lower, such rate to be calculated on the basis of a year of 360 days for actual days elapsed.

(b) In accordance with the provisions of Section 2.1(c), the Issuing Bank shall notify the Agent of any drawing under any Letter of Credit promptly following the receipt by the Issuing Bank of such drawing.

(c) Each Lender (other than the Issuing Bank) shall automatically acquire on the date of issuance thereof, a Participation in the liability of the Issuing Bank in respect of each Letter of Credit in an amount equal to such Lender's Applicable Commitment Percentage of such liability, and to the extent that the Borrower is obligated to pay the Issuing Bank under Section 3.2(a), each Lender (other than the Issuing Bank) thereby shall absolutely, unconditionally and irrevocably assume, and shall be unconditionally obligated to pay to the Issuing Bank as hereinafter described, its Applicable Commitment Percentage of the liability of the Issuing Bank under such Letter of Credit.

(i) Each Lender (including the Issuing Bank in its capacity as a Lender) shall, subject to the terms and conditions of Article II, pay to the Agent for the account of the Issuing Bank at the Principal Office in Dollars and in immediately available funds, an amount equal to its Applicable Commitment Percentage of any drawing under a Letter of Credit, such funds to be provided in the manner described in Section 2.1(c)(iv).

(ii) Simultaneously with the making of each payment by a Lender to the Issuing Bank pursuant to Section 2.1(c)(iv)(B), such Lender shall, automatically and without any further action on the part of the Issuing Bank or such Lender, acquire a Participation in an amount equal to such payment (excluding the portion thereof constituting interest accrued prior to the date the Lender made its payment) in the related Reimbursement Obligation of the Borrower. The Reimbursement Obligations of the Borrower shall be immediately due and payable whether by Advances made in accordance with Section 2.1(c)(iv), Swing Line Loans made in accordance with Section 2.14, or otherwise.

(iii) Each Lender's obligation to make payment to the Agent for the account of the Issuing Bank pursuant to Section 2.1(c)(iv) and this Section 3.2(c), and the right of the Issuing Bank to receive the same, shall be absolute and

unconditional, shall not be affected by any circumstance whatsoever and shall be made without any offset, abatement, withholding or reduction whatsoever. If any Lender is obligated to pay but does not pay amounts to the Agent for the account of the Issuing Bank in full upon such request as required by Section 2.1(c)(iv) or this Section 3.2(c), such Lender shall, on demand, pay to the Agent for the account of the Issuing Bank interest on the unpaid amount for each day during the period commencing on the date of notice given to such Lender pursuant to Section 2.1(c) until such Lender pays such amount to the Agent for the account of the Issuing Bank in full at the interest rate per annum for overnight borrowing by the Agent from the Federal Reserve Bank.

(iv) In the event the Lenders have purchased Participations in any Reimbursement Obligation as set forth in clause (ii) above, then at any time payment (in fully collected, immediately available funds) of such Reimbursement Obligation, in whole or in part, is received by the Issuing Bank from the Borrower, the Issuing Bank shall promptly pay to each Lender an amount equal to its Applicable Commitment Percentage of such payment from the Borrower.

(d) Promptly following the end of each calendar quarter, the Issuing Bank shall deliver to the Agent a notice describing the aggregate undrawn amount of all Letters of Credit at the end of such quarter. Upon the request of any Lender from time to time, the Issuing Bank shall deliver to the Agent, and the Agent shall deliver to such Lender, any other information reasonably requested by such Lender with respect to each outstanding Letter of Credit.

(e) The issuance by the Issuing Bank of each Letter of Credit shall, in addition to the conditions precedent set forth in Article VI, be subject to the conditions that such Letter of Credit be in such form and contain such terms as shall be reasonably satisfactory to the Issuing Bank consistent with the then current practices and procedures of the Issuing Bank with respect to similar letters of credit, and the Borrower shall have executed and delivered such other instruments and agreements relating to such Letters of Credit as the Issuing Bank shall have reasonably requested consistent with such practices and procedures and shall not be in conflict with any of the express terms herein contained. All Letters of Credit shall be issued pursuant to and subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500 and all subsequent amendments and revisions thereto.

(f) The Borrower agrees that the Issuing Bank may, in its sole discretion, accept or pay, as complying with the terms of any Letter of Credit, any drafts or other documents otherwise in order which may be signed or issued by an administrator, executor, trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, liquidator, receiver, attorney in fact or other legal representative of a party who is authorized under such Letter of Credit to draw or issue any drafts or other documents.

(g) Without limiting the generality of the provisions of Section 12.9, the Borrower hereby agrees to indemnify and hold harmless the Issuing Bank, each other Lender and the Agent from and against any and all claims and damages, losses, liabilities, reasonable costs and expenses which the Issuing Bank, such other Lender or the Agent may incur (or which may be claimed against the Issuing Bank, such other Lender or the Agent) by any Person by reason of or in connection with the issuance or transfer of or payment or failure to pay under any Letter of Credit; provided that the Borrower shall not be required to indemnify the Issuing Bank, any other Lender or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, (i) caused by the willful misconduct or gross negligence of the party to be indemnified or (ii) caused by the failure of the Issuing Bank to pay under any Letter of Credit after the presentation to it of a request for payment strictly complying with the terms and conditions of such Letter of Credit, unless such payment is prohibited by any law, regulation, court order or decree. The indemnification and hold harmless provisions of this Section 3.2(g) shall survive repayment of the Obligations, occurrence of the Revolving Credit Termination Date and expiration or termination of this Agreement.

(h) Without limiting the Borrower's rights as set forth in Section 3.2(g), the obligation of the Borrower to immediately reimburse the Issuing Bank for drawings made under Letters of Credit and the Issuing Bank's right to receive such payment shall be absolute, unconditional and irrevocable, and such obligations of the Borrower shall be performed strictly in accordance with the terms of this Agreement and such Letters of Credit and the related Applications and Agreement for any Letter of Credit, under all circumstances whatsoever, including the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit, the obligation supported by the Letter of Credit or any other agreement or instrument relating thereto (collectively, the "Related LC Documents");

(ii) any amendment or waiver of or any consent to or departure from all or any of the Related LC Documents;

(iii) the existence of any claim, setoff, defense (other than the defense of payment in accordance with the terms of this Agreement) or other rights which the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent, the Lenders or any other Person, whether in connection with the Loan Documents, the Related LC Documents or any unrelated transaction;

(iv) any breach of contract or other dispute between the Borrower and any beneficiary or any transferee of a Letter of Credit (or any persons or entities for whom such beneficiary or any such transferee may be acting), the Agent, the Lenders or any other Person;

(v) any draft, statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(vi) any delay, extension of time, renewal, compromise or other indulgence or modification granted or agreed to by the Agent, with or without notice to or approval by the Borrower in respect of any of Borrower's Obligations under this Agreement; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Nothing contained in this clause (h) shall relieve the Issuing Bank of liability for its gross negligence or willful misconduct.

3.3. Letter of Credit Facility Fees. The Borrower shall pay to the Agent, (i) for the pro rata benefit of the Lenders based on their Applicable Commitment Percentages, a fee on the aggregate amount available to be drawn on each outstanding Letter of Credit at a rate equal to the Applicable Margin, and (ii) for the Issuing Bank, 0.125% based on the aggregate amount available to be drawn on each outstanding Letter of Credit. Such fees shall be due with respect to each Letter of Credit quarterly in arrears on the last day of each March, June, September and December, the first such payment to be made on the date of issuance of a Letter of Credit. The fees described in this Section 3.3 shall be calculated on the basis of a year of 360 days for the actual number of days elapsed.

3.4. Administrative Fees. The Borrower shall pay to the Issuing Bank such administrative fee and other fees, if any, in connection with the Letters of Credit in such amounts and at such times as the Issuing Bank and the Borrower shall agree from time to time.

ARTICLE IV

Security

4.1. Security. As security for the full and timely payment and performance of all Obligations, the Loan Parties shall on or before the Closing Date do or cause to be done all things necessary in the opinion of the Agent and its counsel to grant to the Agent for the benefit of the Lenders a duly perfected first priority security interest in all Collateral subject to no prior Lien or other encumbrance or restriction on transfer (other than restrictions on transfer imposed by applicable securities laws and Liens permitted under Section 9.4 hereof).

4.2. Further Assurances. At the request of the Agent, the Borrower will or will cause its Subsidiaries, as the case may be to execute, by its duly authorized officers, alone or with the Agent, any certificate, instrument, statement or document, or to procure any such certificate, instrument, statement or document, or to take such other action (and pay all connected costs) which the Agent reasonably deems necessary from time to time to create, continue or preserve the liens and security interests in Collateral (and the perfection and priority thereof) of the Agent contemplated hereby and by the other Loan Documents.

4.3. Information Regarding Collateral. The Borrower represents, warrants and covenants that (i) the chief executive office of the Borrower and each other Person providing Collateral pursuant to a Security Instrument (each, a "Grantor") at the Closing Date is located at the address or addresses specified on Schedule 4.3, and (ii) Schedule 4.3 contains a true and complete list of (a) the name and address of each Grantor and of each other Person that has effected any merger or consolidation with a Grantor or contributed or transferred to a Grantor any property constituting Collateral at any time since January 1, 1992 (excluding Persons making sales in the ordinary course of their businesses to a Grantor of property constituting inventory in the hands of such seller), (b) each location of the chief executive office of each Grantor at any time since January 1, 1992, (c) each location in which goods constituting Collateral are or have been located since January 1, 1992 (together with the name of each owner of the property located at such address if not the applicable Grantor, and a summary description of the relationship between the applicable Grantor and such Person), and (d) each trade style used by any Grantor since January 1, 1992 and the purposes for which it was used. Borrower shall not change, and shall not permit any other Grantor to change, the location of its chief executive office or any location specified in clause (c) of the immediately preceding sentence, or use or permit any other Grantor to use, any additional trade style, except upon giving not less than thirty (30) days' prior written notice to the Agent and taking or causing to be taken all such action at Borrower's or such other Grantor's expense as may be reasonably requested by the Agent to perfect or maintain the perfection of the Lien of the Agent in Collateral.

ARTICLE V

Change in Circumstances

5.1. Increased Cost and Reduced Return. (a) If, after the date hereof, the adoption of any applicable law, rule, or regulation, or any change in any applicable law, rule, or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such governmental authority, central bank, or comparable agency:

(i) shall subject such Lender (or its Applicable Lending Office) to any tax, duty, or other charge with respect to any Eurodollar Rate Loans, its Note, or its obligation to make Eurodollar Rate Loans, or change the basis of taxation of any amounts payable to such Lender (or its Applicable Lending Office) under this Agreement or its Note in respect of any Eurodollar Rate Loans (other than taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office or such Applicable Lending Office and franchise taxes);

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the determination of the Eurodollar Rate and the CD Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender (or its Applicable Lending Office), including the Revolving Credit Commitment of such Lender hereunder; or

(iii) shall impose on such Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting this Agreement or its Note or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making, Converting into, Continuing, or maintaining any Eurodollar Rate Loans or to reduce any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or its Note with respect to any Eurodollar Rate Loans, then the Borrower shall pay to such Lender on demand such amount or amounts as will compensate such Lender for such increased cost or reduction. If any Lender requests compensation by the Borrower under this Section 5.1(a), the Borrower may, by notice to such Lender (with a copy to the Agent), suspend the obligation of such Lender to make or Continue Loans of the Type with respect to which such compensation is requested, or to Convert Loans of any other Type into Loans of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 5.4 shall be applicable); provided that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(b) If, after the date hereof, any Lender shall have determined that the adoption of any applicable law, rule, or regulation regarding capital adequacy or any change therein or in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such governmental authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) Each Lender shall promptly notify the Borrower and the Agent of any event of which it has actual knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the reasonable judgment of such Lender, be otherwise disadvantageous to it. Any Lender claiming compensation under this Section shall furnish to the Borrower and the Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

5.2. Limitation on Types of Loans. If on or prior to the first day of any Interest Period for any Eurodollar Rate Loan:

(a) the Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) the Required Lenders determine (which determination shall be conclusive) and notify the Agent that the Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding Eurodollar Rate Loans for such Interest Period;

then the Agent shall give the Borrower prompt notice thereof specifying the relevant Type of Loans and the relevant amounts or periods, and so long as such condition remains in effect, the Lenders shall be under no obligation to make additional Loans of such Type, Continue Loans of such Type, or to Convert Loans of any other Type into Loans of such Type and the Borrower shall, on the last day(s) of the then current Interest Period(s) for the outstanding Loans of the affected Type, either prepay such Loans or Convert such Loans into another Type of Loan in accordance with the terms of this Agreement.

5.3. Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to make, maintain, or fund Eurodollar Rate Loans hereunder, then such Lender shall promptly notify the Borrower thereof and such Lender's obligation to make or Continue Eurodollar Rate Loans and to Convert other Types of Loans into Eurodollar Rate Loans shall be suspended until such time as such Lender may again make, maintain, and fund Eurodollar Rate Loans (in which case the provisions of Section 5.4 shall be applicable).

5.4. Treatment of Affected Loans. If the obligation of any Lender to make a particular Type of Eurodollar Rate Loan or to Continue, or to Convert Loans of any other Type into, Loans of a particular Type shall be suspended pursuant to Section 5.1 or 5.3 hereof (Loans of such Type being herein called "Affected Loans" and such Type being herein called the "Affected Type"), such Lender's Affected Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 5.3 hereof, on such earlier date as such Lender may specify to the Borrower with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.1 or 5.3 hereof that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender's Affected Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Affected Loans shall be applied instead to its Base Rate Loans; and

(b) all Loans that would otherwise be made or Continued by such Lender as Loans of the Affected Type shall be made or Continued instead as Base Rate Loans, and all Loans of such Lender that would otherwise be Converted into Loans of the Affected Type shall be Converted instead into (or shall remain as) Base Rate Loans.

If such Lender gives notice to the Borrower (with a copy to the Agent) that the circumstances specified in Section 5.1 or 5.3 hereof that gave rise to the Conversion of such Lender's Affected Loans pursuant to this Section 5.4 no longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Loans of the Affected Type made by other Lenders are outstanding, such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Loans of the Affected Type and by such Lender are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their respective Revolving Credit Commitments.

5.5. Compensation. Upon the request of any Lender, the Borrower shall pay to such Lender such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost, or expense (including loss of anticipated profits) incurred by it as a result of:

(a) any payment, prepayment, or Conversion of a Eurodollar Rate Loan for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 10.1) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article VI to be satisfied) to borrow (other than by reason of the failure of a Lender or Lenders to make funds available without cause), Convert, Continue, or prepay a Eurodollar Rate Loan on the date for such borrowing, Conversion, Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

Any Lender claiming compensation under this Section 5.5 shall furnish the Borrower and the Agent a statement setting forth in reasonable detail the amounts to be paid to it hereunder and the determination thereof shall be conclusive absent manifest error.

5.6. Taxes. (a) Any and all payments by the Borrower to or for the account of any Lender or the Agent hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender (or its Applicable Lending Office) or the Agent (as the case may be) is organized or any political subdivision thereof, except withholding taxes applicable to a Lender, (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter referred to as "Taxes"). If the Borrower or the Lender shall be required by law to deduct any Taxes from or in respect of any sum payable under this Agreement or any other Loan Document to any Lender or the Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 5.6) such Lender or the Agent receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law, and (iv) the Borrower shall furnish to the Agent, at its address referred to in Section 12.2, the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under this Agreement or any other Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower agrees to indemnify each Lender and the Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 5.6) paid by such Lender or the Agent (as

the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(d) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower or the Agent (but only so long as such Lender remains lawfully able to do so), shall provide the Borrower and the Agent with (i) Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States, (ii) Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, and (iii) any other form or certificate required by any taxing authority (including any certificate required by Sections 871(h) and 881(c) of the Internal Revenue Code), certifying that such Lender is entitled to an exemption from or a reduced rate of tax on payments pursuant to this Agreement or any of the other Loan Documents.

(e) For any period with respect to which a Lender has failed to provide the Borrower and the Agent with the appropriate form pursuant to Section 5.6(d) (unless such failure is due to a change in treaty, law, or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender shall not be entitled to indemnification under Section 5.6(a) or 5.6(b) with respect to Taxes imposed by the United States; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes at such Lender's expense.

(f) If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 5.6, then such Lender will agree to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender, is not otherwise disadvantageous to such Lender.

(g) Within thirty (30) days after the date of any payment of Taxes, the Borrower shall furnish to the Agent evidence of such payment and the Agent shall provide a copy of such evidence to the applicable Lender.

(h) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 5.6 shall survive the termination of the Revolving Credit Commitments and the payment in full of the Notes.

5.7. Replacement Banks. The Borrower may, in its sole discretion, on ten (10) Business Days' prior written notice to the Agent and a Lender, cause a Lender who has either (a) incurred increased costs or is unable to make Eurodollar Rate Loans, (b) failed to fund any requested Advance, (c) made any claim for taxes under Section 5.6, or (d) assigned a portion or all of its Revolving Credit Commitment and not assigned a pro rata portion of the TROL Indebtedness held by it, to (and such Lender shall) assign, pursuant to Section 12.1, all of its rights and obligations under this Agreement to an Eligible Assignee designated by the Borrower which is willing to become a Lender for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender plus any accrued but unpaid interest on such Loans, any accrued but unpaid fees with respect to such Lender's Revolving Credit Commitment and any other amount payable to such Lender under this Agreement; provided, however, that any expenses or other amounts which would be owing to such Lender pursuant to any indemnification provision hereof (including, if applicable, Section 5.5) shall be payable by the Borrower as if the Borrower had prepaid the Loans of such Lender rather than such Lender having assigned its interest hereunder. The Borrower or the assignee shall pay the applicable processing fee under Section 12.1.

5.8. Lending Office. Without affecting its rights under this Article V or any other provision of this Agreement, each Lender agrees that if there is any increase in cost to or reduction in an amount receivable by such Lender with respect to which the Borrower would be obligated to compensate such Lender pursuant to this Article V, such Lender shall use reasonable efforts to elect an alternative lending office (to the extent such Lender has available to it such an office) which would not result in any such increase in any cost to or reduction in any amount receivable by such Lender; provided, however, that no Lender shall be obligated to select an alternative lending office if such Lender determines, in its sole discretion, that (i) as a result of such selection such Lender would be in violation of any applicable law, regulation, treaty, or guideline, or would incur additional costs or expenses or (ii) such selection would be inadvisable for regulatory reasons or would impose an unreasonable burden or additional costs on such Lender.

ARTICLE VI

Conditions to Making Loans and Issuing Letters of Credit

6.1. Conditions of Initial Advance. The obligation of the Lenders to make the initial Advance under the Revolving Credit Facility, and of the Issuing Bank to issue any Letter of Credit, and of NationsBank to make any Swing Line Loan, is subject to the conditions precedent that:

(a) the Agent shall have received on the Closing Date, in form and substance satisfactory to the Agent and Lenders, the following:

(i) executed originals of each of this Agreement, the Notes, the initial Facility Guaranties, the Security Instruments, the LC Account Agreement and the other Loan Documents, together with all schedules and exhibits thereto;

(ii) the favorable written opinion or opinions with respect to the Loan Documents and the transactions contemplated thereby of special counsel to the Loan Parties dated the Closing Date, addressed to the Agent and the Lenders and satisfactory to Smith Helms Mulliss & Moore, L.L.P., special counsel to the Agent, substantially in the form of Exhibit G;

(iii) resolutions of the boards of directors or other appropriate governing body (or of the appropriate committee thereof) of each of the Loan Parties certified by its secretary or assistant secretary as of the Closing Date, approving and adopting the Loan Documents to be executed by such Person, and authorizing the execution and delivery thereof;

(iv) specimen signatures of officers of each of the Loan Parties executing the Loan Documents on behalf of such Person, certified by the secretary or assistant secretary of such Person;

(v) the charter documents of each of the Loan Parties certified as of a recent date by the Secretary of State of its state of organization;

(vi) the bylaws of each of the Loan Parties certified as of the Closing Date as true and correct by its secretary or assistant secretary;

(vii) certificates issued as of a recent date by the Secretaries of State of the respective jurisdictions of formation of each of the Loan Parties as to the due existence and good standing of such Person;

(viii) appropriate certificates of qualification to do business, good standing and, where appropriate, authority to conduct business under assumed name,

issued in respect of each of the Loan Parties as of a recent date by the Secretary of State or comparable official of each jurisdiction in which the failure to be qualified to do business or authorized so to conduct business could have a Material Adverse Effect;

(ix) notice of appointment of the initial Authorized Representative(s);

(x) certificate of an Authorized Representative dated the Closing Date demonstrating compliance with the financial covenants contained in Sections 9.1(a) through 9.1(d) and Section 9.3 as of the most recent fiscal quarter ended, substantially in the form of Exhibit H;

(xi) evidence of all insurance required by the Loan Documents;

(xii) an initial Borrowing Notice, if any;

(xiii) evidence that all fees payable by the Borrower on the Closing Date to the Agent, NMSI and the Lenders have been paid in full;

(xiv) copies of all surveys, environmental assessments, appraisals, title insurance policies in the possession of the Borrower and its Subsidiaries relating to the Mortgage Properties, if any;

(xv) certifications reasonably acceptable to the Agent to the effect that no portion of the improvements located on any of the Mortgage Properties are located within a flood hazard area;

(xvi) such other documents, instruments, certificates and opinions as the Agent or any Lender may reasonably request on or prior to the Closing Date in connection with the consummation of the transactions contemplated hereby; and

(b) In the good faith judgment of the Agent and the Lenders:

(i) there shall not have occurred or become known to the Agent or the Lenders any event, condition, situation or status since the date of the information contained in the financial and business projections, budgets, pro forma data and forecasts concerning the Borrower and its Subsidiaries delivered to the Agent prior to the Closing Date that has had or could reasonably be expected to result in a Material Adverse Effect;

(ii) no litigation, action, suit, investigation or other arbitral, administrative or judicial proceeding shall be pending or threatened which could reasonably be likely to result in a Material Adverse Effect; and

(iii) the Loan Parties shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices as shall be required to consummate the transactions contemplated hereby without the occurrence of any default under, conflict with or violation of (A) any applicable law, rule, regulation, order or decree of any Governmental Authority or arbitral authority or (B) any agreement, document or instrument to which any of the Loan Parties is a party or by which any of them or their properties is bound.

6.2. Conditions of Revolving Loans and Letter of Credit. The obligations of the Lenders to make any Revolving Loans, and the Issuing Bank to issue Letters of Credit and NationsBank to make Swing Line Loans, hereunder on or subsequent to the Closing Date are subject to the satisfaction of the following conditions:

(a) the Agent or, in the case of Swing Line Loans, NationsBank shall have received a Borrowing Notice if required by Article II;

(b) the representations and warranties of the Loan Parties set forth in Article VII and in each of the other Loan Documents shall be true and correct in all material respects on and as of the date of such Advance, Swing Line Loan or Letter of Credit issuance or renewal, with the same effect as though such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date and except that the financial statements referred to in Section 7.6(a) shall be deemed to be those financial statements most recently delivered to the Agent and the Lenders pursuant to Section 8.1 from the date financial statements are delivered to the Agent and the Lenders in accordance with such Section;

(c) in the case of the issuance of a Letter of Credit, the Borrower shall have executed and delivered to the Issuing Bank an Application and Agreement for Letter of Credit in form and content acceptable to the Issuing Bank together with such other instruments and documents as it shall request;

(d) at the time of (and after giving effect to) each Advance, Swing Line Loan or the issuance of a Letter of Credit, no Default or Event of Default specified in Article X shall have occurred and be continuing; and

(e) immediately after giving effect to:

(i) a Revolving Loan, the aggregate principal balance of all outstanding Revolving Loans for each Lender shall not exceed such Lender's Revolving Credit Commitment;

(ii) a Letter of Credit or renewal thereof, the aggregate principal balance of all outstanding Participations in Letters of Credit and Reimbursement Obligations

(or in the case of the Issuing Bank, its remaining interest after deduction of all Participations in Letters of Credit and Reimbursement Obligations of other Lenders) for each Lender and in the aggregate shall not exceed, respectively, (X) such Lender's Letter of Credit Commitment or (Y) the Total Letter of Credit Commitment;

(iii) a Swing Line Loan, the Swing Line Outstandings shall not exceed \$5,000,000; and

(iv) a Revolving Loan, Swing Line Loan or a Letter of Credit or renewal thereof, the sum of Letter of Credit Outstandings plus Revolving Credit Outstandings plus Swing Line Outstandings shall not exceed the Total Revolving Credit Commitment.

ARTICLE VII

Representations and Warranties

The Borrower represents and warrants with respect to itself and to its Subsidiaries (which representations and warranties shall survive the delivery of the documents mentioned herein and the making of Loans), that:

7.1. Organization and Authority.

(a) The Borrower and each Subsidiary is a corporation or partnership duly organized and validly existing under the laws of the jurisdiction of its formation;

(b) The Borrower and each Subsidiary (x) has the requisite power and authority to own its properties and assets and to carry on its business as now being conducted and as contemplated in the Loan Documents, and (y) is qualified to do business in every jurisdiction in which failure so to qualify would have a Material Adverse Effect;

(c) The Borrower has the power and authority to execute, deliver and perform this Agreement and the Notes, and to borrow hereunder, and to execute, deliver and perform each of the other Loan Documents to which it is a party;

(d) Each Guarantor has the power and authority to execute, deliver and perform the Facility Guaranty and each of the other Loan Documents to which it is a party; and

(e) When executed and delivered, each of the Loan Documents to which any Loan Party is a party will be the legal, valid and binding obligation or agreement of such Loan Party, enforceable against such Loan Party in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity);

7.2. Loan Documents. The execution, delivery and performance by each Loan Party of each of the Loan Documents to which it is a party:

(a) have been duly authorized by all requisite corporate action (including any required shareholder or partner approval) of such Loan Party required for the lawful execution, delivery and performance thereof;

(b) do not violate any provisions of (i) applicable law, rule or regulation, (ii) any judgment, writ, order, determination, decree or arbitral award of any Governmental Authority or arbitral authority binding on such Loan Party or its properties, or (iii) the charter documents, partnership agreement or bylaws of such Loan Party;

(c) does not and will not be in conflict with, result in a breach of or constitute an event of default, or an event which, with notice or lapse of time or both, would constitute an event of default, under any contract, indenture, agreement or other instrument or document to which such Loan Party is a party, or by which the properties or assets of such Loan Party are bound; and

(d) does not and will not result in the creation or imposition of any Lien upon any of the properties or assets of such Loan Party or any Subsidiary;

7.3. Solvency. Each Loan Party is Solvent after giving effect to the transactions contemplated by the Loan Documents;

7.4. Subsidiaries and Stockholders. The Borrower has no Subsidiaries other than those Persons listed as Subsidiaries in Schedule 7.4 and additional Subsidiaries created or acquired after the Closing Date in compliance with Section 8.19; Schedule 7.4 states as of the date hereof the organizational form of each entity, the authorized and issued capitalization of each Subsidiary listed thereon, the number of shares or other equity interests of each class of capital stock or interest issued and outstanding of each such Subsidiary and the number and/or percentage of outstanding shares or other equity interest (including options, warrants and other rights to acquire any interest) of each such class of capital stock or other equity interest owned by Borrower or by any such Subsidiary; the outstanding shares or other equity interests of each such Subsidiary have been duly authorized and validly issued and are fully paid and nonassessable; and Borrower and each such Subsidiary owns beneficially and of record all the shares and other interests it is listed as owning in Schedule 7.4, free and clear of any Lien;

7.5. Ownership Interests. Borrower owns no interest in any Person other than the Persons listed in Schedule 7.4, equity investments in Persons not constituting Subsidiaries permitted under Section 9.7 and additional Subsidiaries created or acquired after the Closing Date in compliance with Section 8.19;

7.6 Financial Condition.

(a) The Borrower has heretofore furnished to each Lender an audited consolidated balance sheet of the Borrower and its Subsidiaries as at December 29, 1996 and the notes thereto and the related consolidated statements of income, stockholders' equity and cash flows for the Fiscal Year then ended as examined and certified by Arthur Andersen LLP, and unaudited consolidated interim financial statements of the Borrower and its Subsidiaries consisting of a consolidated balance sheet and related consolidated statements of income and cash flows, in each case without notes, for and as of the end of the nine month period ending September 28, 1997. Except as set forth therein, such financial statements (including the notes thereto) present fairly the financial condition of the Borrower and its Subsidiaries as of the end of such Fiscal Year and the nine month period and results of their operations and the changes in its stockholders' equity for the Fiscal Year and interim period then ended, all in conformity with GAAP applied on a Consistent Basis, subject however, in the case of unaudited interim statements to year end audit adjustments;

(b) since December 29, 1996 there has been no material adverse change in the condition, financial or otherwise, of the Borrower or any of its Subsidiaries or in the businesses, properties, performance, prospects or operations of the Borrower or its Subsidiaries, nor have such businesses or properties been materially adversely affected as a result of any fire, explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo or act of God; and

(c) except as set forth in the financial statements referred to in Section 7.6(a) or in Schedule 7.6 or permitted by Section 9.5, neither Borrower nor any Subsidiary has incurred, other than in the ordinary course of business, any material Indebtedness, Contingent Obligation or other commitment or liability which remains outstanding or unsatisfied;

7.7. Title to Properties. The Borrower and each of its Subsidiaries has title to all its real and personal properties, subject to no transfer restrictions or Liens of any kind, except for the transfer restrictions and Liens described in Schedule 7.7 and Liens permitted by Section 9.4;

7.8. Taxes. The Borrower and each of its Subsidiaries has filed or caused to be filed all federal, state and local tax returns which are required to be filed by it and, except for taxes and assessments being contested in good faith by appropriate proceedings diligently conducted and against which reserves reflected in the financial statements described in Section 7.6(a) and satisfactory to the Borrower's independent certified public accountants have been established, have paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due;

7.9. Other Agreements. No Loan Party nor any Subsidiary is

(a) a party to or subject to any judgment, order, decree, agreement, lease or instrument, or subject to other restrictions, which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect; or

(b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Borrower or any Subsidiary is a party, which default has, or if not remedied within any applicable grace period could reasonably be likely to have, a Material Adverse Effect;

7.10. Litigation. Except as set forth in Schedule 7.10, there is no action, suit, investigation or proceeding at law or in equity or by or before any governmental instrumentality or agency or arbitral body pending, or, to the best knowledge of the Borrower, threatened by or against the Borrower or any Subsidiary or affecting the Borrower or any Subsidiary or any properties or rights of the Borrower or any Subsidiary, which could reasonably be expected to have a Material Adverse Effect;

7.11. Margin Stock. The proceeds of the borrowings made hereunder will be used by the Borrower only for the purposes expressly authorized herein. None of such proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin stock or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry margin stock or for any other purpose which might constitute any of the Loans under this Agreement a "purpose credit" within the meaning of said Regulation U or Regulation X (12 C.F.R. Part 224) of the Board. Neither the Borrower nor any agent acting in its behalf has taken or will take any action which might cause this Agreement or any of the documents or instruments delivered pursuant hereto to violate any regulation of the Board or to violate the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, or any state securities laws, in each case as in effect on the date hereof;

7.12. Investment Company. No Loan Party is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended (15 U.S.C. ss. 80a-1, et seq.). The application of the proceeds of the Loans and repayment thereof by the Borrower and the performance by the Loan Parties of the transactions contemplated by the Loan Documents will not violate any provision of said Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder, in each case as in effect on the date hereof;

7.13. Patents, Etc. The Borrower and each Subsidiary owns or has the right to use, under valid license agreements or otherwise, all material patents, licenses, franchises, trademarks, trademark rights, trade names, trade name rights, trade secrets and copyrights necessary to or used in the conduct of its businesses as now conducted and as contemplated by the Loan Documents, in all cases without known conflict with any patent, license, franchise, trademark, trade secret, trade name, copyright, other proprietary right of any other Person, which conflict is reasonably likely to have a Material Adverse Effect;

7.14. No Untrue Statement. Neither (a) this Agreement nor any other Loan Document or certificate or document executed and delivered by or on behalf of the Borrower or any Subsidiary in accordance with or pursuant to any Loan Document nor (b) any statement, representation, or warranty provided to the Agent in connection with the negotiation or preparation of the Loan Documents contains any misrepresentation or untrue statement of material fact or omits to state a material fact necessary, in light of the circumstance under which it was made, in order to make any such warranty, representation or statement contained therein not misleading;

7.15. No Consents, Etc. Neither the respective businesses or properties of the Loan Parties or any Subsidiary, nor any relationship among the Loan Parties or any Subsidiary and any other Person, nor any circumstance in connection with the execution, delivery and performance of the Loan Documents and the transactions contemplated thereby, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority or any other Person on the part of any Loan Party or any Subsidiary as a condition to the execution, delivery and performance of, or consummation of the transactions contemplated by the Loan Documents, which, if not obtained or effected, would be reasonably likely to have a Material Adverse Effect, or if so, such consent, approval, authorization, filing, registration or qualification has been duly obtained or effected, as the case may be;

7.16. Employee Benefit Plans.

(a) The Borrower and each ERISA Affiliate is in compliance with all applicable provisions of ERISA and the regulations and published interpretations thereunder and in compliance with all Foreign Benefit Laws with respect to all Employee Benefit Plans except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code. No material liability has been incurred by the Borrower or any ERISA Affiliate which remains unsatisfied for any taxes or penalties with respect to any Employee Benefit Plan or any Multiemployer Plan;

(b) Neither the Borrower nor any ERISA Affiliate has (i) engaged in a nonexempt prohibited transaction described in Section 4975 of the Code or Section 406 of ERISA affecting any of the Employee Benefit Plans or the trusts created thereunder which could subject any such Employee Benefit Plan or trust to a material tax or penalty on prohibited transactions imposed under Internal Revenue Code Section 4975 or ERISA, (ii) incurred any accumulated funding deficiency with respect to any Employee Benefit Plan, whether or not waived, or any other material liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (iii) failed to make a required contribution or payment to a Multiemployer Plan, or (iv) failed to make a required installment or other required payment

under Section 412 of the Code, Section 302 of ERISA or the terms of such Employee Benefit Plan;

(c) No Termination Event has occurred or is reasonably expected to occur with respect to any Pension Plan or Multiemployer Plan, and neither the Borrower nor any ERISA Affiliate has incurred any unpaid withdrawal liability with respect to any Multiemployer Plan;

(d) The present value of all vested accrued benefits under each Employee Benefit Plan which is subject to Title IV of ERISA, did not, as of the most recent valuation date for each such plan, exceed the then current value of the assets of such Employee Benefit Plan allocable to such benefits;

(e) To the best of the Borrower's knowledge, each Employee Benefit Plan subject to Title IV of ERISA, maintained by the Borrower or any ERISA Affiliate, has been administered in accordance with its terms in all material respects and is in compliance in all material respects with all applicable requirements of ERISA and other applicable laws, regulations and rules;

(f) The consummation of the Loans and the issuance of the Letters of Credit provided for herein will not involve any prohibited transaction under ERISA which is not subject to a statutory or administrative exemption; and

(g) No material proceeding, claim, lawsuit and/or investigation exists or, to the best knowledge of the Borrower after due inquiry, is threatened concerning or involving any Employee Benefit Plan or Foreign Benefit Laws;

7.17. No Default. As of the date hereof, there does not exist any Default or Event of Default hereunder;

7.18. Hazardous Materials. The Borrower and each Subsidiary is in compliance with all applicable Environmental Laws in all material respects. Neither the Borrower nor any Subsidiary has been notified of any action, suit, proceeding or investigation which, and neither the Borrower nor any Subsidiary is aware of any facts which, (i) calls into question, or could reasonably be expected to call into question, compliance by the Borrower or any Subsidiary with any Environmental Laws, (ii) which seeks, or could reasonably be expected to form the basis of a meritorious proceeding, to suspend, revoke or terminate any license, permit or approval necessary for the generation, handling, storage, treatment or disposal of any Hazardous Material, or (iii) seeks to cause, or could reasonably be expected to form the basis of a meritorious proceeding to cause, any property of the Borrower or any Subsidiary to be subject to any restrictions on ownership, use, occupancy or transferability under any Environmental Law;

7.19. Employment Matters. (a) Except as set forth in Schedule 7.19, none of the employees of the Borrower or any Subsidiary is subject to any collective bargaining agreement and there are no strikes, work stoppages, election or decertification petitions or proceedings, unfair labor charges, equal opportunity proceedings, or other material labor/employee related controversies or proceedings pending or, to the best knowledge of the Borrower, threatened against the Borrower or any Subsidiary or between the Borrower or any Subsidiary and any of its employees, other than employee grievances arising in the ordinary course of business which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and

(b) Except to the extent a failure to maintain compliance would not have a Material Adverse Effect, the Borrower and each Subsidiary is in compliance in all material respects with all applicable laws, rules and regulations pertaining to labor or employment matters, including without limitation those pertaining to wages, hours, occupational safety and taxation and there is neither pending or, to the knowledge of the Borrower, threatened any litigation, administrative proceeding nor, to the knowledge of the Borrower, any investigation, in respect of such matters which, if decided adversely, could reasonably be likely, individually or in the aggregate, to have a Material Adverse Effect; and

7.20. RICO. Neither the Borrower nor any Subsidiary is engaged in or has engaged in any course of conduct that could subject any of their respective properties to any Lien, seizure or other forfeiture under any criminal law, racketeer influenced and corrupt organizations law, civil or criminal, or other similar laws.

ARTICLE VIII

Affirmative Covenants

Until the Facility Termination Date, unless the Required Lenders shall otherwise consent in writing, the Borrower will, and where applicable will cause each Subsidiary to:

8.1. Financial Reports, Etc. (a) As soon as practical and in any event within 90 days after the end of each Fiscal Year of the Borrower, deliver or cause to be delivered to the Agent and each Lender (i) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such Fiscal Year, and the notes thereto, and the related consolidated statements of income, stockholders' equity and cash flows, and the respective notes thereto, for such Fiscal Year, setting forth comparative financial statements for the preceding Fiscal Year, all prepared in accordance with GAAP applied on a Consistent Basis and containing opinions of Arthur Andersen LLP, or other such independent certified public accountants selected by the Borrower and approved by the Agent, which are unqualified as to the scope of the audit performed and as to the "going concern" status of the Borrower and its Subsidiaries and without any exception not acceptable to the Lenders, and (ii) a certificate of an Authorized Representative demonstrating compliance with Sections 9.1(a) through 8.1(d) and 8.3, which certificate shall be in the form of Exhibit H;

(b) as soon as practical and in any event within 45 days after the end of each fiscal quarter (except the last fiscal quarter of the Fiscal Year), deliver to the Agent and each Lender (i) a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income and cash flows for such fiscal quarter and for the period from the beginning of the then current Fiscal Year through the end of such reporting period, and accompanied by a certificate of an Authorized Representative to the effect that such financial statements present fairly the financial position of the Borrower and its Subsidiaries as of the end of such fiscal period and the results of their operations and the changes in their financial position for such fiscal period, in conformity with the standards set forth in Section 7.6(a) with respect to interim financial statements, and (ii) a certificate of an Authorized Representative containing computations for such quarter comparable to that required pursuant to Section 8.1(a)(ii);

(c) together with each delivery of the financial statements required by Section 8.1(a)(i), deliver to the Agent and each Lender a letter from the Borrower's accountants specified in Section 8.1(a)(i) stating that in performing the audit necessary to render an opinion on the financial statements delivered under Section 8.1(a)(i), they obtained no knowledge of any Default or Event of Default by the Borrower in the fulfillment of the terms and provisions of this Agreement insofar as they relate to financial matters (which at the date of such statement remains uncured); or if the accountants have obtained knowledge of such Default or Event of Default, a statement specifying the nature and period of existence thereof;

(d) promptly upon their becoming available to the Borrower, the Borrower shall deliver to the Agent and each Lender a copy of (i) all regular or special reports or effective registration

statements which Borrower or any Subsidiary shall file with the Securities and Exchange Commission (or any successor thereto) or any securities exchange, (ii) any proxy statement distributed by the Borrower or any Subsidiary to its shareholders, bondholders or the financial community in general, and (iii) any management letter or other report submitted to the Borrower or any Subsidiary by independent accountants in connection with any annual, interim or special audit of the Borrower or any Subsidiary; and

(e) not later than the last Business Day of each Fiscal Year, deliver to the Agent and each Lender a consolidated operating budget for the Borrower and its Subsidiaries for the next Fiscal Year, prepared in accordance with GAAP applied on a Consistent Basis;

(f) promptly, from time to time, deliver or cause to be delivered to the Agent and each Lender such other information regarding Borrower's and any Subsidiary's operations, business affairs and financial condition as the Agent or such Lender may reasonably request;

The Agent and the Lenders are hereby authorized to deliver a copy of any such financial or other information delivered hereunder to the Lenders (or any affiliate of any Lender) or to the Agent, to any Governmental Authority having jurisdiction over the Agent or any of the Lenders pursuant to any written request therefor or in the ordinary course of examination of loan files, or to any other Person who shall acquire or consider the assignment of, or acquisition of any participation interest in, any Obligation permitted by this Agreement;

8.2. Maintain Properties. Maintain all properties necessary to its operations in good working order and condition, ordinary wear and tear excepted, make all needed repairs, replacements and renewals to such properties, and maintain free from Liens all trademarks, trade names, patents, copyrights, trade secrets, know-how, and other intellectual property and proprietary information (or adequate licenses thereto), in each case as are reasonably necessary to conduct its business as currently conducted or as contemplated hereby, all in accordance with customary and prudent business practices, except where such failure could not be reasonably expected to have a Material Adverse Effect;

8.3. Existence, Qualification, Etc. Except as otherwise expressly permitted under Section 9.8, do or cause to be done all things necessary to preserve and keep in full force and effect its existence and all material rights and franchises, and, except to the extent conveyed in connection with a transaction permitted under Section 9.6 hereof, maintain its license or qualification to do business as a foreign corporation and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary;

8.4. Regulations and Taxes. Comply in all material respects with or contest in good faith all statutes and governmental regulations and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation which, if unpaid, would become a Lien against any of its properties except liabilities being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves acceptable to the Borrower's

independent certified public accountants have been established unless and until any Lien resulting therefrom attaches to any of its property and becomes enforceable against its creditors;

8.5. Insurance. (a) Keep all of its insurable properties adequately insured at all times with responsible insurance carriers against loss or damage by fire and other hazards, (b) maintain general public liability insurance at all times with responsible insurance carriers against liability on account of damage to persons and property and (c) maintain insurance under all applicable workers' compensation laws (or in the alternative, maintain required reserves if self-insured for workers' compensation purposes) and against loss by reason of business interruption such policies of insurance to have such limits, deductibles, exclusions, co-insurance and other provisions providing no less coverages than that specified in Schedule 8.5. Each of the policies of insurance described in this Section 8.5 shall provide that the insurer shall give the Agent not less than thirty (30) days' prior written notice before any such policy shall be terminated, lapse or be altered in any manner;

8.6. True Books. Keep true books of record and account in which full, true and correct entries will be made of all of its dealings and transactions, and set up on its books such reserves as may be required by GAAP with respect to doubtful accounts and all taxes, assessments, charges, levies and claims and with respect to its business in general, and include such reserves in interim as well as year-end financial statements;

8.7. Right of Inspection. Permit any Person designated by the Agent, at the Agent's expense, to visit and inspect any of the properties, corporate books and financial reports of the Borrower or any Subsidiary and to discuss its affairs, finances and accounts with its principal officers and independent certified public accountants, all at reasonable times, at reasonable intervals and with reasonable prior notice and permit any Lender to discuss the Borrower's affairs, finances and accounts with its principal officers all at reasonable times, at reasonable intervals and with reasonable prior notice;

8.8. Observe all Laws. Conform to and duly observe in all material respects all laws, rules and regulations and all other valid requirements of any Governmental Authority with respect to the conduct of its business;

8.9. Governmental Licenses. Obtain and maintain all licenses, permits, certifications and approvals of all applicable Governmental Authorities as are required for the conduct of its business as currently conducted and as contemplated by the Loan Documents;

8.10. Covenants Extending to Other Persons. Cause each of its Subsidiaries to do with respect to itself, its business and its assets, each of the things required of the Borrower in Sections 8.2 through 8.9, and 8.18 inclusive;

8.11. Officer's Knowledge of Default. Upon any officer of the Borrower obtaining knowledge of any Default or Event of Default hereunder or under any other obligation of the Borrower or any Subsidiary to any Lender, or any event, development or occurrence which could

reasonably be expected to have a Material Adverse Effect, cause such officer or an Authorized Representative to promptly notify the Agent of the nature thereof, the period of existence thereof, and what action the Borrower or such Subsidiary proposes to take with respect thereto;

8.12. Suits or Other Proceedings. Upon any officer of the Borrower obtaining knowledge of any litigation or other proceedings being instituted against the Borrower or any Subsidiary or any attachment, levy, execution or other process being instituted against any assets of the Borrower or any Subsidiary making a claim or claims which is likely to result in damages in an aggregate amount greater than \$1,000,000 not otherwise covered by insurance, promptly deliver to the Agent written notice thereof stating the nature and status of such litigation, dispute, proceeding, levy, execution or other process;

8.13. Notice of Discharge of Hazardous Material or Environmental Complaint. Promptly provide to the Agent true, accurate and complete copies of any and all notices, complaints, orders, directives, claims, or citations received by the Borrower or any Subsidiary relating to any (a) violation or alleged violation by the Borrower or any Subsidiary of any applicable Environmental Law; (b) release or threatened release by the Borrower or any Subsidiary, or at any facility or property owned or leased or operated by the Borrower or any Subsidiary, of any Hazardous Material, except where occurring legally; or (c) liability or alleged liability of the Borrower or any Subsidiary for the costs of cleaning up, removing, remediating or responding to a release of Hazardous Materials;

8.14. Environmental Compliance. If the Borrower or any Subsidiary shall receive any letter, notice, complaint, order, directive, claim or citation alleging that the Borrower or and Subsidiary has violated any Environmental Law or is liable for the costs of cleaning up, removing, remediating or responding to a release of Hazardous Materials, the Borrower shall, within the time period permitted by the applicable Environmental Law or the Governmental Authority responsible for enforcing such Environmental Law, either (i) remove or remedy, or cause the applicable Subsidiary to remove or remedy, such violation or release or satisfy such liability or (ii) contest in good faith such violation so long as no remedial action shall be required to be taken during the period of such contest;

8.15. Indemnification. Without limiting the generality of Section 12.9, the Borrower hereby agrees to indemnify and hold the Agent, the Lenders and NMSI, and their respective officers, directors, employees and agents, harmless from and against any and all claims, losses, penalties, liabilities, damages and expenses (including assessment and cleanup costs and reasonable attorneys' fees and disbursements) arising directly or indirectly from, out of or by reason of (a) the violation of any Environmental Law by the Borrower or any Subsidiary or with respect to any property owned, operated or leased by the Borrower or any Subsidiary or (b) the handling, storage, treatment, emission or disposal of any Hazardous Materials by or on behalf of the Borrower or any Subsidiary or on or with respect to property owned or leased or operated by the Borrower or any Subsidiary. The provisions of this Section 8.15 shall survive the Facility Termination Date and expiration or termination of this Agreement;

8.16. Further Assurances. At the Borrower's cost and expense, upon request of the Agent, duly execute and deliver or cause to be duly executed and delivered, to the Agent such further instruments, documents, certificates, financing and continuation statements, and do and cause to be done such further acts that may be reasonably necessary or advisable in the reasonable opinion of the Agent to carry out more effectively the provisions and purposes of this Agreement and the other Loan Documents;

8.17. Employee Benefit Plans.

(a) With reasonable promptness, and in any event within thirty (30) days thereof, give notice to the Agent of (a) the establishment of any new Pension Plan (which notice shall include a copy of such plan), (b) the commencement of contributions to any Employee Benefit Plan to which the Borrower or any of its ERISA Affiliates was not previously contributing, (c) any material increase in the benefits of any existing Employee Benefit Plan, (d) each funding waiver request filed with respect to any Employee Benefit Plan and all communications received or sent by the Borrower or any ERISA Affiliate with respect to such request and (e) the failure of the Borrower or any ERISA Affiliate to make a required installment or payment under Section 302 of ERISA or Section 412 of the Code by the due date;

(b) Promptly and in any event within fifteen (15) days of becoming aware of the occurrence or forthcoming occurrence of any (a) Termination Event or (b) nonexempt "prohibited transaction," as such term is defined in Section 406 of ERISA or Section 4975 of the Code, in connection with any Pension Plan or any trust created thereunder, deliver to the Agent a notice specifying the nature thereof, what action the Borrower or any ERISA Affiliate has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto; and

(c) With reasonable promptness but in any event within fifteen (15) days for purposes of clauses (a), (b) and (c), deliver to the Agent copies of (a) any unfavorable determination letter from the Internal Revenue Service regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code, (b) all notices received by the Borrower or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (c) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by the Borrower or any ERISA Affiliate with the Internal Revenue Service with respect to each Pension Plan and (d) all notices received by the Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA. The Borrower will notify the Agent in writing within five (5) Business Days of the Borrower or any ERISA Affiliate obtaining knowledge or reason to know that the Borrower or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA;

8.18. Continued Operations. Continue at all times to conduct its business and engage principally in the same or complementary line or lines of business substantially as heretofore conducted;

8.19. Additional Support Documents. The Borrower will cause (i) every Material Subsidiary, whether on the Closing Date or thereafter, to execute and deliver, as promptly as practicable but in any event within 30 days after the creation or Acquisition of any such Subsidiary, or such Subsidiary becoming a Material Subsidiary, (a) in the case of a Material Subsidiary that is a Domestic Subsidiary a Guaranty of such Subsidiary and a Security Agreement and (b) in the case of a Material Subsidiary that is a Direct Foreign Subsidiary 65% of the issued and outstanding capital stock of such Subsidiary together with stock powers (to the extent certificates exist) executed in blank and a Pledge Agreement covering such stock duly executed by the owner of such stock, (ii) to be delivered to the Agent an opinion of counsel to the Material Subsidiary dated as of the date of delivery of the Facility Guaranty and Security Agreement or Pledged Stock addressed to the Agent and the Lenders, in form and substance reasonably acceptable to the Agent (which opinion may include assumptions and qualifications of similar effect to those contained in the opinions of counsel delivered pursuant to Section 6.1(a) and such others that are appropriate at the time such opinion is to be given, to the effect) that:

(A) such Material Subsidiary is duly organized, validly existing and in good standing in the jurisdiction of its formation, has the requisite power and authority to own its properties and conduct its business as then owned and then conducted and proposed to be conducted, and is duly qualified to transact business and is in good standing as a foreign corporation or partnership in each other jurisdiction in which the character of the properties owned or leased, or the business carried on by it, requires such qualification and the failure to be so qualified would reasonably be likely to result in a Material Adverse Effect;

(B) the execution, delivery and performance of the Facility Guaranty and Security Agreement or Pledge Agreement, as the case may be, described in this Section 8.19 to which such Material Subsidiary, Borrower or Domestic Subsidiary is a signatory have been duly authorized by all requisite corporate or partnership action (including any required shareholder or partner approval), such agreements or agreement have or has been duly executed and delivered and constitute(s) the valid and binding agreement or agreements of such Material Subsidiary, Borrower or Domestic Subsidiary, enforceable against such Material Subsidiary, Borrower or Domestic Subsidiary in accordance with their or its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity); and

(iii) current copies of the charter documents, including partnership agreements and certificate of limited partnership, if applicable, and bylaws of such Material Subsidiary, minutes of duly called

and conducted meetings (or duly effected consent actions) of the Board of Directors, partners, or appropriate committees thereof (and, if required by such charter documents, bylaws or by applicable law, of the shareholders) of such Material Subsidiary authorizing the actions and the execution and delivery of documents described in this Section 8.19.

ARTICLE IX

Negative Covenants

Until the Obligations have been paid and satisfied in full, no Letters of Credit remain outstanding and this Agreement has been terminated in accordance with the terms hereof, unless the Required Lenders shall otherwise consent in writing, the Borrower will not, nor will it permit any Subsidiary to:

9.1. Financial Covenants.

(a) Consolidated Net Worth. Permit Consolidated Net Worth to be less than (i) \$82,000,000 at September 29, 1997 and (ii) as at the last day of each succeeding fiscal quarter of the Borrower and until (but excluding) the last day of the next following fiscal quarter of the Borrower, the sum of (A) the amount of Consolidated Net Worth required to be maintained pursuant to this Section 9.1(a) as at the end of the immediately preceding fiscal quarter, plus (B) 75% of Consolidated Net Income (with no reduction for net losses during any period) for the fiscal quarter of the Borrower ending on such day (including within "Consolidated Net Income" certain items otherwise excluded, as provided for in the definition of "Consolidated Net Income") plus (c) 100% of the net proceeds of the issuance of any capital stock of the Borrower.

(b) Annualized Consolidated Senior Leverage Ratio. Permit at any time (i) prior to the earlier to occur of the REIT Event or Fiscal Year end 1998 the Annualized Consolidated Senior Leverage Ratio to be greater than 6.00 to 1.00, and (ii) thereafter to be greater than that set forth below opposite the periods set forth below:

Period Ending -----	Annualized Consolidated Senior Leverage Ratio -----
The Earlier of Fourth Quarter of Fiscal Year 1998 or the REIT Event	5.00 to 1.00
Second Quarter of Fiscal Year 1999	4.50 to 1.00
Third Quarter Fiscal Year 1999 through First Quarter of Fiscal Year 2000	4.00 to 1.00
Second Quarter Fiscal Year 2000 and Thereafter	3.50 to 1.00

(c) Adjusted Consolidated Leverage Ratio. Permit at any time during the periods ending set forth below the Adjusted Consolidated Leverage Ratio to be greater than that set forth opposite such period:

Periods -----	Annualized Consolidated Leverage Ratio -----
Closing Date through Second Quarter of Fiscal year 1998	8.00 to 1.00
Third Quarter of Fiscal Year 1998 through Third Quarter of Fiscal Year 1999	7.00 to 1.00
Fourth Quarter of Fiscal Year 1999 through First Quarter of Fiscal Year 2000	6.00 to 1.00
Thereafter	5.50 to 1.00

(d) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio as of the end of any Four-Quarter Period to be less than 1.50 to 1.00.

9.2. Acquisitions. Enter into any agreement, contract, binding commitment or other arrangement providing for any Acquisition, or take any action to solicit the tender of securities or proxies in respect thereof in order to effect any Acquisition, unless (i) the Person to be (or whose assets are to be) acquired does not oppose such Acquisition and the line or lines of business of the Person to be acquired are substantially the same as one or more line or lines of business conducted by the Borrower and its Subsidiaries, (ii) no Default or Event of Default shall have occurred and be continuing either immediately prior to or immediately after giving effect to such Acquisition, (iii) the Cost of an Acquisition does not exceed 15% of Consolidated Net Worth, (iv) the Borrower shall have furnished to the Agent (A) pro forma historical financial statements as of the end of the most recently completed Fiscal Year of the Borrower and most recent interim fiscal quarter, if applicable, giving effect to such Acquisition and (B) a certificate in the form of Exhibit H prepared on a historical pro forma basis giving effect to such Acquisition, which certificate shall demonstrate that no Default or Event of Default would exist immediately after giving effect thereto, (v) the Person acquired shall be a wholly-owned Subsidiary, or be merged into the Borrower or a wholly-owned Subsidiary, immediately upon consummation of the Acquisition (or if assets are being acquired, the acquiror shall be the Borrower or a wholly-owned Subsidiary), and (vi) if the Cost of Acquisition shall exceed 15% of Consolidated Net Worth, the Required Lenders shall consent to such Acquisition in their discretion;

9.3. Capital Expenditures. Make Capital Expenditures, which exceed in the aggregate in any Fiscal Year of the Borrower described below (on a limited cumulative basis, with the effect that amounts not expended in the Fiscal Year set forth below may be carried forward to the next Fiscal Year), the amount set forth opposite each such period:

Fiscal Year Ending: -----	Capital Expenditures Not to Exceed: -----
January 2, 1999	\$300,000,000
January 1, 2000	\$415,000,000
Each Fiscal Year ending on or after December 31, 2000	\$350,000,000

9.4. Liens. Incur, create or permit to exist any Lien, charge or other encumbrance of any nature whatsoever with respect to any property or assets now owned or hereafter acquired by the Borrower or any Subsidiary, other than

(a) Liens existing as of the date hereof and as set forth in Schedule 7.7;

(b) Liens imposed by law for taxes, assessments or charges of any Governmental Authority for claims not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP.

(c) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law or created in the ordinary course of business and in existence less than 90 days from the date of creation thereof for amounts not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP.

(d) Liens incurred or deposits made in the ordinary course of business (including, without limitation, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, leases, contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts;

(e) easements (including reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and zoning and other restrictions, charges or encumbrances (whether or not recorded), which do not interfere materially with the ordinary conduct of the business of the Borrower or any Subsidiary and which do not materially detract from the value of the property to which they attach or materially impair the use thereof to the Borrower or any Subsidiary; and

(f) Liens on assets of a Special Purpose Subsidiary securing Non-Recourse Indebtedness;

9.5. Indebtedness. Incur, create, assume or permit to exist any Indebtedness of the Borrower, howsoever evidenced, except:

(a) Indebtedness existing as of the Closing Date as set forth in Schedule 7.6; provided, none of the instruments and agreements evidencing or governing such Indebtedness shall be amended, modified or supplemented after the Closing Date to change any terms of subordination, repayment or rights of conversion, put, exchange or other rights from such terms and rights as in effect on the Closing Date;

(b) Indebtedness owing to the Agent or any Lender in connection with this Agreement, any Note or other Loan Document;

(c) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(d) up to \$175,000,000 of Subordinated Indebtedness;

(e) additional unsecured Indebtedness for Money Borrowed not otherwise covered by clauses (a) through (c) above, provided that the aggregate outstanding principal amount of all such other Indebtedness permitted under this clause (d) shall in no event exceed \$10,000,000 at any time;

(f) TROL Indebtedness; and

(g) Non-Recourse Indebtedness;

9.6. Transfer of Assets. Sell, lease, transfer or otherwise dispose of any assets of Borrower or any Subsidiary other than (a) dispositions of assets in the ordinary course of business, (b) dispositions of property that is substantially worn, damaged, obsolete or, in the judgment of the Borrower, no longer best used or useful in its business or that of any Subsidiary, (c) transfers of assets necessary to give effect to merger or consolidation transactions permitted by Section 9.8, (d) the disposition of Eligible Securities in the ordinary course of management of the investment portfolio of the Borrower and its Subsidiaries, (e) the transfer of assets other than pursuant to a REIT Event to any Person during any Fiscal Year which assets have a net book value not exceeding five percent (5%) of Consolidated Total Assets so long as Borrower or its Subsidiary shall be paid not less than the net book value of such asset in cash and (f) the transfer of real property and improvements, including the Mortgage Property, for not less than book value pursuant to a REIT Event (provided that upon any such transfer, the Agent shall, upon the Borrower's request and at the Borrower's expense, execute and deliver any documents (including any appropriate releases of or amendments to financing statements) necessary to release the lien of the Agent on such property);

9.7. Investments. Purchase, own, invest in or otherwise acquire, directly or indirectly, any stock or other securities, or make or permit to exist any interest whatsoever in any other Person or permit to exist any loans or advances to any Person, except that Borrower may maintain investments or invest in:

- (a) of any Person acquired in an Acquisition permitted hereunder;
- (b) Eligible Securities;
- (c) investments existing as of the date hereof and as set forth in Schedule 7.4;
- (d) accounts receivable arising and trade credit granted in the ordinary course of business and any securities received in satisfaction or partial satisfaction thereof in connection with accounts of financially troubled Persons to the extent reasonably necessary in order to prevent or limit loss;
- (e) investments in Domestic Subsidiaries which are Guarantors or Direct Foreign Subsidiaries who have complied with Section 8.19; and
- (f) other investments, loans or advances (including, without limitation, loans or advances in or to Special Purpose Subsidiaries) not exceeding in the aggregate at any time 8% of Consolidated Total Assets;

9.8. Merger or Consolidation. (a) Consolidate with or merge into any other Person, or (b) permit any other Person to merge into it, or (c) liquidate, wind-up or dissolve or sell, transfer or lease or otherwise dispose of all or a substantial part of its assets (other than sales permitted under Section 7.6); provided, however, (i) any Subsidiary of the Borrower may merge or transfer all or substantially all of its assets into or consolidate with the Borrower or any wholly-owned Subsidiary of the Borrower, and (ii) any other Person may merge into or consolidate with the Borrower or any wholly-owned Subsidiary and any Subsidiary may merge into or consolidate with any other Person in order to consummate an Acquisition permitted by Section 9.2, provided further, that any resulting or surviving entity shall execute and deliver such agreements and other documents, including a Facility Guaranty and Security Instruments, and take such other action as the Agent may require to evidence or confirm its express assumption of the obligations and liabilities of its predecessor entities under the Loan Documents;

9.9. Restricted Payments. Make any Restricted Payment or apply or set apart any of their assets therefor or agree to do any of the foregoing;

9.10. Transactions with Affiliates. Other than transactions permitted under Sections 9.7 and 9.8, and transactions with Subsidiaries enter into any transaction after the Closing Date, including, without limitation, the purchase, sale, lease or exchange of property, real or personal, or the rendering of any service, with any Affiliate of the Borrower, except (a) that such Persons may render services to the Borrower or its Subsidiaries for compensation at the same rates generally paid

by Persons engaged in the same or similar businesses for the same or similar services, (b) that the Borrower or any Subsidiary may render services to such Persons for compensation at the same rates generally charged by the Borrower or such Subsidiary and (c) in either case in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's (or any Subsidiary's) business consistent with past practice of the Borrower and its Subsidiaries and upon fair and reasonable terms no less favorable to the Borrower (or any Subsidiary) than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate;

9.11. Compliance with ERISA. With respect to any Pension Plan, Employee Benefit Plan or Multiemployer Plan:

(a) permit the occurrence of any Termination Event which would result in a liability on the part of the Borrower or any ERISA Affiliate to the PBGC; or

(b) permit the present value of all benefit liabilities under all Pension Plans to exceed the current value of the assets of such Pension Plans allocable to such benefit liabilities; or

(c) permit any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code) with respect to any Pension Plan, whether or not waived; or

(d) fail to make any contribution or payment to any Multiemployer Plan which the Borrower or any ERISA Affiliate may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto; or

(e) engage, or permit any Borrower or any ERISA Affiliate to engage, in any prohibited transaction under Section 406 of ERISA or Sections 4975 of the Code for which a civil penalty pursuant to Section 502(I) of ERISA or a tax pursuant to Section 4975 of the Code may be imposed; or

(f) permit the establishment of any Employee Benefit Plan providing post-retirement welfare benefits or establish or amend any Employee Benefit Plan which establishment or amendment could result in liability to the Borrower or any ERISA Affiliate or increase the obligation of the Borrower or any ERISA Affiliate to a Multiemployer Plan; or

(g) fail, or permit the Borrower or any ERISA Affiliate to fail, to establish, maintain and operate each Employee Benefit Plan in compliance in all material respects with the provisions of ERISA, the Code, all applicable Foreign Benefit Laws and all other applicable laws and the regulations and interpretations thereof;

9.12. Fiscal Year. Change its Fiscal Year other than to a calendar year;

9.13. Dissolution, etc. Wind up, liquidate or dissolve (voluntarily or involuntarily) or commence or suffer any proceedings seeking any such winding up, liquidation or dissolution, except in connection with a merger or consolidation permitted pursuant to Section 9.8;

9.14. Limitations on Sales and Leasebacks. Except to the extent permitted under Section 9.6(e), enter into any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of real or personal property, whether now owned or hereafter acquired in a related transaction or series of related transactions, which has been or is to be sold or transferred by the Borrower or any Subsidiary to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of the Borrower or any Subsidiary;

9.15. Change in Control. Cause, suffer or permit to exist or occur any Change of Control;

9.16. Negative Pledge Clauses. Enter into or cause, suffer or permit to exist any agreement with any Person other than the Agent and the Lenders pursuant to this Agreement or any other Loan Documents which prohibits or limits the ability of any of the Borrower or any Subsidiary to create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, provided that the Borrower and any Subsidiary may enter into such an agreement in connection with property acquired with the proceeds of purchase money Indebtedness permitted hereunder;

9.17. Prepayments, Etc. of Indebtedness. (a) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness; or

(b) amend, modify or change in any manner any term or condition of any Indebtedness described in Section 9.5(a) or any lease so that the terms and conditions thereof are less favorable to the Agent and the Lenders than the terms of such Indebtedness or leases as of the Closing Date;

9.18. Rate Hedging Obligations. Incur any Rate Hedging Obligations or enter into any agreements, arrangements, devices or instruments relating to Rate Hedging Obligations, except for Swap Agreements.

ARTICLE X

Events of Default and Acceleration

10.1. Events of Default. If any one or more of the following events (herein called "Events of Default") shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), that is to say:

(a) if default shall be made in the due and punctual payment of the principal of any Loan, Reimbursement Obligation or other Obligation, when and as the same shall be due and payable whether pursuant to any provision of Article II or Article III, at maturity, by acceleration or otherwise and; or

(b) if default shall be made in the due and punctual payment of any amount of interest on any Loan, Reimbursement Obligation or other Obligation or of any fees or other amounts payable to any of the Lenders or the Agent on the date on which the same shall be due and payable and such default shall continue for three (3) or more days; or

(c) if default shall be made in the performance or observance of any covenant set forth in Section 8.7, 8.11, 8.12, 8.19 or Article IX (other than Section 9.4 and 9.11;

(d) if a default shall be made in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in this Agreement or the Notes (other than as described in clauses (a), (b) or (c) above) and such default shall continue for thirty (30) or more days after the earlier of receipt of notice of such default by the Authorized Representative from the Agent or an Authorized Representative of the Borrower becomes aware of such default, or if a default shall be made in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in any of the other Loan Documents (beyond any applicable grace period, if any, contained therein) or in any instrument or document evidencing or creating any obligation, guaranty, or Lien in favor of the Agent or any of the Lenders or delivered to the Agent or any of the Lenders in connection with or pursuant to this Agreement or any of the Obligations, or if any Loan Document ceases to be in full force and effect (other than by reason of any action by the Agent or any Lender), or if without the written consent of the Lenders, this Agreement or any other Loan Document shall be disaffirmed or shall terminate, be terminable or be terminated or become void or unenforceable for any reason whatsoever (other than in accordance with its terms in the absence of default or by reason of any action by the Lenders or the Agent); or

(e) if there shall occur (i) a default, which is not waived, in the payment of any principal, interest, premium or other amount with respect to any Indebtedness or Rate Hedging Obligation (other than the Loans and other Obligations) of the Borrower or any

Subsidiary in an amount not less than \$1,000,000 in the aggregate outstanding, or (ii) a default, which is not waived, in the performance, observance or fulfillment of any term or covenant contained in any agreement or instrument under or pursuant to which any such Indebtedness or Rate Hedging Obligation referred to in clause (i) may have been issued, created, assumed, guaranteed or secured by the Borrower or any Subsidiary, or (iii) any other event of default as specified in any agreement or instrument under or pursuant to which any such Indebtedness or Rate Hedging Obligation may have been issued, created, assumed, guaranteed or secured by the Borrower or any Subsidiary, and any such default or event of default specified in clauses (i), (ii) or (iii) shall continue for more than the period of grace, if any, therein specified, or such default or event of default shall permit the holder of any such Indebtedness (or any agent or trustee acting on behalf of one or more holders) to accelerate the maturity thereof; or

(f) if any representation, warranty or other statement of fact contained in any Loan Document or in any writing, certificate, report or statement at any time furnished to the Agent or any Lender by or on behalf of the Borrower pursuant to or in connection with any Loan Document, or otherwise, shall be false or misleading in any material respect when given; or

(g) if the Borrower or any Subsidiary shall be unable to pay its debts generally as they become due; file a petition to take advantage of any insolvency statute; make an assignment for the benefit of its creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property; file a petition or answer seeking liquidation, reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute; or

(h) if a court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of the Borrower or any Subsidiary or of the whole or any substantial part of its properties and such order, judgment or decree continues unstayed and in effect for a period of sixty (60) days, or approve a petition filed against the Borrower or any Subsidiary seeking liquidation, reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which petition is not dismissed within sixty (60) days; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Borrower or any Subsidiary or of the whole or any substantial part of its properties, which control is not relinquished within sixty (60) days; or if there is commenced against the Borrower or any Subsidiary any proceeding or petition seeking reorganization, arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state which proceeding or petition remains undismissed for a period of sixty (60) days; or if the Borrower or any Subsidiary takes any action to indicate its consent to or approval of any such proceeding or petition; or

(i) if (i) one or more judgments or orders where the amount not covered by insurance (or the amount as to which the insurer is found not to be liable for) is in excess of \$1,000,000 is rendered against the Borrower or any Subsidiary, or (ii) there is any attachment, injunction or execution against any of the Borrower's or Subsidiaries' properties for any amount in excess of \$1,000,000 in the aggregate; and such judgment, attachment, injunction or execution remains unpaid, unstayed, undischarged, unbonded or undismissed for a period of thirty (30) days; or

(j) if the Borrower or any Material Subsidiary shall, other than in the ordinary course of business (as determined by past practices), suspend all or any part of its operations material to the conduct of the business of the Borrower or such Material Subsidiary for a period of more than sixty (60) days; or

(k) if at any time less than 80% of Consolidated Total Assets are attributable to the operations and assets of the Borrower, Guarantors and Direct Foreign Subsidiaries who have complied with the requirements of Section 8.19; or

(l) if there shall occur and not be waived an Event of Default as defined in any of the other Loan Documents;

then, and in any such event and at any time thereafter, if such Event of Default or any other Event of Default shall have not been waived,

(A) either or both of the following actions may be taken: (i) the Agent, may, and at the direction of the Required Lenders shall, declare any obligation of the Lenders and the Issuing Bank to make further Revolving Loans and Swing Line Loans or to issue additional Letters of Credit terminated, whereupon the obligation of each Lender to make further Revolving Loans, of NationsBank to make further Swing Line Loans, and of the Issuing Bank to issue additional Letters of Credit, hereunder shall terminate immediately, and (ii) the Agent shall at the direction of the Required Lenders, at their option, declare by notice to the Borrower any or all of the Obligations to be immediately due and payable, and the same, including all interest accrued thereon and all other obligations of the Borrower to the Agent and the Lenders, shall forthwith become immediately due and payable without presentment, demand, protest, notice or other formality of any kind, all of which are hereby expressly waived, anything contained herein or in any instrument evidencing the Obligations to the contrary notwithstanding; provided, however, that notwithstanding the above, if there shall occur an Event of Default under clause (g) or (h) above, then the obligation of the Lenders to make Revolving Loans, of NationsBank to make Swing Line Loans, and of the Issuing Bank to issue Letters of Credit hereunder shall automatically terminate and any and all of the Obligations shall be immediately due and payable without the necessity of any action by the Agent or the Required Lenders or notice to the Agent or the Lenders;

(B) The Borrower shall, upon demand of the Agent or the Required Lenders, deposit cash with the Agent in an amount equal to the amount of any Letter of Credit Outstandings, as collateral security for the repayment of any future drawings or payments under such Letters of Credit, and such amounts shall be held by the Agent pursuant to the terms of the LC Account Agreement; and

(C) the Agent and each of the Lenders shall have all of the rights and remedies available under the Loan Documents or under any applicable law.

10.2. Agent to Act. In case any one or more Events of Default shall occur and not have been waived or cured, the Agent may, and at the direction of the Required Lenders shall, proceed to protect and enforce their rights or remedies either by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision contained herein or in any other Loan Document, or to enforce the payment of the Obligations or any other legal or equitable right or remedy.

10.3. Cumulative Rights. No right or remedy herein conferred upon the Lenders or the Agent is intended to be exclusive of any other rights or remedies contained herein or in any other Loan Document, and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and therein or now or hereafter existing at law or in equity or by statute, or otherwise.

10.4. No Waiver. No course of dealing between the Borrower and any Lender or the Agent or any failure or delay on the part of any Lender or the Agent in exercising any rights or remedies under any Loan Document or otherwise available to it shall operate as a waiver of any rights or remedies and no single or partial exercise of any rights or remedies shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or of the same right or remedy on a future occasion.

10.5. Allocation of Proceeds. If an Event of Default has occurred and not been waived, and the maturity of the Notes has been accelerated pursuant to Article X hereof, all payments received by the Agent hereunder, in respect of any principal of or interest on the Obligations or any other amounts payable by the Borrower hereunder, shall be applied by the Agent in the following order:

(a) amounts due to the Lenders pursuant to Sections 2.10, 3.3, 3.4 and 12.5;

(b) amounts due to the Agent pursuant to Section 11.9;

(c) payments of interest on Loans, Swing Line Loans and Reimbursement Obligations, to be applied for the ratable benefit of the Lenders (with amounts payable in respect of Swing Line Outstandings being included in such calculation and paid to NationsBank);

(d) payments of principal of Loans, Swing Line Loans and Reimbursement Obligations, to be applied for the ratable benefit of the Lenders (with amounts payable in respect of Swing Line Outstandings being included in such calculation and paid to NationsBank);

(e) payments of cash amounts to the Agent in respect of outstanding Letters of Credit pursuant to Section 10.1(1)(B);

(f) amounts due to the Lenders pursuant to Sections 3.2(g), 8.15 and 12.9;

(g) payments of all other amounts due under any of the Loan Documents, if any, to be applied for the ratable benefit of the Lenders;

(h) amounts due to any of the Lenders in respect of Obligations consisting of liabilities under any Swap Agreement with any of the Lenders on a pro rata basis according to the amounts owed; and

(i) any surplus remaining after application as provided for herein, to the Borrower or otherwise as may be required by applicable law.

10.6. Limitation. The Agent and the Lenders shall have no right to accelerate any of the Loans upon, or to institute any action or proceeding before any court to realize upon collateral as a result of, the occurrence of any Default which shall not also constitute an Event of Default; provided however, nothing contained in this sentence shall in any respect impair or adversely affect the right, power and authority of the Agent and the Lenders (i) to take any action expressly required or permitted to be taken under the Loan Documents upon the occurrence of any Default; and (ii) to take any action provided under the Loan Documents or otherwise available by statute, at law or in equity upon the occurrence of any Default.

ARTICLE XI

The Agent

11.1. Appointment, Powers, and Immunities. Each Lender hereby irrevocably appoints and authorizes the Agent to act as its agent under this Agreement and the other Loan Documents with such powers and discretion as are specifically delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent (which term as used in this sentence and in Section 11.5 and the first sentence of Section 11.6 hereof shall include its affiliates and its own and its affiliates' officers, directors, employees, and agents): (a) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be a trustee or fiduciary for any Lender; (b) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Loan Party or any other Person to perform any of its obligations thereunder; (c) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Loan Party or the satisfaction of any condition or to inspect the property (including the books and records) of any Loan Party or any of its Subsidiaries or affiliates; (d) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and (e) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct. The Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Each Lender hereby irrevocably designates and appoints NationsBank as the Agent for the Lenders under this Agreement, and each of the Lenders hereby irrevocably authorizes NationsBank as the Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers as are expressly delegated to the Agent by the terms of this Agreement and such other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any of the Lenders, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

11.2. Reliance by Agent. The Agent shall be entitled to rely upon any certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telefacsimile) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Loan Party), independent accountants, and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until the Agent receives and accepts an Assignment and Acceptance executed in

accordance with Section 12.1 hereof. As to any matters not expressly provided for by this Agreement, the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding on all of the Lenders; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to any Loan Document or applicable law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

11.3. Defaults. The Agent shall not be deemed to have knowledge or notice of the occurrence of a Default or Event of Default unless the Agent has received written notice from a Lender or the Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice of the occurrence of a Default or Event of Default, the Agent shall give prompt notice thereof to the Lenders. The Agent shall (subject to Section 11.2 hereof) take such action with respect to such Default or Event of Default as shall reasonably be directed by the Required Lenders, provided that, unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

11.4. Rights as Lender. With respect to its Revolving Credit Commitment and the Loans made by it, NationsBank (and any successor acting as Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include the Agent in its individual capacity. NationsBank (and any successor acting as Agent) and its affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Loan Party or any of its Subsidiaries or affiliates as if it were not acting as Agent, and NationsBank (and any successor acting as Agent) and its affiliates may accept fees and other consideration from any Loan Party or any of its Subsidiaries or affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

11.5. Indemnification. The Lenders agree to indemnify the Agent (to the extent not reimbursed under Section 12.9 hereof, but without limiting the obligations of the Borrower under such Section) ratably in accordance with their respective Revolving Credit Commitments, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by the Agent under any Loan Document; provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified. Without limitation of the foregoing, each Lender agrees to reimburse the Agent

promptly upon demand for its ratable share of any costs or expenses payable by the Borrower under Section 12.5, to the extent that the Agent is not promptly reimbursed for such costs and expenses by the Borrower. The agreements contained in this Section shall survive payment in full of the Loans and all other amounts payable under this Agreement.

11.6. Non-Reliance on Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Loan Parties and their Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Loan Party or any of its Subsidiaries or affiliates that may come into the possession of the Agent or any of its affiliates.

11.7. Resignation of Agent. The Agent may resign at any time by giving notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Agent meeting the requirements set forth herein. The Borrower shall have the right to approve such Agent so long as no Default or Event of Default exist. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a commercial bank organized under the laws of the United States of America having combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges, and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XI shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

11.8. Sharing of Payments, etc. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, set-off, counterclaim or otherwise, obtain payment with respect to its Obligations (other than pursuant to Article V) which results in its receiving more than its pro rata share of the aggregate payments with respect to all of the Obligations (other than any payment expressly provided hereunder to be distributed on other than a pro rata basis and payments pursuant to Article V), then (a) such Lender shall be deemed to have simultaneously purchased from the other Lenders a share in their Obligations so that the amount of the Obligations held by each of the Lenders shall be pro rata and (b) such other adjustments shall be made from time to time as shall be equitable to insure that the Lenders share such payments ratably; provided, however, that for purposes of this Section 11.8 the term "pro rata" shall be determined with respect to the Revolving Credit Commitment of each Lender and to the Total Revolving Credit Commitments after subtraction in each case of amounts, if any, by which any such Lender has not funded its share of

the outstanding Loans and Obligations. If all or any portion of any such excess payment is thereafter recovered from the Lender which received the same, the purchase provided in this Section 11.8 shall be rescinded to the extent of such recovery, without interest. The Borrower expressly consents to the foregoing arrangements and agrees that each Lender so purchasing a portion of the other Lenders' Obligations may exercise all rights of payment (including, without limitation, all rights of set-off, banker's lien or counterclaim) with respect to such portion as fully as if such Lender were the direct holder of such portion.

11.9. Fees. The Borrower agrees to pay to the Agent, for its individual account, an annual Agent's fee as from time to time agreed to by the Borrower and Agent in writing.

ARTICLE XII

Miscellaneous

12.1. Assignments and Participations. (a) Each Lender may assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Loans, its Note, and its Revolving Credit Commitment); provided, however, that

(i) each such assignment shall be to an Eligible Assignee;

(ii) except in the case of an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any such partial assignment shall be in an amount when taken together with the pro rata portion of TROL Indebtedness of such Lender being assigned at least equal to \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under this Agreement and the Note; and

(iv) the parties to such assignment shall execute and deliver to the Agent for its acceptance an Assignment and Acceptance in the form of Exhibit B hereto, together with any Note subject to such assignment and a processing fee of \$3,000.

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this Section, the assignor, the Agent and the Borrower shall make appropriate arrangements so that, if required, new Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrower and the Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 5.6.

(b) The Agent shall maintain at its address referred to in Section 12.2 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Revolving Credit Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Note subject to such assignment and payment of the processing fee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(d) Each Lender may sell participations at its expense to one or more Persons in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and its Loans); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to its Loans and its Note and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such Loans or Note, extending any scheduled principal payment date or date fixed for the payment of interest on such Loans or Note, or extending its Revolving Credit Commitment) and (iv) the sale of any such participation which requires the Borrower to file a registration statement with federal or state regulatory authorities shall not be permitted.

(e) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its Loans and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) Any Lender may furnish any information concerning the Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants) so long as such Lender shall require in writing (which writing names the Borrower as a third party beneficiary thereof) any such assignee or participant or perspective assignee or participant to maintain the confidentiality of any information delivered to it which is not publicly available.

(g) The Borrower may not assign, nor shall it cause, suffer or permit any Guarantor to assign any rights, powers, duties or obligations under this Agreement or the other Loan Documents without the prior written consent of all the Lenders.

(h) Notwithstanding the fact that a Lender holding TROL Indebtedness may assign all or a portion of its interest therein without the assignment of a pro rata portion of its Revolving Credit Commitment, the Agent shall encourage Lenders assigning a portion of its rights and obligations under this Agreement who hold TROL Indebtedness to assign a like pro rata portion of its TROL Indebtedness to the same Eligible Assignee. Should any Lender fail to make a pro rata assignment

of TROL Indebtedness held by it, the Agent shall, at the request of the Borrower, assist the Borrower in locating an Eligible Assignee pursuant to Section 5.7 to replace such assigning Lender.

12.2. Notices. Any notice shall be conclusively deemed to have been received by any party hereto and be effective (i) on the day on which delivered (including hand delivery by commercial courier service) to such party (against receipt therefor), (ii) on the date of receipt at such address, telefacsimile number or telex number as may from time to time be specified by such party in written notice to the other parties hereto or otherwise received), in the case of notice by telegram or telefacsimile, respectively (where the receipt of such message is verified by return), or (iii) on the fifth Business Day after the day on which mailed, if sent prepaid by certified or registered mail, return receipt requested, in each case delivered, transmitted or mailed, as the case may be, to the address or telefacsimile number, as appropriate, set forth below or such other address or number as such party shall specify by notice hereunder:

(a) if to the Borrower:

Wackenhut Corrections Corporation
4200 Wackenhut Drive, #100
Palm Beach Gardens, Florida 33410
Attention: Mr. David Watson, Controller and Chief
Accounting Officer
Telephone: (800) 666-5640 ext. 6646
Telefacsimile: (561) 691-6473

With a copy to:

Ackerman Senterfitt & Edison, P.A.
One Southeast Third Avenue, 28th Floor
Miami, Florida 33131-1704
Attention: Bruce I. March, Esq.
Telephone: (305) 374-5600
Telefacsimile: (305) 374-5095

(b) if to the Agent:

NationsBank, National Association
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Agency Services
Telephone: (704) 388-2374
Telefacsimile: (704) 386-9923

with a copy to:

NationsBank, National Association
 100 S.E. 2nd Street, 14th Floor
 Miami, Florida 33131
 Attention: Maria Conroy
 Telephone: (305) 533-2420
 Telefacsimile: (305) 533-2437

(c) if to the Lenders:

At the addresses set forth on the signature pages hereof and on the signature page of each Assignment and Acceptance;

(d) if to any Guarantor, at the address set forth on the signature page of the Facility Guaranty or other Loan Document executed by such Guarantor, as the case may be.

12.3. Right of Set-off; Adjustments. Upon the occurrence and during the continuance of any Event of Default, each Lender (and each of its affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (or any of its affiliates) to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, irrespective of whether such Lender shall have made any demand under this Agreement or such Note and although the payment of such obligations may not have been accelerated. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

12.4. Survival. All covenants, agreements, representations and warranties made herein shall survive the making by the Lenders of the Loans and the issuance of the Letters of Credit and the execution and delivery to the Lenders of this Agreement and the Notes and shall continue in full force and effect so long as any of Obligations remain outstanding or any Lender has any commitment hereunder or the Borrower has continuing obligations hereunder unless otherwise provided herein. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party and all covenants, provisions and agreements by or on behalf of the Borrower which are contained in the Loan Documents shall inure to the benefit of the successors and permitted assigns of the Lenders or any of them.

12.5. Expenses. The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the syndication, preparation, execution, delivery, modification, and amendment of this Agreement, the other Loan Documents, and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Loan Documents. The Borrower further agrees to pay on demand all reasonable costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable attorneys' fees and expenses and the cost of internal counsel), in connection with the enforcement (whether through negotiations, legal proceedings, or otherwise) of the Loan Documents and the other documents to be delivered hereunder.

12.6. Amendments and Waivers. Any provision of this Agreement or any other Loan Document may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Lenders (and, if Article XI or the rights or duties of the Agent are affected thereby, by the Agent); provided that no such amendment or waiver shall, unless signed by all the Lenders, (i) increase the Revolving Credit Commitments of the Lenders, (ii) reduce the principal of or rate of interest on any Loan or any fees or other amounts payable hereunder, (iii) postpone any date fixed for the payment of any scheduled installment of principal of or interest on any Loan or any fees or other amounts payable hereunder or for termination of any Revolving Credit Commitment, (iv) change the percentage of the Revolving Credit Commitments or of the unpaid principal amount of the Notes, or the number of Lenders, which shall be required for the Lenders or any of them to take any action under this Section or any other provision of this Agreement, (v) release any Guarantor or Pledged Stock or (vi) release all or substantially all of the Collateral, other than Collateral which may be transferred pursuant to Section 9.6(f); and provided, further, that no such amendment or waiver which affects the rights, privileges, or obligations of NationsBank as provider of the Swing Loans or issuer of Letters of Credit, shall be effective unless signed in writing by NationsBank.

Notwithstanding any provision of the other Loan Documents to the contrary, as between the Agent and the Lenders, execution by the Agent shall not be deemed conclusive evidence that the Agent has obtained the written consent of the Required Lenders. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances, except as otherwise expressly provided herein. No delay or omission on any Lender's or the Agent's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

12.8. Termination. The termination of this Agreement shall not affect any rights of the Borrower, the Lenders or the Agent or any obligation of the Borrower, the Lenders or the Agent,

arising prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into or rights created or obligations incurred prior to such termination have been fully disposed of, concluded or liquidated and the Obligations arising prior to or after such termination have been irrevocably paid in full. The rights granted to the Agent for the benefit of the Lenders under the Loan Documents shall continue in full force and effect, notwithstanding the termination of this Agreement, until all of the Obligations have been paid in full after the termination hereof (other than Obligations in the nature of continuing indemnities or expense reimbursement obligations not yet due and payable, which shall continue) or the Borrower has furnished the Lenders and the Agent with an indemnification satisfactory to the Agent and each Lender with respect thereto. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until payment in full of the Obligations unless otherwise provided herein. Notwithstanding the foregoing, if after receipt of any payment of all or any part of the Obligations, any Lender is for any reason compelled to surrender such payment to any Person because such payment is determined to be void or voidable as a preference, impermissible setoff, a diversion of trust funds or for any other reason, this Agreement shall continue in full force and the Borrower shall be liable to, and shall indemnify and hold the Agent or such Lender harmless for, the amount of such payment surrendered until the Agent or such Lender shall have been finally and irrevocably paid in full. The provisions of the foregoing sentence shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent or the Lenders in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Agent or the Lenders' rights under this Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

12.9. Indemnification. (a) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their affiliates and their respective officers, directors and employees (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation, or proceeding or preparation of defense in connection therewith) the Loan Documents, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Loans, except to the extent such claim, damage, loss, liability, cost, or expense is finally judicially determined to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 12.9(a) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

(b) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 12.9 shall survive the payment in full of the Loans and all other amounts payable under this Agreement and the Notes.

12.10. Severability. If any provision of this Agreement or the other Loan Documents shall be determined to be illegal or invalid as to one or more of the parties hereto, then such provision shall remain in effect with respect to all parties, if any, as to whom such provision is neither illegal nor invalid, and in any event all other provisions hereof shall remain effective and binding on the parties hereto.

12.11. Entire Agreement. This Agreement, together with the other Loan Documents, constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all previous proposals, negotiations, representations, commitments and other communications between or among the parties, both oral and written, with respect thereto.

12.12. Agreement Controls. In the event that any term of any of the Loan Documents other than this Agreement conflicts with any express term of this Agreement, the terms and provisions of this Agreement shall control to the extent of such conflict.

12.13. Usury Savings Clause. Notwithstanding any other provision herein, the aggregate interest rate charged under any of the Notes, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate (as such term is defined below). If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate (as defined below), the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of the Lenders and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrower. As used in this paragraph, the term "Highest Lawful Rate" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

12.14. GOVERNING LAW; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE. NOTWITHSTANDING THAT THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS HAVE BEEN EXECUTED OUTSIDE THE STATE OF FLORIDA.

(b) THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF BROWARD, STATE OF FLORIDA, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN, OR TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY, ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING, AND THE BORROWER HEREBY IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) THE BORROWER AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF THE BORROWER PROVIDED IN SECTION 12.2, OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF FLORIDA.

(d) NOTHING CONTAINED IN SUBSECTIONS (A) OR (B) HEREOF SHALL PRECLUDE THE AGENT OR ANY LENDER FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT IN THE COURTS OF ANY JURISDICTION WHERE THE BORROWER OR ANY OF THE BORROWER'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, OBJECTION TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY ANY SUCH OTHER COURT OR COURTS WHICH NOW OR HEREAFTER MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO ANY LOAN DOCUMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH, THE BORROWER, THE AGENT AND THE LENDERS HEREBY AGREE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY IRREVOCABLY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE TO TRIAL BY JURY IN ANY SUCH ACTION OR PROCEEDING.

12.15. Judgment Currency. The Borrower, the Agent and each Lender hereby agree that if, in the event that a judgment is given in relation to any sum due to the Agent or any Lender hereunder, such judgment is given in a currency (the "Judgment Currency") other than that in which such sum was originally denominated (the "Original Currency"), the Borrower agrees to indemnify the agent or such Lender, as the case may be, to the extent that the amount of the Original Currency which could have been purchased by the Agent in accordance with normal banking procedures on the Business Day following receipt of such sum is less than the sum which could have been so purchased by the agent had such purchase been made on the day on which such judgment was given or, if such day is not a Business Day, on the Business Day immediately preceding the giving of such judgment, and if the amount so purchased exceeds the amount which could have been so purchased by the Agent had such purchase been made on the day on which such judgment was given or, if such day is not a Business Day, on the Business Day immediately preceding such judgment, the Agent or the applicable Lenders agrees to remit such excess to the Borrower. The agreements in this Section shall survive payment of all other Obligations.

12.16. Economic and Monetary Union in the European Community.

(a) The parties confirm that, except as provided in subsection (b) below of this Section 12.16, the occurrence or non-occurrence of an event associated with economic and monetary union in the European Community will not have the effect of altering any term of, or discharging or excusing performance under, this Agreement, any other Loan Document, any Loan or any transaction contemplated by any of the foregoing, nor give a party the right unilaterally to alter or terminate this Agreement, any other Loan Document, any Loan or any transaction contemplated by any of the foregoing or give rise to an Event of Default or otherwise be the basis for the effective designation of the Revolving Credit Termination Date.

"An event associated with economic and monetary union in the European Community" includes, without limitation, each (and any combination) of the following:

(i) the introduction of, changeover to or operation of a single or unified European currency (whether known as the euro or otherwise);

(ii) the fixing of conversion rates between a member state's currency and the new currency or between the currencies of member states;

(iii) the substitution of that new currency for the Euro Currency as the unit of account of the European Community;

(iv) the introduction of that new currency as lawful currency in a member state;

(v) the withdrawal from legal tender of any currency that, before the introduction of the new currency, was lawful currency in one of the member states; or

(vi) the disappearance or replacement of a relevant price source for the Euro Currency or the national currency of any member state, or the failure of the agreed sponsor (or a successor sponsor) to publish or display a relevant rate, index, price, page or screen.

(b) Any agreement between the parties that amends or overrides the provisions of this Section in respect of any Loan or any other transaction contemplated by this Agreement or any of the Loan Documents will be effective if it is in writing and expressly refers to this Section or to European monetary union or to an event associated with economic and monetary union in the European Community and would otherwise be effective in accordance with Section 12.6.

(c) The Borrower agrees that, notwithstanding anything to the contrary contained in any agreement relating to "an event associated with economic and monetary union in the European Community", upon the occurrence of any such event, the Lenders shall have the right in their respective discretion to convert any or all Loans in an Alternative Currency of a member of the European Union into Loans denominated in Dollars determined as of a date, as may be selected by the Agent in its sole discretion

12.17. Confidentiality. The Agent and each Lender (each, a "Lending Party") agrees to keep confidential any information furnished or made available to it by the Borrower pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any advisor of any Lending party or affiliate of any Lending Party, (b) to any other Person if reasonably incidental to the administration of the credit facility provided herein, (c) as required by any law, rule, or regulation, (d) upon the order of any court or administrative agency, (e) upon the request or demand of any regulatory agency or authority, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Document, and (i) subject to provisions substantially similar to those contained in this Section, to any actual or proposed participant or assignee.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

WACKENHUT CORRECTIONS CORPORATION

WITNESS:

- -----
- -----

By:/s/ John G. O'Rourke

Name: John G. O'Rourke
Title: Senior Vice President

NATIONSBANK, NATIONAL ASSOCIATION,
as Agent for the Lenders

By: /s/ Maria Conroy

Name: Maria Conroy
Title: Senior Vice President

Signature Page 2 of 12

NATIONSBANK, NATIONAL ASSOCIATION

By: /s/ Maria Conroy

Name: Maria Conroy
Title: Senior Vice President

Domestic Lending Office:
NationsBank, National Association
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Jamie McCotter, Agency
Services
Telephone: (704) 388-2374
Telefacsimile: (704) 386-9923

Wire Transfer Instructions:
NationsBank, National Association
ABA# 053000196
Account No.: -----

Reference: Wackenhut Corrections
Corporation
Attention: Agency Services

Eurodollar Lending Office:
NationsBank, National Association
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Jamie McCotter, Agency
Services
Telephone: (704) 388-2374
Telefacsimile: (704) 386-9923

Wire Transfer Instructions:
NationsBank, National Association
ABA# 053000196
Account No.: -----

Reference: Wackenhut Corrections
Corporation
Attention: Agency Services

SCOTIABANC INC.

By: /s/ W.J. Brown

Name: W.J. Brown

Title: Managing Director

Lending Office:
600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

Wire Transfer Instructions:
The Bank of Nova Scotia
New York, New York
ABA #026002532
Attention: Further Credit #0735639
ScotiaBanc Inc.
Reference: Wackenhut Corrections Corporation

Signature Page 4 of 12

BARNETT BANK, N.A.

By: /s/ Bentley H. Utt

Name: Bentley H. Utt

Title: Vice President/Relationship Mgr.

Lending Office:
625 N. Flagler Drive
West Palm Beach, Florida 33401

Wire Transfer Instructions:
Barnett Bank, N.A.
ABA #063000047
Account #06000074838
Attention: Wire Wash Acct 1396-10231
(Participation)
Reference: Wackenhut Corrections Corporation

Signature Page 5 of 12

SUNTRUST BANK, SOUTH FLORIDA, N.A.

By: _____
Name: _____
Title: _____

Lending Office:
222 Lakeview Avenue
Suite 305
West Palm Beach, Florida 33401

Wire Transfer Instructions:
SunTrust Bank, South Florida, N.A.
Fort Lauderdale, Florida
ABA #067-006-076
Attention: Jennifer Campbell
Reference: Wackenhut Corrections Corporation

Signature Page 6 of 12

SOUTHTRUST BANK, NATIONAL
ASSOCIATION

By: /s/ Martin D. Gawel

Name: Martin D. Gawel

Title: Vice President

Lending Office:
150 2nd Avenue, North
Suite 470
St. Petersburg, Florida 33701

Wire Transfer Instructions:
SouthTrust Bank, National Association
Birmingham, Alabama
ABA #062000080
Attention: Joanne Gundling
(813) 898-2607
Reference: Wackenhut Corrections Corporation

SUMMIT BANK

By: /s/ Lisa Cohen

Name: Lisa Cohen

Title: Vice President

Lending Office:
250 Moore Street, 2nd Floor
Hackensack, New Jersey 07602

Wire Transfer Instructions:
Summit Bank
Ridgefield Park, New Jersey
ABA #021202162
Account #GLA 47902
Attention: CL02
Reference: Wackenhut Corrections Corporation

Signature Page 8 of 12

AMSOUTH BANK

By: /s/ Bryan Grantham

Name: Bryan Grantham

Title: Commercial Banking Officer

Lending Office:
1900 5th Avenue, North
Birmingham, Alabama 35203

Wire Transfer Instructions:
AmSouth Bank
Birmingham, Alabama
ABA #062000019
Account #001102450400100
Attention: Mashika Myhand
Reference: Wackenhut Corrections Corporation

Signature Page 9 of 12

BANQUE PARIBAS

By: /s/ Duane Helkowski /s/ Mary T. Finnegan

Name: Duane Helkowski Mary T. Finnegan

Title: Vice President Director

Lending Office:
787 Seventh Avenue
New York, New York 10019

Wire Transfer Instructions:
Bankers Trust NY
ABA #021-000-033
Name of Account: Banque Paribas NY
Account # _____
Attention: Loan Servicing
Reference: Wackenhut Corrections Corporation

HIBERNIA NATIONAL BANK

By: /s/ Troy J. Villafarra

Name: Troy J. Villafarra

Title: Vice President

Lending Office:
313 Carondelet
New Orleans, Louisiana 70130

Wire Transfer Instructions:
Hibernia National Bank
New Orleans, Louisiana
ABA #065000090
Account # _____
Reference: Wackenhut Corrections Corporation

PNC BANK, KENTUCKY, INC.

By: /s/ Ralph M. Bowman

Name: Ralph M. Bowman

Title: Vice President

Lending Office:
500 West Jefferson Street
Louisville, Kentucky 40202

Wire Transfer Instructions:
PNC Bank, Kentucky, Inc.
Louisville, Kentucky
ABA #083-000-108
Account # _____
Reference: Wackenhut Corrections Corporation

EXHIBIT A

Applicable Revolving Credit Commitment Percentages

Lender - - - - -	Revolving Credit Commitment -----	Applicable Commitment Percentage -----
NationsBank, National Association	\$ 4,683,648.32	15.612161052%
Scotiabanc Inc.	\$ 4,683,648.32	15.612161052%
Barnett Bank, N.A.	\$ 3,537,387.02	11.791290058%
SunTrust Bank, South Florida, N.A.	\$ 3,537,387.02	11.791290058%
SouthTrust Bank, National Association	\$ 3,081,347.58	10.271178587%
Summit Bank	\$ 3,081,347.58	10.271178587%
AmSouth Bank	\$ 1,848,808.55	6.162695152%
Banque Paribas	\$ 1,848,808.55	6.162695152%
Hibernia National Bank	\$ 1,848,808.55	6.162695152%
PNC Bank, Kentucky, Inc.	\$ 1,848,808.55	6.162695152%
	-----	-----
	\$30,000,000.00	100%

EXHIBIT B

Form of Assignment and Acceptance

DATED _____, ____

Reference is made to the Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Agreement") among WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Borrower"), the Lenders (as defined in the Agreement), and NationsBank, National Association, as Agent for the Lenders ("Agent"). Unless otherwise defined herein, terms defined in the Agreement are used herein with the same meanings.

The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, WITHOUT RECOURSE and without representation or warranty except as expressly set forth herein, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement and the other Loan Documents as of the date hereof equal to the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Credit Agreement and the other Loan Documents. After giving effect to such sale and assignment, the Assignee's Revolving Credit Commitment and the amount of the Loans owing to the Assignee will be as set forth on Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Loan Documents or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note held by the Assignor and requests that the Agent exchange such Note for new Notes payable to the order of the Assignee in an amount equal to the Revolving Credit Commitment assumed by the Assignee pursuant hereto and to the Assignor in an amount equal to the Revolving Credit Commitment retained by the Assignor, if any, as specified on Schedule 1.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 8.1 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in

taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service or other forms required under Section 5.6.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1.

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of Florida.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telefacsimile shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

SCHEDULE 1
to
ASSIGNMENT AND ACCEPTANCE

Percentage interest assigned: _____%

Assignee's Revolving Credit Commitment: \$ _____

Aggregate outstanding principal amount
of Loans assigned: \$ _____

Principal amount of Note payable to Assignee: \$ _____

Principal amount of Note payable to Assignor: \$ _____

Effective Date (if other than date
of acceptance by Agent): _____, 19__

[NAME OF ASSIGNOR], as Assignor

By: _____
Title:

Dated: _____, 19 __

[NAME OF ASSIGNEE], as Assignee

By: _____
Title:

Domestic Lending Office:
Eurodollar Lending Office:

Accepted [and Approved] *
this ___ day of _____, 19__

NATIONS BANK NATIONAL ASSOCIATION

By: _____

Title:

[Approved this ___ day
of _____, 19__

WACKENHUT CORRECTIONS CORPORATION

By: _____]*

Title:

* Required if the Assignee is an Eligible Assignee solely by reason of clause (iii) of the definition of "Eligible Assignee".

B-5

EXHIBIT C

Notice of Appointment (or Revocation) of Authorized Representative

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Agreement") among WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Borrower"), the Lenders (as defined in the Agreement), and NationsBank, National Association, as Agent for the Lenders ("Agent"). Capitalized terms used but not defined herein shall have the respective meanings therefor set forth in the Agreement.

The Borrower hereby nominates, constitutes and appoints each individual named below as an Authorized Representative under the Loan Documents, and hereby represents and warrants that (i) set forth opposite each such individual's name is a true and correct statement of such individual's office (to which such individual has been duly elected or appointed), a genuine specimen signature of such individual and an address for the giving of notice, and (ii) each such individual has been duly authorized by the Borrower to act as Authorized Representative under the Loan Documents:

Name and Address	Office	Specimen Signature

Borrower hereby revokes (effective upon receipt hereof by the Agent) the prior appointment of _____ as an Authorized Representative.

This the ___ day of _____, 19__.

By: _____

Name: _____

Title: _____

EXHIBIT D-1

Form of Borrowing Notice

To: NationsBank, National Association,
 as Agent
 Independence Center, 15th Floor
 NC1-001-15-04
 Charlotte, North Carolina 28255
 Attention: Agency Services
 Telefacsimile: (704)386-9923

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Agreement") among WACKENHUT CORRECTIONS CORPORATION (the "Borrower"), the Lenders (as defined in the Agreement), and NationsBank, National Association, as Agent for the Lenders ("Agent"). Capitalized terms used but not defined herein shall have the respective meanings therefor set forth in the Agreement.

The Borrower through its Authorized Representative hereby gives notice to the Agent that Loans of the type and amount set forth below be made on the date indicated:

Type of Loan (check one) - - - - -	Interest Period(1) -----	Aggregate Amount(2) -----	Date of Loan(3) -----
Base Rate Loan	_____	_____	_____
Eurodollar Rate Loan	_____	_____	_____
Alternative Currency(4)	_____	_____	_____

- - - - -

- (1) For any Eurodollar Rate Loan, one, two, three or six months or nine months, if available.
- (2) Must be \$2,000,000 or if greater an integral multiple of \$100,000, unless a Base Rate Refunding Loan.
- (3) At least three (3) Business Days later if a Eurodollar Rate Loan;
- (4) Specify Pounds Sterling, Australian Dollars, or Canadian Dollars.

The Borrower hereby requests that the proceeds of Loans described in this Borrowing Notice be made available to the Borrower as follows: [insert transmittal instructions].

The undersigned hereby certifies that:

1. No Default or Event of Default exists either now or after giving effect to the borrowing described herein; and

2. All the representations and warranties set forth in Article VII of the Agreement and in the Loan Documents (other than those expressly stated to refer to a particular date) are true and correct in all material respects as of the date hereof except that the reference to the financial statements in Section 7.6(a) of the Agreement are to those financial statements most recently delivered to you pursuant to Section 8.1 of the Agreement (it being understood that any financial statements delivered pursuant to Section 8.1(b) have not been certified by independent public accountants) and attached hereto are any changes to the Schedules referred to in connection with such representations and warranties.

3. All conditions contained in the Agreement to the making of any Loan requested hereby have been met or satisfied in full.

WACKENHUT CORRECTIONS CORPORATION

BY: _____
Authorized Representative

DATE: _____

D-1-2

EXHIBIT D-2

Form of Borrowing Notice--Swing Line Loans

To: NationsBank, National Association, Independence Center, 15th Floor NC1-001-15-04 Charlotte, North Carolina 28255 Attention: Agency Services Telefacsimile: (704)386-9923

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Agreement") among WACKENHUT CORRECTIONS CORPORATION (the "Borrower"), the Lenders (as defined in the Agreement), and NationsBank, National Association, as Agent for the Lenders ("Agent"). Capitalized terms used but not defined herein shall have the respective meanings therefor set forth in the Agreement.

The Borrower through its Authorized Representative hereby gives notice to NationsBank that a Swing Line Loan of the amount set forth below be made on the date indicated:

Table with 3 columns: Interest Amount(1), Period, Date of Loan. Row 1: CD Rate Loan

- - - - -

(1) Must be a minimum of \$200,000, unless a Base Rate Refunding Loan.

The Borrower hereby requests that the proceeds of Swing Line Loans described in this Borrowing Notice be made available to the Borrower as follows: [insert transmittal instructions] .

The undersigned hereby certifies that:

- 1. No Default or Event of Default exists either now or after giving effect to the borrowing described herein; and
2. All the representations and warranties set forth in Article VII of the Agreement and in the Loan Documents (other than those expressly stated to refer to a particular date) are true and correct in all material respects as of the date hereof except that the reference to the financial statements in Section 7.6(a) of the Agreement are to those financial statements most recently delivered to you pursuant to Section 8.1 of the Agreement (it being understood that any financial statements

delivered pursuant to Section 8.1(b) have not been certified by independent public accountants) and attached hereto are any changes to the Schedules referred to in connection with such representations and warranties.

3. All conditions contained in the Agreement to the making of any Loan requested hereby have been met or satisfied in full .

WACKENHUT CORRECTIONS CORPORATION

BY: _____
Authorized Representative

DATE: _____

D-2-2

EXHIBIT E

Form of Interest Rate Selection Notice

To: NationsBank, National Association,
 as Agent
 Independence Center, 15th Floor
 NC1-001-15-04
 Charlotte, North Carolina 28255
 Attention: Agency Services
 Telefacsimile: (704) 386-9923

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Agreement") among WACKENHUT CORRECTIONS CORPORATION (the "Borrower"), the Lenders (as defined in the Agreement), and NationsBank, National Association, as Agent for the Lenders ("Agent"). Capitalized terms used but not defined herein shall have the respective meanings therefor set forth in the Agreement.

The Borrower through its Authorized Representative hereby gives notice to the Agent of the following selection of a type of Loan and Interest Period:

Type of Loan (check one) -----	Interest Period(1) -----	Aggregate Amount(2) -----	Date of Loan(3) -----
Base Rate Loan	_____	_____	_____
Eurodollar Rate Loan	_____	_____	_____
Alternative Currency(4)	_____	_____	_____

- - - - -

- (1) For any Eurodollar Rate Loan, one, two, three or six months or nine months, if available.
- (2) Must be \$2,000,000 or if greater an integral multiple of \$100,000, unless a Base Rate Refunding Loan.
- (3) At least three (3) Business Days later if a Eurodollar Rate Loan;
- (4) Specify Pounds Sterling, Australian Dollars, or Canadian Dollars.

WACKENHUT CORRECTIONS CORPORATION

BY: _____
 Authorized Representative

DATE: _____

EXHIBIT F-1

Form of Revolving Note

Promissory Note
(Revolving Loan)

\$ _____ Charlotte, North Carolina
_____ , 1997

FOR VALUE RECEIVED, WACKENHUT CORRECTIONS CORPORATION, a Florida corporation having its principal place of business located in Palm Beach Gardens, Florida (the "Borrower"), hereby promises to pay to the order of _____ (the "Lender"), in its individual capacity, at the office of NATIONSBANK, NATIONAL ASSOCIATION, as agent for the Lenders (the "Agent"), located at One Independence Center, 101 North Tryon Street, NC1-001-15-04, Charlotte, North Carolina 28255 (or at such other place or places as the Agent may designate in writing) at the times set forth in the Amended and Restated Credit Agreement dated as of December 18, 1997 among the Borrower, the financial institutions party thereto (collectively, the "Lenders") and the Agent (the "Agreement" -- all capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Agreement), in lawful money of the United States of America, in immediately available funds, the principal amount of _____ DOLLARS (\$ _____) or the applicable Alternative Currency, or, if less than such principal amount, the aggregate unpaid principal amount of all Revolving Loans made by the Lender to the Borrower pursuant to the Agreement on the Revolving Credit Termination Date or such earlier date as may be required pursuant to the terms of the Agreement, and to pay interest from the date hereof on the unpaid principal amount hereof, in like money, at said office, on the dates and at the rates provided in Article II of the Agreement. All or any portion of the principal amount of Loans may be prepaid or required to be prepaid as provided in the Agreement.

If payment of all sums due hereunder is accelerated under the terms of the Agreement or under the terms of the other Loan Documents executed in connection with the Agreement, the then remaining principal amount and accrued but unpaid interest shall bear interest which shall be payable on demand at the rates per annum set forth in the proviso to Section 2.2 (a) of the Agreement. Further, in the event of such acceleration, this Revolving Note shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by the Borrower.

In the event this Revolving Note is not paid when due at any stated or accelerated maturity, the Borrower agrees to pay, in addition to the principal and interest, all costs of collection, including reasonable attorneys' fees, and interest due hereunder thereon at the rates set forth above.

Interest hereunder shall be computed as provided in the Agreement.

This Revolving Note is one of the Revolving Notes referred to in the Agreement and is issued pursuant to and entitled to the benefits and security of the Agreement to which reference is hereby made for a more complete statement of the terms and conditions upon which the Revolving Loans evidenced hereby were or are made and are to be repaid. This Revolving Note is subject to certain restrictions on transfer or assignment as provided in the Agreement.

All Persons bound on this obligation, whether primarily or secondarily liable as principals, sureties, guarantors, endorsers or otherwise, hereby waive to the full extent permitted by law the benefits of all provisions of law for stay or delay of execution or sale of property or other satisfaction of judgment against any of them on account of liability hereon until judgment be obtained and execution issues against any other of them and returned satisfied or until it can be shown that the maker or any other party hereto had no property available for the satisfaction of the debt evidenced by this instrument, or until any other proceedings can be had against any of them, also their right, if any, to require the holder hereof to hold as security for this Revolving Note any collateral deposited by any of said Persons as security. Protest, notice of protest, notice of dishonor, diligence or any other formality are hereby waived by all parties bound hereon.

IN WITNESS WHEREOF, the Borrower has caused this Revolving Note to be made, executed and delivered by its duly authorized representative as of the date and year first above written, all pursuant to authority duly granted.

WACKENHUT CORRECTIONS CORPORATION

WITNESS:

By: _____
Name: _____
Title: _____

EXHIBIT F-2

Form of Swing Line Note

Promissory Note
(Swing Line Loan)

\$5,000,000

Charlotte, North Carolina
_____, 1997

FOR VALUE RECEIVED, WACKENHUT CORRECTIONS CORPORATION, a Florida corporation having its principal place of business located in Palm Beach Gardens, Florida (the "Borrower"), hereby promises to pay to the order of NATIONSBANK, NATIONAL ASSOCIATION (the "Lender"), in its individual capacity, at the office of NATIONSBANK, NATIONAL ASSOCIATION, located at One Independence Center, 101 North Tryon Street, NC1-001-15-04, Charlotte, North Carolina 28255 (or at such other place or places as the Agent may designate in writing) at the times set forth in the Amended and Restated Credit Agreement dated as of December 18, 1997 among the Borrower, the financial institutions party thereto (collectively, the "Lenders") and the Agent (the "Agreement" -- all capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Agreement), in lawful money of the United States of America, in immediately available funds, the principal amount of FIVE MILLION DOLLARS (\$5,000,000) or, if less than such principal amount, the aggregate unpaid principal amount of all Swing Line Loans made by the Lender to the Borrower pursuant to the Agreement on the Revolving Credit Termination Date or such earlier date as may be required pursuant to the terms of the Agreement, and to pay interest from the date hereof on the unpaid principal amount hereof, in like money, at said office, on the dates and at the rates provided in Article II of the Agreement. All or any portion of the principal amount of Loans may be prepaid or required to be prepaid as provided in the Agreement.

If payment of all sums due hereunder is accelerated under the terms of the Agreement or under the terms of the other Loan Documents executed in connection with the Agreement, the then remaining principal amount and accrued but unpaid interest shall bear interest which shall be payable on demand at the rates per annum set forth in the proviso to Section 2.2 (a) of the Agreement. Further, in the event of such acceleration, this Swing Line Note shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by the Borrower.

In the event this Swing Line Note is not paid when due at any stated or accelerated maturity, the Borrower agrees to pay, in addition to the principal and interest, all costs of collection, including reasonable attorneys' fees, and interest due hereunder thereon at the rates set forth above.

Interest hereunder shall be computed as provided in the Agreement.

This Swing Line Note is one of the Swing Line Notes in the principal amount of \$5,000,000 referred to in the Agreement and is issued pursuant to and entitled to the benefits and security of the Agreement to which reference is hereby made for a more complete statement of the terms and conditions upon which the Swing Line Loans evidenced hereby were or are made and are to be repaid. This Swing Line Note is subject to certain restrictions on transfer or assignment as provided in the Agreement.

All Persons bound on this obligation, whether primarily or secondarily liable as principals, sureties, guarantors, endorsers or otherwise, hereby waive to the full extent permitted by law the benefits of all provisions of law for stay or delay of execution or sale of property or other satisfaction of judgment against any of them on account of liability hereon until judgment be obtained and execution issues against any other of them and returned satisfied or until it can be shown that the maker or any other party hereto had no property available for the satisfaction of the debt evidenced by this instrument, or until any other proceedings can be had against any of them, also their right, if any, to require the holder hereof to hold as security for this Swing Line Note any collateral deposited by any of said Persons as security. Protest, notice of protest, notice of dishonor, diligence or any other formality are hereby waived by all parties bound hereon.

IN WITNESS WHEREOF, the Borrower has caused this Swing Line Note to be made, executed and delivered by its duly authorized representative as of the date and year first above written, all pursuant to authority duly granted.

WACKENHUT CORRECTIONS CORPORATION

WITNESS:

By: _____
Name: _____
Title _____

EXHIBIT G

Form of Opinion of Borrower's Counsel

See attached.

G-1

EXHIBIT H

Compliance Certificate

NationsBank, National Association,
as Agent
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Agency Services
Telefacsimile: (704) 386-9923

Reference is hereby made to the Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Agreement") among Wackenhut Corrections Corporation, a Florida corporation (the "Borrower"), the Lenders (as defined in the Agreement) and NationsBank, National Association (South), as Agent for the Lenders ("Agent"). Capitalized terms used but not otherwise defined herein shall have the respective meanings therefor set forth in the Agreement. The undersigned, a duly authorized and acting Authorized Representative, hereby certifies to you as of _____ (the "Determination Date") as follows:

1. Calculations in (thousands):

A. Compliance with Section 9.1(a): Consolidated Net Worth

- 1. Consolidated Net Worth at the last day of the most recent fiscal quarter

\$ _____

- 2. Consolidated Net Income x 75%

\$ _____

- 3. Net proceeds of sale of Common Stock (100%) \$ _____

- 4. Sum of A.1 + A.2 + A.3

\$ _____

- 5. Actual Consolidated Net Worth

\$ _____

REQUIRED: A.5 MUST NOT BE LESS THAN A.4

B. Compliance with Section 9.1(b): Annualized Consolidated Senior Leverage Ratio

- | | | |
|----|--|---------------|
| 1. | Revolver Borrowings and Other Money Borrowed | \$ _____ |
| 2. | TROL Indebtedness | \$ _____ |
| 3. | B.1 + B.2: Consolidated Senior Indebtedness | \$ _____ |
| 4. | Consolidated EBITDA for current quarter | \$ _____ |
| 5. | B.4 x 4: Annualized Consolidated EBITDA | \$ _____ |
| 6. | Ratio of B.3 to B.5 | _____ to 1.00 |

REQUIRED: LINE B.6 MUST NOT BE GREATER THAN 6.00 TO 1.00, WITH THE FOLLOWING STEPDOWN:

4Q FY98**	5.00 TO 1.00
2Q FY99	4.50 TO 1.00
3Q FY99 THROUGH 1Q00	4.00 TO 1.00
2Q FY00 AND THEREAFTER	3.50 TO 1.00

** THE STEP DOWN WILL OCCUR AT THE EARLIER OF THE EXECUTION OF THE REIT TRANSACTION OR 4Q FY 1998.

C. Compliance with Section 9.1(c): Adjusted Consolidated Leverage Ratio

- | | | |
|----|---|---------------|
| 1. | Consolidated Senior Indebtedness (from B.3) | \$ _____ |
| 2. | Subordinated Indebtedness | \$ _____ |
| 3. | C.1 + C.2: Total Indebtedness | \$ _____ |
| 4. | Adjusted Consolidated EBITDA* | \$ _____ |
| 5. | Ratio of C.3 to C.4 | _____ to 1.00 |

REQUIRED: LINE C.5 MUST NOT BE GREATER THAN 8.00 TO 1.00, WITH THE FOLLOWING STEPDOWN:

3Q FY98 THROUGH 3Q FY99	7.00 TO 1.00
4Q FY99 THROUGH 1Q FY00	6.00 TO 1.00
2Q FY00 AND THEREAFTER	5.50 TO 1.00

D. Compliance with Section 9.1(d): Consolidated Fixed Charge Coverage Ratio

1. Consolidated EBITDA for most recent 4 quarters*	\$ _____
2. Consolidated Lease Payments*	\$ _____
3. Sum of D.1 + D.2	\$ _____
4. Consolidated Interest Expense*	\$ _____
5. Required principal payments of Consolidated Indebtedness*	\$ _____
6. Consolidated Lease Payments*	\$ _____
7. Restricted Payments*	\$ _____
8. D.4 + D.5 + D.6 +D.7: Consolidated Fixed Charges	\$ _____
9. Ratio of D.3 to D.8	\$ ____ to 1.00

REQUIRED: LINE D.9 MUST NOT BE LESS THAN 1.50 TO 1.00

2. No Default

A. Since _____ (the date of the last similar certification), (a) the Borrower has not defaulted in the keeping, observance, performance or fulfillment of its obligations pursuant to any of the Loan Documents; and (b) no Default or Event of Default specified in Article X of the Agreement has occurred and is continuing.

B. If a Default or Event of Default has occurred since _____ (the date of the last similar certification), the Borrower proposes to take the following action with respect to such Default or Event of Default:

_____.

(Note, if no Default or Event of Default has occurred, insert "Not Applicable").

The Determination Date is the date of the last required financial statements submitted to the Lenders in accordance with Section 8.1 of the Agreement.

* See attached Schedule 1 to Compliance Certificate for calculations.

IN WITNESS WHEREOF, I have executed this Certificate this ____ day of _____, 19____.

By: _____
Authorized Representative
Name: _____
Title: _____

H-4

Schedule 1 to Compliance Certificate

Covenant Calculations (\$ in 000s)

1.	Quarterly Consolidated EBITDA Calculation:	
A.	Consolidated Net Income	\$ _____
B.	Consolidated Interest Expense	\$ _____
C.	Taxes on income	\$ _____
D.	Amortization	\$ _____
E.	Depreciation	\$ _____
F.	Consolidated EBITDA (A + B + C + D + E)	\$ _____
2.	Annualized Consolidated EBITDA Calculation:	
A.	Consolidated Quarterly EBITDA	\$ _____
B.	Annualized Consolidated Quarterly EBITDA (A x 4)	\$ _____
C.	Quarterly Contract EBITDA Already Included in Consolidated Quarterly EBITDA:	
	Prospective Contract #1	\$ _____
	Prospective Contract #2	\$ _____
	Prospective Contract #3	\$ _____
	Prospective Contract #4	\$ _____
	Prospective Contract #5	\$ _____
	Prospective Contract #6	\$ _____
	Total Contract EBITDA	\$ _____
D.	Annualized Contract EBITDA (C x 4)	\$ _____

E.	Full Year Contract EBITDA:	
	Prospective Contract #1	\$ _____
	Prospective Contract #2	\$ _____
	Prospective Contract #3	\$ _____
	Prospective Contract #4	\$ _____
	Prospective Contract #5	\$ _____
	Prospective Contract #6	\$ _____
	Total Full Year Contract EBITDA	\$ _____
F.	Adjustment to EBITDA (E - D)	\$ _____
G.	Adjusted Consolidated Annualized EBITDA (B + F)	\$ _____

III. Calculation of Components of Consolidated Fixed Charge Coverage Ratio

	1Q	2Q	3Q	4Q	Rolling 4Q
	--	--	--	--	--
A. Consolidated EBITDA	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
B. Consolidated Lease Payments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
C. Consolidated Interest Expense	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
D. Required Principal Payments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
E. Restricted Payments	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

EXHIBIT I

Form of Facility Guaranty

GUARANTY AND SURETYSHIP AGREEMENT

THIS GUARANTY AND SURETYSHIP AGREEMENT (this "Guaranty Agreement" or this "Guaranty"), dated as of _____, 1997, is made by each of the undersigned (each a "Guarantor" and collectively the "Guarantors") to NATIONSBANK, NATIONAL ASSOCIATION, a national banking association, as a Lender ("NationsBank"), and NATIONSBANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as agent for the Lenders (in such capacity, and together with any successors in such capacity, the "Agent") party to the Amended and Restated Credit Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Agent and the Lenders have agreed to provide Wackenhut Corrections Corporation, a Florida corporation (the "Borrower"), revolving credit and letter of credit facilities pursuant to the terms of that certain Amended and Restated Credit Agreement dated as of December 18, 1997 among the Borrower and the Agent (as from time to time amended, supplemented or restated, the "Credit Agreement"); and

WHEREAS, each Guarantor is a Subsidiary of the Borrower and will materially benefit from the Loans to be made and the Letters of Credit to be issued under the Credit Agreement, and each Guarantor is willing to enter into this Guaranty Agreement to provide an inducement for the Lenders to make Loans and issue Letters of Credit thereunder;

NOW, THEREFORE, in order to induce the Agent and the Lenders to enter into the Credit Agreement and the other Loan Documents and in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. DEFINITIONS. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. GUARANTY. Each Guarantor hereby jointly and severally, unconditionally, absolutely, continually and irrevocably guarantees to the Agent and the Lenders the payment in full of the Borrower's Liabilities (as defined below). For all purposes of this Guaranty Agreement, "Borrower's Liabilities" means: (a) the Borrower's prompt payment in full, when due or declared due and at all such times, of all Obligations and all other amounts pursuant to the terms of the Credit Agreement, the Notes, and all other Loan Documents executed in connection with the Credit Agreement heretofore, now or at any time or times hereafter owing, arising, due or payable from the Borrower to any one or more of the Lenders, including without limitation principal, interest, premium or fee

(including, but not limited to, loan fees and attorneys' fees and expenses). Each Guarantor agrees that it is jointly and severally, directly and primarily liable for the Borrower's Liabilities.

3. LIMIT OF LIABILITY. The obligations of the Guarantor hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

4. PAYMENT. If the Borrower shall default in payment or performance of any Borrower's Liabilities when and as the same shall become due, whether according to the terms of the Credit Agreement, by acceleration, or otherwise, or upon the occurrence of any other Event of Default under the Credit Agreement that has not been cured or waived, then each Guarantor, upon demand thereof by the Agent or its successors or assigns, will, as of the date of the Agent's demand, fully pay to the Agent, for the benefit of itself and the Lenders, subject to any restriction set forth in Section 3 hereof, an amount equal to all Guarantor's Obligations then due and owing.

5. UNCONDITIONAL OBLIGATIONS. This is a guaranty of payment and not of collection. The Guarantors' Obligations under this Guaranty Agreement shall be joint and several, absolute and unconditional irrespective of the validity, legality or enforceability of the Credit Agreement, the Notes or any other Loan Document or any other guaranty of the Borrower's Liabilities, and shall not be affected by any action taken under the Credit Agreement, the Notes or any other Loan Document, any other guaranty of the Borrower's Liabilities, or any other agreement between the Agent or the Lenders and the Borrower or any other person, in the exercise of any right or power therein conferred, or by any failure or omission to enforce any right conferred thereby, or by any waiver of any covenant or condition therein provided, or by any acceleration of the maturity of any of the Borrower's Liabilities, or by the release or other disposal of any Collateral or other security for any of the Borrower's Liabilities, or by the dissolution of the Borrower or the combination or consolidation of the Borrower into or with another entity or any transfer or disposition of any assets of the Borrower or by any extension or renewal of the Credit Agreement, any of the Notes or any other Loan Document, in whole or in part, or by any modification, alteration, amendment or addition of or to the Credit Agreement, any of the Notes or any other Loan Document, any other guaranty of the Borrower's Liabilities, or any other agreement between the Agent or the Lenders and the Borrower or any other Person, or by any other circumstance whatsoever (with or without notice to or knowledge of any Guarantor) which may or might in any manner or to any extent vary the risks of any Guarantor, or might otherwise constitute a legal or equitable discharge of a surety or guarantor; it being the purpose and intent of the parties hereto that this Guaranty Agreement and the Guarantors' Obligations hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein provided.

6. CURRENCY AND FUNDS OF PAYMENT. Each Guarantor hereby guarantees that the Guarantors' Obligations will be paid in (i) the same Alternative Currency in the case of Loans made and Letters of Credit drawn in Alternative Currencies, and (ii) in Dollars in all other cases and in immediately available funds, regardless of any law, regulation or decree now or hereafter in effect that might in any manner affect the Borrower's Liabilities, or the rights of the Agent or any Lender

with respect thereto as against the Borrower, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Borrower of any or all of the Borrower's Liabilities.

6. EVENTS OF DEFAULT. In the event that (a) any Guarantor shall file a petition to take advantage of any insolvency statute; (b) any Guarantor shall commence or suffer to exist a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or substantially all of its property; (c) any Guarantor shall file a petition or answer seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state or similar law of any other country; (d) a court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of any Guarantor or of the whole or substantially all of its properties, or approve a petition filed against any Guarantor seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state or similar law of any other country, or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of any Guarantor or of the whole or substantially all of its properties and such order, judgment, decree, approval or assumption remains unstayed or undismitted for a period of thirty (30) consecutive days; (e) there is commenced against any Guarantor any proceeding or petition seeking reorganization, arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which proceeding or petition remains unstayed or undismitted for a period of thirty (30) consecutive days; (f) there shall occur an Event of Default under the Credit Agreement; (g) any default shall occur in the payment of amounts due hereunder; or (h) any other default in compliance with the terms hereof shall occur which remains uncured or unwaived for a period of thirty (30) days after the earlier of notice of such default from the Agent or an officer of a Guarantor becomes aware of such default (each of the foregoing an "Event of Default" hereunder), then notwithstanding any Collateral or other security that the Agent or any Lender may process from Borrower or any Guarantor or any other guarantor of the Borrower's Liabilities, or any other party, at the Agent's election and without notice thereof or demand therefor, so long as such Event of Default shall be continuing, the Guarantors' Obligations shall immediately become due and payable.

7. SUITS. Each Guarantor from time to time shall pay to the Agent for the benefit of itself and the Lenders, on demand, at the Agent's place of business set forth in the Credit Agreement, the Guarantors' Obligations as they become or are declared due, and in the event such payment is not made forthwith, the Agent or any Lender or any of them may proceed to suit against any one or more or all of the Guarantors. At the Agent's election, one or more and successive or concurrent suits may be brought hereon by the Agent against any one or more or all of the Guarantors, whether or not suit has been commenced against the Borrower, any other guarantor of the Borrower's Liabilities, or any other Person and whether or not the Agent or Lender has taken or failed to take any other action to collect all or any portion of the Borrower's Liabilities.

8. SET-OFF AND WAIVER. Each Guarantor waives any right to assert against the Agent or Lender as a defense, counterclaim, set-off or cross claim, any defense (legal or equitable) or other

claim which such Guarantor may now or at any time hereafter have against the Borrower, the Agent or the Lenders, without waiving any additional defenses, set-offs, counterclaims or other claims otherwise available to such Guarantor. If at any time hereafter the Agent or any Lender employs counsel for advice or other representation to enforce the Guarantors' Obligations that arise out of an Event of Default, then, in any of the foregoing events, all of the reasonable attorneys' fees arising from such services and all expenses, costs and charges in any way or respect arising in connection therewith or relating thereto shall be jointly and severally paid by the Guarantors to the Agent, for the benefit of itself and the Lenders, on demand.

10. WAIVER; SUBROGATION; SUBORDINATION.

(a) Each Guarantor hereby waives notice of the following events or occurrences: (i) the Agent's acceptance of this Guaranty Agreement; (ii) the Lenders' heretofore, now or from time to time hereafter loaning monies or giving or extending credit to or for the benefit of the Borrower, whether pursuant to the Credit Agreement or the Notes or any amendments, modifications, or supplements thereto, or replacements or extensions thereof; (iii) the Agent or the Lenders or the Borrower heretofore, now or at any time hereafter, obtaining, amending, substituting for, releasing, waiving or modifying the Credit Agreement, the Notes or any other Loan Documents; (iv) presentment, demand, notices of default, non-payment, partial payment and protest; (v) the Agent or the Lenders heretofore, now or at any time hereafter granting to the Borrower (or any other party liable to the Lenders on account of the Borrower's Liabilities) any indulgence or extensions of time of payment of the Borrower's Liabilities; and (vi) the Agent or the Lenders heretofore, now or at any time hereafter accepting from the Borrower or any other person, any partial payment or payments on account of the Borrower's Liabilities or any collateral securing the payment thereof or the Agent settling, subordinating, compromising, discharging or releasing the same. Each Guarantor agrees that the Agent and each Lender may heretofore, now or at any time hereafter do any or all of the foregoing in such manner, upon such terms and at such times as Agent or such Lender, in its sole and absolute discretion, deems advisable, without in any way or respect impairing, affecting, reducing or releasing such Guarantor from the Guarantors' Obligations, and each Guarantor hereby consents to each and all of the foregoing events or occurrences.

(b) Each Guarantor hereby agrees that payment or performance by such Guarantor of the Guarantors' Obligations under this Guaranty Agreement may be enforced by the Agent on behalf of itself and the Lenders upon demand by the Agent to such Guarantor without the Agent being required, each Guarantor expressly waiving any right it may have to require the Agent, to (i) prosecute collection or seek to enforce or resort to any remedies against the Borrower or any other Guarantor or any other guarantor of the Borrower's Liabilities, IT BEING EXPRESSLY UNDERSTOOD, ACKNOWLEDGED AND AGREED TO BY EACH GUARANTOR THAT DEMAND UNDER THIS GUARANTY AGREEMENT MAY BE MADE BY THE AGENT, AND THE PROVISIONS HEREOF ENFORCED BY THE AGENT, EFFECTIVE AS OF THE FIRST DATE ANY EVENT OF DEFAULT OCCURS AND IS CONTINUING UNDER THE CREDIT AGREEMENT, or (ii) seek to enforce or resort to any remedies with respect to any, Liens or encumbrances granted to the Agent by the Borrower or any other Person on account of the

Borrower's Liabilities or any guaranty thereof. Neither the Agent nor any Lender shall have any obligation to protect, secure or insure any of the foregoing security interests, Liens or encumbrances on the properties or interests in properties subject thereto. The Guarantors' Obligations shall in no way be impaired, affected, reduced, or released by reason of the Agent's or any Lender's failure or delay to do or take any of the acts, actions or things described in this Guaranty Agreement including, without limiting the generality of the foregoing, those acts, actions and things described in this Section 10.

(c) Each Guarantor further agrees with respect to this Guaranty Agreement that it shall have no right of subrogation, reimbursement or indemnity, nor any right of recourse to security for the Borrower's Liabilities in each case until after all the Borrower's Liabilities have been paid in full. This waiver is expressly intended to prevent the existence of any claim in respect to such reimbursement by the Guarantor against the estate of Borrower within the meaning of Section 101 of the Bankruptcy Code, and to prevent the Guarantor from constituting a creditor of Borrower in respect of such reimbursement within the meaning of Section 547(b) of the Bankruptcy Code in the event of a subsequent case involving the Borrower.

(d) Until the Guarantors' Obligations are paid in full and the Lenders are under no further obligation to lend or extend funds or credit which would constitute Guarantors' Obligations, each Guarantor hereby unconditionally subordinates all present and future debts, liabilities or obligations of the Borrower to the Guarantor to the Guarantors' Obligations, and all amounts due under such debts, liabilities, or obligations shall, upon the occurrence and during the continuance of an Event of Default, be collected and paid over forthwith to the Lenders on account of the Guarantors' Obligations and, pending such payment, shall be held by each Guarantor as agent and bailee of the Lenders separate and apart from all other funds, property and accounts of the Guarantor. Each Guarantor, at the reasonable request of the Lenders, shall execute such further documents in favor of the Lenders to further evidence and support the purpose of this Section 10(d).

10. EFFECTIVENESS; ENFORCEABILITY. This Guaranty Agreement shall be effective as of the date of the initial Advance under the Credit Agreement and shall continue in full force and effect until the Borrower's Obligations are fully paid and the Credit Agreement has terminated. The Agent shall give each Guarantor written notice of such termination at each Guarantor's address set forth below such Guarantor's execution hereof on the signature pages of this Guaranty or such other address for the Guarantor as such Guarantor shall give notice to the Agent in the manner provided for the giving of notices under the Credit Agreement (the "Guarantor's Address"). This Guaranty Agreement shall be binding upon and inure to the benefit of each Guarantor, the Agent and the Lenders and their respective successors and assigns. Notwithstanding the foregoing, no Guarantor may, without the prior written consent of the Agent, assign any rights, powers, duties or obligations hereunder. Any claim or claims that the Agent and the Lenders may at any time hereafter have against any Guarantor under this Guaranty Agreement may be asserted by the Agent or any Lender by written notice directed to any one or more or all of the Guarantors at the applicable Guarantor's Address.

12. REPRESENTATIONS AND WARRANTIES. Each Guarantor represents and warrants to the Agent for the benefit of itself and the Lenders that it is duly authorized to execute, deliver and perform this Guaranty Agreement, that this Guaranty Agreement is legal, valid, binding and enforceable against such Guarantor in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and that such Guarantor's execution, delivery and performance of this Guaranty Agreement do not violate or constitute a breach of its certificate of incorporation or charter or governance documents or any agreement to which such Guarantor is a party, or any applicable laws.

13. EXPENSES. Each Guarantor agrees to be jointly and severally liable for the payment of all reasonable fees and expenses, including attorney's fees, incurred by the Agent in connection with the enforcement of this Guaranty Agreement.

14. REINSTATEMENT. Each Guarantor agrees that this Guaranty Agreement shall continue to be effective or be reinstated, as the case may be, at any time payment received by the Agent under the Credit Agreement or this Guaranty Agreement is rescinded or must be restored for any reason.

15. COUNTERPARTS. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall constitute one and the same instrument.

16. RELIANCE. Each Guarantor represents and warrants to the Agent, for the benefit of the Agent and the Lenders, that: (a) such Guarantor has adequate means to obtain from Borrower, on a continuing basis, information concerning Borrower and Borrower's financial condition and affairs and has full and complete access to Borrower's books and records; (b) such Guarantor is not relying on the Agent or any Lender, its or their employees, agents or other representatives, to provide such information, now or in the future; (c) such Guarantor is executing this Guaranty Agreement freely and deliberately, and understands the obligations and financial risk undertaken by providing this Guaranty; (d) such Guarantor has relied solely on the Guarantor's own independent investigation, appraisal and analysis of Borrower and Borrower's financial condition and affairs in deciding to provide this Guaranty and is fully aware of the same; and (e) such Guarantor has not depended or relied on the Agent or any Lender, its or their employees, agents or representatives, for any information whatsoever concerning Borrower or Borrower's financial condition and affairs or other matters material to such Guarantor's decision to provide this Guaranty or for any counseling, guidance, or special consideration or any promise therefor with respect to such decision. Each Guarantor agrees that neither the Agent nor any Lender has any duty or responsibility whatsoever, now or in the future, to provide to any Guarantor any information concerning Borrower or Borrower's financial condition and affairs, other than as expressly provided herein, and that, if such Guarantor receives any such information from the Agent or any Lender, its or their employees, agents or other representatives, such Guarantor will independently verify the information and will not rely on the Agent or any Lender, its or their employees, agents or other representatives, with respect to such information.

17. NOTICES. Any notice shall be conclusively deemed to have been received by any party hereto and be effective (i) on the day on which delivered (including hand delivery by commercial courier service) to such party (against receipt therefor), (ii) on the date of receipt at such telefacsimile number for such party and the receipt of such message is verified by the sender's telefacsimile machine, (iii) on the fifth Business Day after the day on which mailed, if sent prepaid by certified or registered mail, return receipt requested, in each case delivered, transmitted or mailed, as the case may be, to the Guarantor's Address or telefacsimile number, as appropriate.

18. TERMINATION. This Guaranty Agreement and all obligations of the Guarantors hereunder shall terminate without delivery of any instrument or performance of any act by any party on the date when all of the Obligations have been fully paid and the Credit Agreement has terminated.

19. GOVERNING LAW; WAIVERS OF TRIAL BY JURY, ETC.

(A) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

(B) EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF BROWARD, STATE OF FLORIDA, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(C) EACH PARTY AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE GUARANTOR'S ADDRESS (AS HEREIN DEFINED) OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF FLORIDA.

(D) NOTHING CONTAINED IN SUBSECTIONS (B) OR (C) HEREOF SHALL PRECLUDE ANY PARTY FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS IN THE COURTS OF ANY PLACE WHERE ANY OTHER PARTY OR ANY OF SUCH PARTY'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE TO IT.

(E) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND EACH PARTY HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY HAVE THAT EACH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Guaranty Agreement on the day and year first written above.

GUARANTORS:

WITNESS:

By: _____
Name: _____
Title: _____

Address for Notices:

Telefacsimile: _____

WITNESS:

By: _____
Name: _____
Title: _____

Address for Notices:

Telefacsimile: _____

WITNESS:

NATIONSBANK, NATIONAL ASSOCIATION,
as Agent

By: _____

Name: _____

Title: _____

EXHIBIT J

Form of LC Account Agreement

LC ACCOUNT AGREEMENT

THIS LC ACCOUNT AGREEMENT (the "Agreement") dated as of December 18, 1997, and made between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Pledgor"), and NATIONSBANK, NATIONAL ASSOCIATION, a national banking association, as a Lender ("NationsBank") and as Agent (in such capacity herein and together with any successors in such capacity, the "Agent") for the lenders (the "Lenders") party to the Amended and Restated Credit Agreement (as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Pledgor, the Lenders, and the Agent have entered into that certain Amended and Restated Credit Agreement dated as of the date hereof (as may hereafter be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and in effect, hereinafter referred to as the "Credit Agreement");

WHEREAS, as a condition precedent to the Lenders' obligations to make the Loans or to issue Letters of Credit, the Pledgor is required to execute and deliver to the Agent a copy of this Agreement on or before the Closing Date;

NOW, THEREFORE, in consideration of the foregoing and the agreements, provisions and covenants contained herein, the Pledgor and the Agent hereby agree as follows:

Section 1. Definitions. Capitalized terms used in this Agreement shall have the following meanings:

"Collateral" means (a) all funds from time to time on deposit in the LC Account; (b) all Investments and all certificates and instruments from time to time representing or evidencing such Investments; (c) all notes, certificates of deposit, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Agent for or on behalf of the Pledgor in substitution for or in addition to any or all of the Collateral described in clause (a) or (b) above; (d) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Collateral described in clause (a), (b) or (c) above; and (e) to the extent not covered by clauses (a) through (d) above, all proceeds of any or all of the foregoing Collateral.

"Investments" means those investments, if any, made by the Agent pursuant to Section 5 hereof.

"LC Account" means the cash collateral account established and maintained pursuant to Section 2 hereof.

"Secured Obligations" means (i) all obligations of the Pledgor now existing or hereafter arising under or in respect of the Credit Agreement or the Notes (including, without limitation, the Pledgor's obligation to pay principal and interest and all other charges, fees, expenses, commissions, reimbursements, indemnities and other payments related to or in respect of the obligations contained in the Credit Agreement or the Notes) or any documents or agreement related to the Credit Agreement or the Notes; and (ii) without duplication, all obligations of the Pledgor now or hereafter existing under or in respect of this Agreement, including, without limitation, with respect to all charges, fees, expenses, commissions, reimbursements, indemnities and other payments related to or in respect of the obligations contained in this Agreement.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement.

Section 2. LC Account; Cash Collateralization of Letters of Credit.

(i) From and after the occurrence of an Event of Default, the Agent shall establish and maintain at the offices of NationsBank, N.A. at 101 North Tryon Street, Charlotte, North Carolina, in the name of the Agent and under the sole dominion and control of the Agent, a cash collateral account designated as Wackenhut Corrections Cash LC Account (the "LC Account").

(ii) In accordance with Article X of the Credit Agreement, in the event that an Event of Default has occurred and shall not have been waived pursuant to Section 12.6 of the Credit Agreement and the Pledgor is required to pay to Agent an amount equal to the maximum amount remaining undrawn or unpaid under the Letters of Credit, the Agent shall, upon receipt of any such amounts, exercise the remedies set forth in Section 12 hereof and shall apply the proceeds as provided in Article X of the Credit Agreement. Any such amounts received by the Agent shall be deposited in the LC Account. Upon a drawing under the Letters of Credit in respect of which any amounts described above have been deposited in the LC Account, the Agent shall apply such amounts to reimburse NationsBank for the amount of such drawing. In the event the Letters of Credit are canceled or expire or in the event of any reduction in the maximum amount available at any time for drawing under such Letters of Credit (the "Maximum Available Amount"), the Agent shall apply the amount then in the LC Account designated to reimburse NationsBank for any drawings under the Letters of Credit less the Maximum Available Amount immediately after such cancellation, expiration or reduction, if any, first, to the cash collateralization of the Letters of Credit if the Pledgor has failed to pay all or a portion of the maximum amounts described above,

second, to the payment in full of the outstanding Secured Obligations and third, the balance, if any, to the Pledgor.

(iii) Interest received in respect of Investments of any amounts deposited in the LC Account pursuant to clause (ii) of this Section 2 shall be delivered by Agent to the Pledgor on the last Business Day of each calendar month or, if earlier, upon cancellation or expiration of or drawing of the Maximum Available Amount for drawing under the Letters of Credit, as the case may be, in respect of which such amounts were so deposited; provided, however, that the Agent shall not deliver to the Pledgor any such interest received in respect of Investments of any amounts deposited in the LC Account pursuant to this Section 2 if an Event of Default has occurred and shall not have been waived pursuant to Section 12.6 of the Credit Agreement or unless all outstanding Secured Obligations have been indefeasibly paid in full in cash.

Section 3. Pledge; Security for Secured Obligations. The Pledgor hereby pledges to the Agent (for itself and on behalf of the Lenders) a first priority lien and security interest in, the Collateral, as collateral security for the prompt payment in full when due, whether at stated maturity, by acceleration or otherwise (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the filing of a petition in bankruptcy or the operation of the automatic stay under Section 362(a) of the Bankruptcy Code), of all Secured Obligations.

Section 4. Delivery of Collateral. All certificates or instruments, if any, representing or evidencing the Collateral shall be delivered to and held by the Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Agent. In the event any Collateral is not evidenced by a certificate, a notation, reflecting title in the name of the Agent or the security interest of the Agent, shall be made in the records of the issuer of such Collateral or in such other appropriate records as the Agent may require, all in form and substance reasonably satisfactory to the Agent. The Agent shall have the right, at any time and without notice to the Pledgor, to transfer to or to register in the name of the Agent or any of its nominees any or all of the Collateral. In addition, the Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Collateral for certificates or instruments of smaller or larger denominations.

Section 5. Investing of Amounts in the LC Account; Amounts held by the Agent. Cash held by the Agent in the LC Account shall not be invested or reinvested except as provided in this Section 5.

(i) Except as otherwise provided in Section 12 hereof, any funds on deposit in the LC Account shall be invested by the Agent so long as no Default or Event of Default shall have occurred and shall not have been waived pursuant to Section 12.6 of the Credit Agreement, in cash equivalents.

(ii) The Agent is hereby authorized to sell, and shall sell, all or any designated part of the Collateral (A) so long as no Default or Event of Default shall have occurred and shall not have been waived pursuant to Section 12.6 of the Credit Agreement, upon the receipt of appropriate written instructions from an Authorized Representative or (B) in any event if such sale is necessary to permit the Agent to perform its duties hereunder or under the Credit Agreement. The Agent shall have no responsibility for any loss in the value of the Collateral resulting from a fluctuation in interest rates or otherwise. Any interest on securities constituting part of the Collateral and the net proceeds of the sale or payment of any such securities shall be held in the LC Account by the Agent. Section 6. Representations and Warranties. In addition to its representations and warranties made pursuant to Article VII of the Credit Agreement, the Pledgor represents and warrants to the Agent (for itself and as agent on behalf of the Lenders), that the following statements are true, correct and complete:

(i) The Pledgor will be the legal and beneficial owner of the Collateral free and clear of any Lien except for the lien and security interest created by this Agreement and the Credit Agreement;

(ii) The pledge and assignment of the Collateral pursuant to this Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment of the Secured Obligations.

Section 7. Further Assurances. The Pledgor agrees that at any time and from time to time, at the Pledgor's expense, the Pledgor will promptly execute and deliver to the Agent any further instruments and documents, and take any further actions, that may be necessary or that the Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

Section 8. Transfers and Other Liens. The Pledgor agrees that it will not (a) sell or otherwise dispose of any of the Collateral, or (b) create or permit to exist any Lien upon or with respect to any of the Collateral, except for the lien and security interest created by this Agreement.

Section 9. The Agent Appointed Attorney-in-Fact. The Pledgor hereby appoints the Agent as its attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time in the Agent's reasonable discretion to take any action and to execute any instrument which the Agent may reasonably deem necessary or advisable to accomplish the purposes of the Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Pledgor or either of them representing any payment, dividend, or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same. In performing its functions and duties under this Agreement, the Agent shall

act solely for itself and as the agent of the Lenders and the Agent has not assumed nor shall be deemed to have assumed any obligation towards or relationship of agency or trust with or for the Pledgor.

Section 10. The Agent May Perform. If the Pledgor fails to perform any agreement contained herein, after notice to the Pledgor, the Agent may itself perform, or cause performance of, such agreement, and the expenses of the Agent incurred in connection therewith shall be payable by the Pledgor under Section 13 hereof.

Section 11. Standard of Care; No Responsibility For Certain Matters. In dealing with the Collateral in its possession, the Agent shall exercise the same care which it would exercise in dealing with its own property of a similar nature, but it shall not be responsible for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Agent has or is deemed to have knowledge of such matters, (b) taking any steps to preserve rights against any parties with respect to any Collateral (other than steps taken in accordance with the standard of care set forth above to maintain possession of the Collateral), (c) the collection of any proceeds, (d) any loss resulting from Investments made pursuant to Section 5 hereof, or (e) determining (x) the correctness of any statement or calculation made by the Pledgor in any written or telex (tested or otherwise) instructions, or (y) whether any deposit in the LC Account is proper.

Section 12. Remedies upon Default; Application of Proceeds. If any Event of Default shall have occurred and shall not have been waived pursuant to Section 12.6 of the Credit Agreement:

(i) The Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code (the "Code") as in effect in the State of North Carolina at that time, and the Agent may, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange or broker's board or at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices, and upon such other terms as the Agent may reasonably deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Agent shall not be obligated to make any sale of the Collateral regardless of notice of sale having been given. The Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(ii) Subject to the provisions of Section 2(ii) hereof, any cash held by the Agent as Collateral and all cash proceeds received by the Agent in respect of any sale of, collection from, or other realization upon all or part of the Collateral shall be applied (after payment

of any amounts payable to the Agent pursuant to Section 13 hereof) by the Agent to pay the Secured Obligations pursuant to Article X of the Credit Agreement. Any surplus of such cash or cash proceeds held by the Agent and remaining after payment in full of all Secured Obligations shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

Section 13. Expenses. In addition to any payments of expenses of Agent pursuant to the Credit Agreement or the other Loan Documents, the Pledgor agrees to pay promptly to the Agent all the costs and expenses, including reasonable attorneys fees and expenses, which the Agent may reasonably incur in connection with (a) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (b) the exercise or enforcement of any of the rights of the Agent hereunder, or (c) the failure by the Pledgor to perform or observe any of the provisions hereof.

Section 14. No Delays; Waiver, etc. No delay or failure on the part of the Agent in exercising, and no course of dealing with respect to, any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Agent of any power or right hereunder preclude other or further exercise thereof or the exercise of any other power or right. The remedies herein provided are to the fullest extent permitted by law cumulative and are not exclusive of any remedies provided by law.

Section 15. Amendments, Etc. No amendment, modification, termination or waiver of any provision of this Agreement, or consent to any departure by the Pledgor therefrom, shall in any event be effective without the written concurrence of the Agent.

Section 16. Notices. Except as otherwise specifically provided herein, all notices which are to be sent to the Pledgor or Agent shall be given in accordance with the Credit Agreement.

Section 17. Continuing Security Interest; Termination. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until all Secured Obligations (other than Secured Obligations in the nature of continuing indemnities or expense reimbursement obligations not yet due and payable) shall have been indefeasibly paid in full in cash, the commitments or other obligations of the Agent or any Lender to make any Loan under the Credit Agreement shall have expired and the Letters of Credit shall have expired, (b) be binding upon Pledgor, its successors and assigns, and (c) inure to the benefit of the Agent, the Lenders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c) and subject to the provisions of the Credit Agreement, any Lender may assign or otherwise transfer any Note held by it to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise. Upon the indefeasible payment in full in cash of the Secured Obligations (other than Secured Obligations in the nature of continuing indemnities or expense reimbursement obligations not yet due and payable) and the cancellation or expiration of the Letters of Credit and termination or expiration of all commitments and other obligations of the Agent and any Lender to make any

Loan, Pledgor shall be entitled, subject to the provisions of Section 12 hereof, to the return, upon its request and at its expense, of such of the Collateral as shall not have been sold or otherwise applied pursuant to the terms hereof.

Section 18. GOVERNING LAW; TERMS. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS, EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF FLORIDA. UNLESS OTHERWISE DEFINED HEREIN OR IN THE CREDIT AGREEMENT, TERMS DEFINED IN ARTICLE 9 OF THE CODE ARE USED HEREIN AS THEREIN DEFINED.

Section 19. CONSENT TO JURISDICTION. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST PLEDGOR WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF FLORIDA AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PLEDGOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS, AND IRREVOCABLY AGREES TO BE BOUND BY AND JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT SUBJECT TO RIGHT OF APPEAL. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST THE PLEDGOR IN THE COURTS OF ANY OTHER JURISDICTION.

Section 20. Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party and all covenants, promises, and agreements by or on behalf of the Pledgor or by and on behalf of the Agent shall bind and inure to the benefit of the successors and assigns of the Pledgor, the Agent and the Lenders.

Section 21. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall for all purposes be deemed an original, but all such counterparts shall together constitute but one and the same Agreement. The Pledgor and the Agent hereby acknowledge receipt of a true, correct, and complete counterpart of this Agreement.

Section 22. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 23. Headings. This section headings in this Agreement are inserted for convenience of reference and shall not be considered a part of this Agreement or used in its interpretation.

IN WITNESS WHEREOF, The Pledgor and the Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

WITNESS:

WACKENHUT CORRECTIONS CORPORATION

By: _____
Name: _____
Title: _____

WITNESS:

NATIONSBANK, NATIONAL ASSOCIATION,
as Agent

By: _____
Name: _____
Title: _____

Schedule 4.3

Location of Collateral

Schedule 1.1

Existing Letters of Credit

None.

S-1

Schedule 4.3
Location of Collateral

S-2

Schedule 7.6

Indebtedness

Schedule 7.4

Subsidiaries and Investments in Other Persons

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Schedule 7.6

Indebtedness

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Schedule 7.7

Liens

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Schedule 7.10

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Schedule 8.5

Insurance

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AMENDED AND RESTATED PARTICIPATION AGREEMENT

Dated as of June 19, 1997
among

WACKENHUT CORRECTIONS CORPORATION,
as Construction Agent,

WACKENHUT CORRECTIONS CORPORATION,
as Lessee,

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not individually, except as expressly
stated herein, but solely as Owner Trustee
under the Wackenhut Corrections Trust 1997-1

THE VARIOUS BANKS AND OTHER
LENDING INSTITUTIONS WHICH ARE PARTIES
HERETO FROM TIME TO TIME,
as the Holders

THE VARIOUS BANKS AND OTHER
LENDING INSTITUTIONS WHICH
ARE PARTIES HERETO FROM TIME TO TIME,
as the Lenders

SCOTIABANC INC.
as Documentation Agent

and

NATIONSBANK, NATIONAL ASSOCIATION,
as Administrative Agent for the
Lenders

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AMENDED AND RESTATED PARTICIPATION AGREEMENT

THIS AMENDED AND RESTATED PARTICIPATION AGREEMENT, dated as of June 19, 1997 (as amended, modified, restated or supplemented from time to time, this "Agreement"), is by and among WACKENHUT CORRECTIONS CORPORATION, a Florida corporation ("Wackenhut" or the "Construction Agent"); WACKENHUT CORRECTIONS CORPORATION, as Lessee (the "Lessee"); FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not individually (in its individual capacity, the "Trust Company"), except as expressly stated herein, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1 (the "Owner Trustee" or the "Lessor"); NATIONSBANK, NATIONAL ASSOCIATION, as Administrative Agent (in such capacity, the "Agent") for the Lenders; NATIONSBANK, NATIONAL ASSOCIATION, a national banking association and the various other banks and lending institutions which are parties hereto from time to time as Holders; NATIONSBANK, NATIONAL ASSOCIATION and the various other banks and lending institutions which are parties hereto from time to time as Lenders. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings set forth in Appendix A hereto.

In consideration of the mutual agreements herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. THE LOANS.

The Lenders have agreed to make Loans to the Lessor from time to time in an aggregate principal amount of up to the aggregate amount of the Commitments of the Lenders in order for the Lessor to acquire the Properties and certain Improvements and to develop and construct certain Improvements in accordance with the Agency Agreement and the terms and provisions hereof, and in consideration of the receipt of the proceeds of such Loans, the Lessor will issue the Notes (together with any note or notes issued in exchange or substitution therefor in accordance with the Credit Agreement, the "Notes"). The Loans shall be made and the Notes shall be issued pursuant to the Credit Agreement. Pursuant to Section 5 of this Agreement and Section 2 of the Credit Agreement, the Loans will be made to the Lessor from time to time upon the appropriate submission by the Construction Agent of a Requisition and borrowing request therefor, in accordance with this Agreement and the other Operative Agreements. The Loans and the obligations of the Lessor under the Credit Agreement shall be secured by the Collateral. The Lessee and the Construction Agent agree that each Property shall be improved for business purposes and shall not merely be held as unimproved Land for speculative purposes.

SECTION 2. HOLDER FUNDINGS.

Subject to the terms and conditions of this Agreement and in reliance on the representations and warranties of each of the parties hereto contained herein or made pursuant hereto on each date Fundings are made in accordance with Section 5 hereof, each Holder shall make a Holder Funding on a pro rata basis to the Owner Trustee with respect to the Wackenhut

Corrections Trust 1997-1 based on its Holder Commitment in an amount in immediately available funds such that the aggregate of all Holder Fundings shall be three percent (3%) of the amount of the Funding being funded on such date; provided, no Holder shall be obligated for any Holder Funding in excess of its pro rata share of the Available Holder Commitment. The aggregate amount of Holder Fundings shall be up to the aggregate amount of the Holder Commitments. No prepayment or any other payment with respect to any Funding shall be permitted such that the Holder Funding with respect to such Funding is less than 3% of the outstanding amount of such Funding, except in connection with termination or expiration of the Term or in connection with the exercise of remedies relating to the occurrence of a Lease Event of Default. The representations, warranties, covenants and agreements of the Holders herein and in the other Operative Agreements are several, not joint, and not joint and several.

SECTION 3. SUMMARY OF TRANSACTIONS.

3.1. Operative Agreements. As of the date hereof (the "Initial Closing Date"), each of the respective parties hereto and thereto shall execute and deliver this Agreement, the Lease, the Agency Agreement, the Credit Agreement, the Notes, the Certificates, the Trust Agreement, the Security Agreement and such other documents, instruments, certificates and opinions of counsel as agreed to by the parties hereto.

3.2. Property Purchase. On each Property Closing Date and subject to the terms and conditions of this Agreement (a) the Holders will each make a Holder Funding in accordance with Sections 2 and 5 of this Agreement and the terms and provisions of the Trust Agreement, (b) the Lenders will make Loans in accordance with Sections 1 and 5 of this Agreement and the terms and provisions of the Credit Agreement, and (c) the Lessor will purchase, or lease pursuant to a Ground Lease, the applicable Property identified by the Construction Agent, and grant the Agent a Lien on such Property by execution of the required Security Documents.

3.3. Construction of Improvements; Lease or Disposition of Properties. Construction Fundings will be made with respect to particular Improvements to be constructed and with respect to ongoing Work regarding the Equipment and ongoing construction of particular Improvements, in each case, pursuant to the terms and conditions of this Agreement and the Agency Agreement. The Construction Agent will act as a construction agent on behalf of the Lessor respecting such Work and the construction of such Improvements and the expenditures of the Construction Fundings related thereto. The Construction Agent shall promptly notify the Lessor upon Completion of the Improvements and at such time Lessee shall execute and deliver to Lessor a Lease Supplement relating to the particular Property and thereupon the Term shall commence with respect to such Property.

SECTION 4. THE CLOSINGS.

4.1. Amendment Closing Date. All documents and instruments required to be delivered on the Amendment Closing Date shall be delivered at the offices of Smith Helms Mulliss & Moore, L.L.P., Charlotte, North Carolina, or at such other location as may be determined by the Lessor, the Agent and the Lessee. Because certain Properties are already

owned by the Owner Trustee and are under construction, and because real estate and other filings have already been made showing the Initial Closing Date, the amended and restated Operative Agreements continue to be dated as of the Initial Closing Date to avoid confusion and to help maintain the Lien on those Properties. Notwithstanding such dating, the obligations under new Lenders and Holders arise on the date they actually execute and deliver the Operative Agreements.

4.2. Initial Closing Date; Amendment Closing Date; Property Closing Dates; Construction Fundings. The Construction Agent shall deliver to the Lessor and the Agent a requisition (a "Requisition"), in the form attached hereto as Exhibit A or in such other form as is reasonably satisfactory to the Lessor, the Construction Agent and the Agent, in connection with (a) each of the Initial Closing Date and the Amendment Closing Date relating to the Transaction Expenses and other fees, expenses and disbursements payable by the Lessor pursuant to Section 9.1(a) with invoices (in form and substance reasonably acceptable to the Agent and the Lessor) for such Transaction Expenses and other fees, expenses and disbursements attached to such Requisition, (b) each Property Closing Date relating to each Acquisition Funding pursuant to Section 5.3 and (c) each date of a Construction Funding pursuant to Sections 5.4 or 5.5.

SECTION 5. FUNDINGS; REPORTING REQUIREMENTS ON COMPLETION DATE; LESSEE DELIVERY OF NOTICES.

5.1. General. To the extent funds have been made available to the Lessor as Loans by the Lenders and Holder Fundings by the Holders, the Lessor will use such funds from time to time in accordance with the terms and conditions of this Agreement and the other Operative Agreements (i) to pay interest regarding the Loans relating to a Property and to pay the Holder Yield regarding the Holder Fundings relating to a Property, in each case to the extent accrued under the Credit Agreement or Trust Agreement (as the case may be) during the period prior to the Basic Rent Commencement Date with respect to such Property, (ii) at the direction of the Construction Agent to acquire Properties in accordance with the terms of this Agreement, the Agency Agreement, the Lease and the other Operative Agreements, (iii) to make advances to the Construction Agent to permit the testing, engineering, installation, development, construction, modification, design and renovation, as applicable, of Improvements in accordance with the terms of the Agency Agreement, the Lease and the other Operative Agreements, and (iv) to pay Transaction Expenses, fees, expenses and other disbursements payable by the Lessor under Sections 9.1(a) and (b).

5.2. Procedures for Funding.

(a) The Construction Agent shall designate the date for Fundings hereunder in accordance with the terms and provisions hereof; provided, however, it is understood and agreed that no more than eight (8) Fundings (of which only two (2) may be Eurodollar Fundings) may be requested during any calendar month. Not less than (i) one (1) Business Day prior to the date of any requested Base Rate Funding and (ii) three (3) Business Days prior to the date of any requested Eurodollar Funding, the Construction Agent shall deliver to the Lessor and the Agent, (A) with respect to the Initial Closing

Date, the Amendment Closing Date and each Property Closing Date, a Requisition as described in Section 4.2 hereof (including without limitation a legal description of the Land, a schedule of the Improvements, if any, and a schedule of the Equipment, if any, to be acquired on such date, and a schedule of the Work, if any, to be performed, each of the foregoing in a form reasonably acceptable to the Lessor and the Agent) and (B) with respect to each Construction Funding, a Requisition identifying (among other things) the Property to which such Work relates.

(b) Each Requisition shall: (i) be irrevocable, (ii) request funds in an amount that is not in excess of the total aggregate of the Available Commitments plus the Available Holder Commitments at such time, and (iii) request that the Holders make Holder Fundings and that the Lenders make Loans to the Lessor for the payment of the Property Acquisition Costs (in the case of an Acquisition Funding) or other Property Costs, including the cost of Improvements (in the case of a Construction Funding) that have previously been incurred and were not subject to a prior Requisition, in each case as specified in the Requisition.

(c) Subject to the terms and conditions of the Credit Agreement and the Trust Agreement and subject to the satisfaction of the conditions precedent set forth in Sections 5.3, 5.4 or 5.5, as applicable, on each Property Closing Date or the date on which the Construction Funding is to be made, as applicable, (i) the Lenders shall make Loans to the Lessor in an aggregate amount equal to 97% of the Requested Funds specified in any Requisition (such loans to be apportioned 88% to Series A Loans and 9% to Series B Loans), up to aggregate principal amount equal to the Available Commitments, (ii) each Holder shall make a pro rata Holder Funding based on its Holder Commitment in an amount such that the aggregate of all Holder Fundings at such time shall be 3% of the balance of the Requested Funds specified in such Requisition, provided no such Holder Funding shall exceed such Holder's pro rata share of the Available Holder Commitments; and (iii) the total amount of such Loans and Holder Fundings made on such date shall (w) be used by the Lessor to pay the Property Acquisition Costs within three (3) Business Days of the receipt by the Lessor of such Funding (in the case of a Property Closing Date), (x) be used by the Lessor on the date of such Funding to pay interest regarding the Loans relating to a Property and to pay the Holder Yield regarding the Holder Fundings relating to a Property, in each case to the extent accrued under the Credit Agreement or Trust Agreement (as the case may be) during the period prior to the Basic Rent Commencement Date with respect to such Property, (y) be used by the Lessor to pay Transaction Expenses, fees, expenses and other disbursements to the extent permitted under Sections 5.3, 5.4 or 5.5, or (z) be disbursed by the Lessor, on the date of such Funding, to the Construction Agent or the Lessee to pay Property Costs, as applicable. Any such amounts held by the Lessor (or the Agent on behalf of the Lessor) shall be subject to the lien of the Security Agreement.

5.3. Conditions to the Holders' and the Lenders' Obligations to advance funds on the Initial Closing Date, the Amendment Closing Date or funds for the Acquisition of Property.

(a) The obligations of each Holder to make Holder Fundings, and of each Lender to make Loans, to the Lessor on the Initial Closing Date or the Amendment Closing Date for the purpose of providing funds to the Lessor necessary to pay Transaction Expenses, fees, expenses and other disbursements payable by the Lessor under Section 9.1 of this Agreement, are subject to the prior or contemporaneous satisfaction or waiver of the following conditions precedent:

(i) the correctness in all material respects on such date of the representations and warranties of the Owner Trustee, the Construction Agent, the Lessee and the Holders (other than such Holder) contained herein and in each of the other Operative Agreements;

(ii) the performance in all material respects by the Construction Agent and the Lessee of their respective agreements contained herein and in the other Operative Agreements which covenants are to be performed by them on or prior to such date;

(iii) the satisfaction of all conditions to any such Holder Funding or Loan set forth in any Operative Agreement;

(iv) the Agent and the Owner Trustee shall have received a fully executed copy of a counterpart of the respective Requisition, appropriately completed; and

(v) no Default or Event of Default under any of the Operative Agreements shall have occurred after giving effect to the Funding requested by such Requisition.

(b) The obligations of each Holder to make Holder Fundings, and of each Lender to make Loans, to the Lessor on a Property Closing Date for the purpose of providing funds to the Lessor necessary to pay the Transaction Expenses, fees, expenses and other disbursements payable by Lessor under Section 9.1 (b) of this Agreement and to acquire a Property, are subject to the prior or contemporaneous satisfaction or waiver of the following conditions precedent:

(i) the correctness in all material respects on such Property Closing Date of the representations and warranties of the Owner Trustee, the Construction Agent, the Lessee and the Holders (other than such Holder) contained herein and in each of the other Operative Agreements;

(ii) the performance in all material respects by the Construction Agent and the Lessee of their respective agreements contained herein and in the other Operative Agreements which covenants are to be performed by them on or prior to each such Property Closing Date;

(iii) the satisfaction of all conditions to any such Holder Funding or Loan set forth in any Operative Agreement;

(iv) the Agent and the Owner Trustee shall have received a fully executed copy of a counterpart of the respective Requisition, appropriately completed;

(v) title to each Property being acquired on such Property Closing Date shall conform to the representations and warranties set forth in Section 8.1(c) hereof;

(vi) the Construction Agent shall have delivered to the Lessor a copy of the Deed with respect to the Land and existing Improvements (if any), a copy of the Ground Lease (if any) with respect to the Land, and a copy of the Bill of Sale with respect to the Equipment, in each case for such of the foregoing as are being acquired on such Property Closing Date; and such Land and existing Improvements shall be located in an Approved State;

(vii) there shall not have occurred and be continuing any Default or Event of Default under any of the Operative Agreements and no Default or Event of Default under any of the Operative Agreements shall have occurred after giving effect to the Funding requested by such Requisition;

(viii) the Construction Agent shall have delivered to the Agent and the Owner Trustee, title insurance commitments to issue policies in favor of the Owner Trustee and the Agent with respect to each Property being acquired on such Property Closing Date, such policies being in form and substance reasonably acceptable to the Owner Trustee and the Agent, with such title exceptions thereto as are reasonably acceptable to the Owner Trustee and the Agent; and the Construction Agent shall deliver to the Owner Trustee and the Agent, as soon as possible after such Property Closing Date, the final title insurance policies for each such Property, taking no specific exception for any Lien filed on account of materials furnished or labor performed in connection with the Property, and otherwise showing no additional exceptions to coverage;

(ix) the Construction Agent shall have delivered to the Agent and the Owner Trustee a "Phase I" environmental site assessment with respect to each such Property, prepared by an independent recognized professional reasonably acceptable to the Agent and the Owner Trustee and in a form and substance that is reasonably acceptable to the Agent and the Owner Trustee;

(x) the Construction Agent shall have delivered to the Agent and the Owner Trustee a survey of each such Property, prepared by an independent recognized professional meeting the then current minimum standard detail requirements for American Land Title Association/American Congress of

Surveying and Mapping (ALTA/ACSM) Land Title Surveys certified to the Agent and otherwise reasonably acceptable to the Agent;

(xi) the Construction Agent shall have caused to be delivered to the Agent and the Owner Trustee a legal opinion (in form and substance reasonably satisfactory to the Agent and the Owner Trustee) from counsel located in the state where each such Property is located or, if the Agent and the Owner Trustee have previously received an opinion from counsel in such state, the Agent and the Owner Trustee (in their discretion) may accept an update or a reaffirmation of the previous opinion, in each case addressed to each Lender;

(xii) the Owner Trustee and the Agent shall be satisfied, in their sole discretion, that the acquisition or ground leasing of each such Property and the execution of the Mortgage Instrument and the other Security Documents will not adversely affect in any material respect the rights of the Owner Trustee, the Holders, the Agent or the Lenders under or with respect to the Operative Agreements in effect as of such Property Closing Date (it being understood and acknowledged that the Agent and the Owner Trustee may require that the Construction Agent deliver an acceptable legal opinion in connection with this condition);

(xiii) the Construction Agent shall have determined (as set forth in the related Requisition) that such Property is appropriate for its business operations; and the Agent shall have consented to the Lessor's acquisition of such Property, which consent (subject to clause (xii) above) shall not be unreasonably withheld or delayed;

(xiv) the Construction Agent shall have delivered to the Agent and the Owner Trustee, respecting each such Property, invoices for the various Transaction Expenses and other fees, expenses and disbursements referenced in Section 9.1 (a) or (b) of this Agreement;

(xv) the Lessor shall have delivered to the Agent a Mortgage Instrument and Lender Financing Statements with respect to each such Property in a form reasonably acceptable to the Agent and Lessee;

(xvi) the Construction Agent shall have delivered to the Lessor (A) with respect to each such Completed Property, a Lease Supplement and a memorandum regarding the Lease and such Lease Supplement, and (B) with respect to each such Property (other than a Completed Property), a memorandum regarding the Lease (such memoranda referenced in the foregoing (A) and (B) to be substantially in the forms attached to the Lease as Exhibit C-1 or Exhibit C-2 as appropriate, and in each case, in form suitable for recording);

(xvii) the Construction Agent shall have delivered to the Lessor with respect to each such Property Lessor Financing Statements executed by the Lessee and the Lessor;

(xviii) if any such Property is subject to a Ground Lease, the Construction Agent shall have caused a lease memorandum (in form and substance satisfactory to the Agent) to be delivered to the Agent for such Ground Lease;

(xix) counsel for the ground lessor of each such Property subject to a Ground Lease shall have issued to the Lessor, the Agent and the Holders, an opinion satisfactory to the Agent;

(xx) all necessary (or in the reasonable opinion of the Owner Trustee, the Agent, or their respective counsel, advisable) Governmental Actions, in each case required by any law or regulation enacted, imposed or adopted on or prior to each such date or by any change in facts or circumstances on or prior to each such date, shall have been obtained or made and be in full force and effect;

(xxi) the Construction Agent shall cause (i) Uniform Commercial Code lien searches, tax lien searches and judgment lien searches regarding each of the Lessee and the Lessor to be conducted (and copies thereof to be delivered to the Agent and the Owner Trustee) in the state and county (or other jurisdiction) in which such Property is located, by a nationally recognized search company acceptable to the Owner Trustee and the Agent and (ii) the liens referenced in such lien searches which are objectionable to the Owner Trustee or the Agent to be either removed or otherwise handled in a manner reasonably satisfactory to the Owner Trustee and the Agent; and

(xxii) the Agent shall have received an Appraisal for such Property showing that such Property has a value at least equal to eighty-five percent (85%) of the expected total Property Cost of such Property and all Improvements constructed or expected to be constructed thereon (based on a Construction Budget satisfying the requirements of Section 5.4(e)).

5.4. Conditions to the Holders' and the Lenders' Obligations to Make Construction Fundings for the Commencement of Construction of any Improvements. The obligations of each Holder to make Holder Fundings, and of each Lender to make Loans, to the Lessor for the purpose of providing funds to the Lessor necessary to pay the Transaction Expenses, fees, expenses and other disbursements payable by Lessor under Section 9.1(b) of this Agreement, to make an advance for the commencement of construction of any Improvements on a Property, or to pay interest regarding the Loans relating to a Property and to pay the Holder Yield regarding the Holder Fundings relating to a Property, in each case regarding such interest and Holder Yield to the extent accrued and payable under the Credit Agreement or Trust Agreement (as the case may be), in each case during the period prior to the earlier of (i) the Applicable Property

Construction Termination Date for such Property and (ii) the Construction Period Termination Date, are subject to the satisfaction or waiver of the following conditions precedent:

(a) the correctness in all material respects on the date of such Holder Fundings and Loans of the representations and warranties of the Owner Trustee, the Construction Agent, the Lessee and the Holders (other than such Holder) contained herein and in each of the other Operative Agreements;

(b) the performance in all material respects by the Construction Agent and the Lessee of their respective agreements contained herein and in the other Operative Agreements and to be performed by them on or prior to each such date;

(c) the satisfaction of all conditions to any such Holder Funding or Loan set forth in any Operative Agreement;

(d) the Agent and the Owner Trustee shall have received a copy of a fully executed counterpart of the respective Requisition appropriately completed, together with copies of all Bills of Sale with respect to any Equipment acquired as a part of any Improvements;

(e) with respect to each Initial Construction Funding, the Agent and the Owner Trustee shall have received a copy of the Construction Budget for the completion of the Improvements to which such Funding relates, which Construction Budget shall indicate a total Property Cost for such Improvements and the Land on which such Improvements are to be constructed of not less than \$5,000,000;

(f) with respect to each Initial Construction Funding, (i) the title insurance commitments to issue policies (and any policies) delivered in connection with the requirements of Section 5.3(b)(viii) shall provide for (or shall be endorsed to provide for) insurance in an amount at least equal to the maximum total Property Cost indicated by the Construction Budget referred to in subparagraph (e) above taking no specific exception for any Lien filed on account of materials furnished or labor performed in connection with the Property, and otherwise showing no additional exceptions to coverage, and (ii) all necessary recording fees, documentary stamp taxes or similar amounts will be paid in connection with the related Mortgage Instrument in an amount sufficient to cover such maximum total Property Cost;

(g) there shall not have occurred and be continuing any Event of Default or (except as permitted under Section 8.4) any Default under any of the Operative Agreements, and no Default or Event of Default under any of the Operative Agreements will have occurred after giving effect to the Funding requested by such Requisition;

(h) with respect to each Initial Construction Funding, based upon Construction Budgets which satisfy the requirements of subparagraph (e) above, the Available

Commitment and the Available Holder Commitment (after deducting the Unfunded Amount) will be sufficient to complete the Improvements; and

(i) the Construction Agent shall have determined (as set forth in the related Requisition) that such Improvements are appropriate to its business; and the Agent shall have consented to such Improvements, which consent shall not be unreasonably withheld or delayed.

5.5. Conditions to the Holders' and the Lenders' Obligations to Make Construction Fundings for the Ongoing Construction on any Property Prior to the Construction Period Termination Date. The obligations of each Holder to make Holder Fundings, and of each Lender to make Loans, to the Lessor (i) in connection with all subsequent requests for Fundings to pay the Transaction Expenses, fees, expense and other disbursements payable by Lessor under Section 9.1(b) of this Agreement, (ii) to pay interest regarding the Loans relating to a Property and to pay the Holder Yield regarding the Holder Fundings relating to a Property, in each case regarding such interest and Holder Yield to the extent accrued and payable under the Credit Agreement or Trust Agreement (as the case may be), during the period prior to the Basic Rent Commencement Date with respect to such Property, and (iii) to pay for the construction of Improvements with respect to any Property, in each case prior to the earlier of (i) the Applicable Property Construction Termination Date for such Property and (ii) the Construction Period Termination Date, are subject to the satisfaction or waiver of the following conditions precedent:

(a) the correctness in all material respects on the date of such Holder Fundings and Loans of the representations and warranties of the Owner Trustee, the Construction Agent, the Lessee and the Holders (other than such Holder) contained herein and in each of the other Operative Agreements;

(b) the performance in all material respects by the Construction Agent and the Lessee hereto of their respective agreements contained herein and in the other Operative Agreements and to be performed by them on or prior to each such date;

(c) the satisfaction of all conditions to any such Holder Funding or Loan set forth in any Operative Agreements;

(d) the Agent and the Owner Trustee shall have received a copy of a fully executed counterpart of the respective Requisition, appropriately completed;

(e) there shall not have occurred and be continuing any Event of Default or (except as permitted under Section 8.4) any Default under any of the Operative Agreements, and no Default or Event of Default under any of the Operative Agreements will have occurred after giving effect to the Construction Funding requested by such Requisition;

(f) (with respect to each Construction Funding) based upon Construction Budgets which satisfy the requirements of Section 5.4(e) of this Agreement, the Available

Commitments and the Available Holder Commitment (after deducting the Unfunded Amount) will be sufficient to complete the Improvements; and

(g) with respect to each Construction Funding, the title insurance commitments to issue policies (or any policies) delivered in connection with the requirements of Section 5.3(b)(iii) shall provide for (or shall be endorsed to provide for) insurance in an amount at least equal to the maximum total Property Cost indicated by the Construction Budget referred to in Section 5.4(e) (and taking into account any additional Property Cost represented by such Construction Funding), taking no specific exception for any Lien filed on account of materials furnished or labor performed in connection with the Property (other than Permitted Liens which the title company insures as being junior to the Liens of the Lessor, the Administrative Agent, the Lenders and the Holders), and otherwise showing no additional exceptions to coverage.

5.6. Reporting and Delivery Requirements on Completion Date. On the Completion Date for each Property, the Construction Agent shall deliver to the Agent, and the Owner Trustee an Officer's Certificate in the form attached hereto as Exhibit B specifying (a) the Completion Date for the construction of Improvements at the Property, (b) the aggregate Property Cost for the Property and (c) if any of the Property consists of Tangible Personal Property, a separate statement of the Property Cost attributable to such Tangible Personal Property. Such Officer's Certificate shall also include, in form and in detail reasonably acceptable to the Agent and the Holders, a summary of the Property Cost figures and a certification to the effect that all Improvements have been made in accordance with all applicable material Legal Requirements, in a good and workmanlike manner and otherwise in substantial compliance with the standards and practices of the Construction Agent with respect to properties and improvements owned by the Construction Agent, and that no consent or approval of any Person is required for such Improvements except for consents and approvals which have already been obtained. Furthermore, (i) on the Completion Date for each Property, the Construction Agent shall deliver or cause to be delivered originals of the following to the Agent (and copies thereof to the Owner Trustee) each of which shall be in a form reasonably acceptable to the Agent: (1) insurance certificates with respect to the Property as required under the Lease Agreement; (2) a Lease Supplement with respect to the Property, (3) a memorandum of the Lease and such Lease Supplement (in form suitable for recording), and (4) if requested by the Agent or the Owner Trustee, amendments or modifications to the Lessor Financing Statements executed by the Lessee and the Lessor; and (ii) within ninety (90) days after the Completion Date for each Property, the Construction Agent shall deliver or cause to be delivered originals of the following to the Agent (and copies thereof to the Owner Trustee) each of which shall be in a form reasonably acceptable to the Agent: (1) an as-built survey for the applicable Property, (2) an endorsement of the title insurance policy regarding such Property, amending the effective date of such policy to the date of such endorsement and taking no exception for any Lien on account of materials furnished or labor performed in connection with the Property (except for Liens which have been fully bonded by bonds acceptable to the Agent), and otherwise showing no additional exceptions to coverage, and (3) the final Plans and Specifications for such Property. In addition, on the Completion Date for such Property the Construction Agent covenants and agrees that the recording fees, documentary stamp taxes or similar amounts paid or required to be paid in

connection with the related Mortgage Instrument shall be in an amount required by applicable law.

5.7. Construction Agent Delivery of Allocation Notice; Notice Regarding the Holder Construction Property Cost and Construction Budget Modifications. The Construction Agent covenants and agrees to deliver (i) to the Agent at least five (5) Business Days before any Scheduled Interest Payment Date during the Commitment Period the Allocation Notice referred to in the first sentence of Section 2.3(b) of the Credit Agreement, and (ii) to the Agent and the Owner Trustee each month any modification to any Construction Budget regarding any Property; provided, no Construction Budget may be amended unless (a) the title insurance policies referenced in Section 5.3(b)(viii) are also modified or endorsed, if necessary, to provide for insurance in an amount that satisfies the requirements of Section 5.4(f)(i) of this Agreement and, if necessary, any additional recording fees, documentary stamp taxes or similar amounts paid in connection with the related Mortgage Instrument in an amount sufficient to comply with the requirements of Section 5.4(f)(ii), and (b) after giving effect to any such amendment the Construction Budget remains in compliance with the requirements of Section 5.4(e) of this Agreement.

5.8. Inspection of Documents; Hold Harmless; Removal of Properties. Any document or item (including without limitation any environmental report) delivered to the Agent shall be available for inspection at any time during ordinary business hours upon reasonable notice by any Lender or Holder. The Agent shall not incur any liability to any Lender, any Holder, the Owner Trustee or any other Person (and each Lender, each Holder, the Owner Trustee, the Lessee and the Construction Agent hereby holds the Agent harmless from any such liability) as a result of any such document or item, any information contained therein, the failure to receive any such document, or the Agent's approval of any Property. In the event the Majority Lenders determine that any environmental site assessment reveals an Environmental Violation and they or the Agent so notify the Lessee, then the Lessee shall remedy or purchase such Property in accordance with Sections 15.2, 16.1 and 16.2 of the Lease, provided that if the Property is a Construction Period Property, the Construction Agent shall be responsible for such remedy or purchase.

SECTION 6. CONDITIONS OF THE AMENDMENT CLOSING.

6.1. Conditions to the Lessor's and the Holders' Obligations. The obligations of the Lessor and the Holders to consummate the transactions contemplated by this Agreement, including the obligation to execute and deliver the applicable Operative Agreements to which each is a party on the Amendment Closing Date, are subject to (i) the accuracy and correctness on the Amendment Closing Date of the representations and warranties of the other parties hereto contained herein, (ii) the accuracy and correctness on the Amendment Closing Date of the representations and warranties of the other parties hereto contained in any other Operative Agreement or certificate delivered pursuant hereto or thereto, (iii) the performance by the other parties hereto of their respective agreements contained herein and in the other Operative Agreements and to be performed by them on or prior to the Amendment Closing Date and (iv) the satisfaction, or waiver by the Lessor and the Holders, of all of the following conditions on or prior to the Amendment Closing Date:

(a) Each of the Operative Agreements to be entered into as of the Initial Closing Date shall have been duly authorized, executed and delivered by the parties thereto, other than the Lessor, and shall be in full force and effect, and no Default or Event of Default shall exist thereunder (both before and after giving effect to the transactions contemplated by the Operative Agreements), and the Lessor shall have received a fully executed copy of each of the Operative Agreements (other than the Notes of which it shall have received specimens). The Operative Agreements (or memoranda thereof), any supplements thereto and any financing statements and fixture filings in connection therewith required under the Uniform Commercial Code shall have been filed or shall be promptly filed, if necessary, in such manner as to enable the Lessee's counsel to render its opinion referred to in Section 6.1(g) hereof;

(b) All taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of the Operative Agreements shall have been paid or provision for such payment shall have been made to the reasonable satisfaction of the Lessor and the Agent;

(c) No action or proceeding shall have been instituted, nor shall any action or proceeding be threatened, before any Governmental Authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any Governmental Authority (i) to set aside, restrain, enjoin or prevent the full performance of this Agreement, any other Operative Agreement or any transaction contemplated hereby or thereby or (ii) which is reasonably likely to have a Material Adverse Effect;

(d) In the reasonable opinion of the Lessor and the Holders and their counsel, the transactions contemplated by the Operative Agreements do not and will not violate any material Legal Requirements and do not and will not subject the Lessor or the Holders to any materially adverse regulatory prohibitions or constraints;

(e) The Lessor and the Agent shall each have received an Officer's Certificate of the Lessee, dated as of the Amendment Closing Date, in the form attached hereto as Exhibit D or in such other form as is reasonably acceptable to such parties stating that (i) each and every representation and warranty of the Lessee contained in the Operative Agreements to which it is a party is true and correct in all material respects on and as of the Amendment Closing Date; (ii) no Default or Event of Default has occurred and is continuing under any Operative Agreement; (iii) each Operative Agreement to which Lessee is a party is in full force and effect with respect to it; and (iv) the Lessee has performed and complied with all covenants, agreements and conditions contained herein or in any Operative Agreement required to be performed or complied with by it on or prior to the Amendment Closing Date;

(f) The Lessor and the Agent shall each have received (i) a certificate of the Secretary or an Assistant Secretary of Lessee in the form attached hereto as Exhibit E or in such other form as is reasonably acceptable to such parties attaching and certifying as to (A) the resolutions of its Board of Directors duly authorizing the execution, delivery

and performance by Lessee of each of the Operative Agreements to which it is or will be a party, (B) its certificate of incorporation and by-laws, in each case certified as of a recent date by the Secretary of State of the State of its incorporation, and (C) the incumbency and signature of persons authorized to execute and deliver on its behalf the Operative Agreements to which it is a party and (ii) a good standing certificate from the appropriate officer of each state in which it is required to be qualified to do business as to its good standing in such state;

(g) Counsel for the Lessee and the Guarantor reasonably acceptable to the other parties hereto shall have issued to the Lessor, the Agent, the Lenders and the Holders an opinion in the form attached hereto as Exhibit C or in such other form as is reasonably acceptable to such parties; and

(h) As of the Amendment Closing Date, there shall not have occurred any material adverse change in the consolidated assets, liabilities, operations, business or financial condition of the Lessee from that set forth in the audited financial statements of the Lessee dated December 29, 1996.

6.2. Conditions to the Lessee's Obligations. The obligation of the Lessee to consummate the transactions contemplated by this Agreement, including the obligation to execute and deliver the Operative Agreements to which it is a party as of the Initial Closing Date, is subject to (i) the accuracy and correctness on the Amendment Closing Date of the representations and warranties of the other parties hereto contained herein, (ii) the accuracy and correctness on the Amendment Closing Date of the representations and warranties of the other parties hereto contained in any other Operative Agreement or certificate delivered pursuant hereto or thereto, (iii) the performance by the other parties hereto of their respective agreements contained herein and in the other Operative Agreements, in each case to be performed by them on or prior to the Amendment Closing Date, and (iv) the satisfaction or waiver by the Lessee of all of the following conditions on or prior to the Amendment Closing Date:

(a) Each of the Operative Agreements to be entered into as of the Initial Closing Date shall have been duly authorized, executed and delivered by the parties thereto, other than the Lessee, and shall be in full force and effect, and no Default, other than Defaults of the Lessee, shall exist thereunder, and the Lessee shall have received a fully executed copy of each of the Operative Agreements (other than Notes of which it shall have received a specimen);

(b) In the reasonable opinion of the Lessee and its counsel, the transactions contemplated by the Operative Agreements do not violate any material Legal Requirements and will not subject Lessee to any materially adverse regulatory prohibitions or constraints;

(c) No action or proceeding shall have been instituted nor shall any action or proceeding be threatened, before any Governmental Authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any Governmental

Authority (i) to set aside, restrain, enjoin or prevent the full performance of this Agreement, any other Operative Agreement or any transaction contemplated hereby or thereby or (ii) which is reasonably likely to have a Material Adverse Effect;

(d) The Lessee and the Agent shall each have received an Officer's Certificate of the Lessor dated as of such Closing Date in the form attached hereto as Exhibit F or in such other form as is reasonably acceptable to Lessee and the Agent, stating that (i) each and every representation and warranty of the Lessor contained in the Operative Agreements to which it is a party is true and correct on and as of the Amendment Closing Date; (ii) each Operative Agreement to which the Lessor is a party is in full force and effect with respect to it, and (iii) the Lessor has duly performed and complied with all covenants, agreements and conditions contained herein or in any Operative Agreement required to be performed or complied with by it on or prior to the Amendment Closing Date;

(e) The Lessee and the Agent shall each have received (i) a certificate of the Secretary, an Assistant Secretary, Trust Officer or Vice President of the Trust Company in the form attached hereto as Exhibit G or in such other form as is reasonably acceptable to Lessee and the Agent, attaching and certifying as to (A) the signing resolutions, (B) its articles of incorporation or other equivalent charter documents, as the case may be, certified as of a recent date by an appropriate officer of the Trust Company, (C) its by-laws and (D) the incumbency and signature of persons authorized to execute and deliver on its behalf the Operative Agreements to which it is a party and (ii) a good standing certificate from the state of incorporation of the Trust Company; and

(f) Counsel for the Lessor acceptable to the other parties hereto shall have issued to the Lessee, the Holders, the Lenders and the Agent an opinion in the form attached hereto as Exhibit H or in such other form as is reasonably acceptable to such parties.

6.3. Conditions to the Agent's Obligations. The obligation of the Agent to consummate the transactions contemplated by this Agreement, including the obligation to execute and deliver each of the Operative Agreements to which it is a party as of the Initial Closing Date, is subject to (i) the accuracy and correctness on the Amendment Closing Date of the representations and warranties of the other parties hereto contained herein, (ii) the accuracy and correctness on the Amendment Closing Date of the representations and warranties of the other parties hereto contained in any other Operative Agreement or certificate delivered pursuant hereto or thereto, (iii) the performance by the other parties hereto of their respective agreements contained herein and in the other Operative Agreements, in each case to be performed by them on or prior to the Amendment Closing Date, and (iv) the satisfaction, or waiver by the Agent, of all of the following conditions on or prior to the Amendment Closing Date:

(a) Each of the Operative Agreements to be entered into as of the Initial Closing Date shall have been duly authorized, executed and delivered by the parties thereto, other than the Agent, and shall be in full force and effect, and no Default or Event

of Default shall exist thereunder (both before and after giving effect to the transactions contemplated by the Operative Agreements), and the Agent shall have received a fully executed copy of each of the Operative Agreements (including the Notes). The Operative Agreements (or memoranda thereof), any supplements thereto and any financing statements and fixture filings in connection therewith required under the Uniform Commercial Code shall have been filed or shall be promptly filed, if necessary, in such manner as to enable the Lessor's counsel to render its opinion referred to in Section 6.2(f) hereof;

(b) The satisfaction of each of the conditions set forth in Sections 6.1(b), (c), (e), (f) and (h) and Sections 6.2(d), (e) and (f) hereof; and

(c) In the reasonable opinion of the Agent and its counsel, the transactions contemplated by the Operative Agreements do not and will not violate any material Legal Requirements and do not and will not subject the Agent to any materially adverse regulatory prohibitions or constraints.

SECTION 7. REPRESENTATIONS AND WARRANTIES ON THE AMENDMENT CLOSING DATE.

7.1. Representations and Warranties of the Initial Holders. Effective as of the Amendment Closing Date, each Holder on such date represents and warrants to each of the other parties hereto that:

(a) It is a national banking association, or a corporation that is a commercial finance company, in each case duly organized, validly existing and in good standing under the laws of the United States or the country or state of its organization and has the power and authority to carry on its business as now conducted and to enter into and perform its obligations under each Operative Agreement to which it is or will be a party and each other agreement, instrument and document to be executed and delivered by it on or before each Closing Date in connection with or as contemplated by each such Operative Agreement to which it is or will be a party;

(b) The execution, delivery and performance of each Operative Agreement to which it is or will be a party have been duly authorized by all necessary action on its part and neither the execution and delivery thereof, nor the consummation of the transactions contemplated thereby, nor compliance by it with any of the terms and provisions thereof (i) requires or will require any approval of the stockholders of, or approval or consent of any trustee or holder of any indebtedness or obligations of, such Holder which have not been obtained and in full force and effect, (ii) violates or will violate any Legal Requirement applicable to or binding on it (except no representation or warranty is made as to any Legal Requirement to which it may be subject solely as a result of the activities of the Lessee) as of the date hereof, (iii) violates or will violate or result in any breach of or constitute any default under, or result in the creation of any Lien upon any Property or any of the Improvements (other than Liens created by the Operative Agreements) under

its certificate of incorporation or other equivalent charter documents, or any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement or other agreement or instrument to which it is a party or by which it or its properties is bound or affected or (iv) requires or will require any Governmental Action by any Governmental Authority (other than arising solely by reason of the business, condition or activities of the Lessee or any Affiliate thereof or the construction or use of the Properties or the Improvements);

(c) This Agreement and each other Operative Agreement to which it is or will be a party have been, or will be, duly executed and delivered by it and constitute, or upon execution and delivery will constitute, a legal, valid and binding obligation enforceable against it in accordance with the terms thereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity);

(d) There is no action or proceeding pending or, to its knowledge, threatened against it before any Governmental Authority that questions the validity or enforceability of any Operative Agreement to which it is or will become a party or that, if adversely determined, would materially and adversely affect its ability to perform its obligations under the Operative Agreements to which it is a party;

(e) It has not assigned or transferred any of its right, title or interest in or under the Lease except in accordance with the Operative Agreements;

(f) No Default or Event of Default under the Operative Agreements attributable to it has occurred and is continuing;

(g) It is not a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or a "public utility" within the meaning of the Federal Power Act, as amended. It is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended; and

(h) It is acquiring its interest in the Trust Estate for its own account for investment and not with a view to any distribution (as such term is used in Section 2(11) of the Securities Act) thereof, and if in the future it should decide to dispose of its interest in the Trust Estate, it understands that it may do so only in compliance with the Securities Act and the rules and regulations of the Securities and Exchange Commission thereunder and any applicable state securities laws. Neither it nor anyone authorized to act on its behalf has taken or will take any action which would subject, as a direct result of such action alone, the issuance or sale of any interest in any Property, the Trust Estate or the Lease to the registration requirements of Section 5 of the Securities Act. No

representation or warranty contained in this Section 7.1(i) shall include or cover any action or inaction of the Lessee or any Affiliate thereof whether or not purportedly on behalf of the Holders, the Owner Trustee or any of their Affiliates.

7.2. Representations and Warranties of the Owner Trustee. Effective as of the Amendment Closing Date, Trust Company in its individual capacity and as the Owner Trustee, as indicated, represents and warrants to each of the other parties hereto as follows, provided, that the representations in paragraphs (h), (i), (j) and (k) below are made solely in its capacity as the Owner Trustee:

(a) It is a national banking association duly organized, validly existing and in good standing under the laws of the United States of America and has the power and authority to enter into and perform its obligations under the Trust Agreement and (assuming due authorization, execution and delivery of the Trust Agreement by the Holders) has the corporate and trust power and authority to act as the Owner Trustee and to enter into and perform the obligations under each of the other Operative Agreements to which Trust Company or the Owner Trustee, as the case may be, is or will be a party and each other agreement, instrument and document to be executed and delivered by it on or before each Closing Date in connection with or as contemplated by each such Operative Agreement to which Trust Company or the Owner Trustee, as the case may be, is or will be a party;

(b) The execution, delivery and performance of each Operative Agreement to which it is or will be a party, either in its individual capacity or (assuming due authorization, execution and delivery of the Trust Agreement by the Holders) as the Owner Trustee, as the case may be, has been duly authorized by all necessary action on its part and neither the execution and delivery thereof, nor the consummation of the transactions contemplated thereby, nor compliance by it with any of the terms and provisions thereof (i) requires or will require any approval of its stockholders, or any approval or consent of any trustee or holders of any of its indebtedness or obligations, (ii) violates or will violate any current law, governmental rule or regulation relating to its banking or trust powers, (iii) violates or will violate or result in any breach of or constitute any default under, or result in the creation of any Lien upon any of its property under, (A) its charter or by-laws, or (B) any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement or other agreement or instrument to which it is a party or by which it or its properties may be bound or affected, which violation, breach, default or Lien under clause (B) would materially and adversely affect its ability, in its individual capacity or as Owner Trustee, to perform its obligations under the Operative Agreements to which it is a party or (iv) requires or will require any Governmental Action by any Governmental Authority regulating its banking or trust powers;

(c) The Trust Agreement and, assuming the Trust Agreement is the legal, valid and binding obligation of the Holders, each other Operative Agreement to which the Trust Company or the Owner Trustee, as the case may be, is or will be a party have been,

or will be, duly executed and delivered by Trust Company or the Owner Trustee, as the case may be, and the Trust Agreement and each such other Operative Agreement to which Trust Company or the Owner Trustee, as the case may be, is a party constitutes, or upon execution and delivery will constitute, a legal, valid and binding obligation enforceable against Trust Company or the Owner Trustee, as the case may be, in accordance with the terms thereof;

(d) There is no action or proceeding pending or, to its knowledge, threatened to which it is or will be a party, either in its individual capacity or as the Owner Trustee, before any Governmental Authority that, if adversely determined, would materially and adversely affect its ability, in its individual capacity or as Owner Trustee, to perform its obligations under the Operative Agreements to which it is a party or would question the validity or enforceability of any of the Operative Agreements to which it is or will become a party;

(e) It has not assigned or transferred any of its right, title or interest in or under the Lease or the Agency Agreement except in accordance with the Operative Agreements;

(f) No Default or Event of Default under the Operative Agreements attributable to it has occurred and is continuing;

(g) Neither the Owner Trustee nor any Person authorized by the Owner Trustee to act on its behalf has offered or sold any interest in the Trust Estate or the Notes, or in any similar security relating to a Property, or in any security the offering of which for the purposes of the Securities Act would be deemed to be part of the same offering as the offering of the aforementioned securities to, or solicited any offer to acquire any of the same from, any Person other than, in the case of the Notes, the Lenders, and neither the Owner Trustee nor any Person authorized by the Owner Trustee to act on its behalf will take any action which would subject, as a direct result of such action alone, the issuance or sale of any interest in the Trust Estate or the Notes to the provisions of Section 5 of the Securities Act, or require the qualification of any Operative Agreement under the Trust Indenture Act of 1939, as amended;

(h) The Owner Trustee's chief place of business, chief executive office and office where the documents, accounts and records relating to the transactions contemplated by this Agreement and each other Operative Agreement are kept are located at 79 South Main Street, Salt Lake City, Utah 84111;

(i) The Owner Trustee is not engaged principally in, and does not have as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States), and no part of the proceeds of the Loans or the Holder Fundings will be used by it to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any

such margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulations G, T, U, or X of the Federal Reserve Board; and

(j) The Owner Trustee is not a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of a "holding company" or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended, or a "public utility" within the meaning of the Federal Power Act, as amended. The Owner Trustee is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended.

7.3. Representations and Warranties of the Construction Agent and the Lessee. Effective as of the Amendment Closing Date, the Construction Agent and the Lessee represent and warrant to each of the other parties hereto that:

(a) Each of the Construction Agent and the Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida; each of their Subsidiaries is duly organized and validly existing under the laws of the jurisdiction of its organization; and each of the Construction Agent and the Lessee and each of their Subsidiaries is duly qualified to do business in each other jurisdiction where the nature of its business makes such qualification necessary, except where such failure to so qualify would not have a Material Adverse Effect. Each of the Construction Agent and the Lessee has the power and authority to carry on its business as now conducted and to enter into and perform its obligations under each Operative Agreement to which it is or will be a party and each other agreement, instrument and document to be executed and delivered by it on or before each Closing Date in connection with or as contemplated by each such Operative Agreement to which it is or will be a party;

(b) The execution, delivery and performance by each of the Construction Agent and the Lessee of this Agreement and the other Operative Agreements to which each is or will be a party have been duly authorized by all necessary corporate action on the part of each of the Construction Agent and the Lessee (including any necessary shareholder action), have received all necessary governmental approval, and do not and will not (i) violate any Legal Requirement, decree, judgment or award which is applicable to or binding on the Construction Agent or the Lessee or any of their Subsidiaries, (ii) violate or conflict with, or result in a breach of, any provision of the Certificate of Incorporation, By-Laws or other organizational documents of either the Construction Agent or the Lessee or any of their Subsidiaries, or any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan, credit agreement or other agreement, instrument or document to which either the Construction Agent or the Lessee or any of their Subsidiaries is a party or which is binding on either the Construction Agent or the Lessee or any of their Subsidiaries or any of their respective properties, or (iii) result in, or require, the creation or imposition of any Lien (other than pursuant to the terms of the Operative Agreements) on any asset of either of the Construction Agent or the Lessee or any of their Subsidiaries;

(c) Each of this Agreement and each other Operative Agreement to which the Construction Agent or the Lessee is or will be a party has been, or will be, duly executed and delivered by it and constitutes, or upon execution and delivery will constitute, the legal, valid or binding obligation of the Construction Agent or the Lessee, as the case may be, enforceable against it in accordance with the terms thereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity). The Construction Agent and the Lessee have each executed the various Operative Agreements required to be executed as of the Initial Closing Date;

(d) There are no actions, suits or proceedings (including, without limitation, any derivative action) pending or, to the knowledge of either the Construction Agent or the Lessee, threatened with respect to the Construction Agent or Lessee or any of their Subsidiaries which, if adversely decided, are reasonably likely to result, either individually or collectively, in a Material Adverse Effect. None of the Construction Agent, the Lessee nor any of their Subsidiaries has any material contingent liabilities not provided for or disclosed in the financial statements referred to in Section 7.3(f), which are required in accordance with GAAP to be reported in such financial statements;

(e) No Governmental Action by any Governmental Authority or authorization, registration, consent, approval, waiver, notice or other action by, to or of any other Person is required to authorize or is required in connection with (i) the execution, delivery or performance of any Operative Agreement or (ii) the legality, validity, binding effect or enforceability of any Operative Agreement, in each case, except those which have been obtained and are in full force and effect;

(f) (i) The audited consolidated financial statements of each of the Construction Agent and the Lessee as at December 29, 1996, copies of which have been furnished to the Agent and the Owner Trustee, were prepared in accordance with GAAP and fairly present the financial condition of each of the Construction Agent and the Lessee and their Subsidiaries on a consolidated basis as of such date and their consolidated results of operations for the fiscal year then ended and (ii) the unaudited consolidated financial statements as at March 30, 1997, copies of which have been furnished to the Agent and the Owner Trustee, were prepared in accordance with GAAP (subject to normal year-end adjustments) and fairly present the financial condition of the Construction Agent and the Lessee and their Subsidiaries on a consolidated basis as of such date and their consolidated results of operations for the fiscal year then ended and such 13-week period, respectively;

(g) Since the date of the audited financial statements described in Section 7.3(f), there has been no event or occurrence which has had or is reasonably likely to have a Material Adverse Effect;

(h) Neither the Construction Agent nor the Lessee knows of any proposed material tax assessments against it. No extension of time for assessment or payment of any material federal, state or local tax by either the Construction Agent or the Lessee is in effect;

(i) ERISA.

(A) None of the employee benefit plans maintained at any time by the Construction Agent or the Lessee or the trusts created thereunder has engaged in a prohibited transaction which could subject any such employee benefit plan or trust to a material tax or penalty on prohibited transactions imposed under Code Section 4975 or ERISA;

(B) None of the employee benefit plans maintained at any time by the Construction Agent or the Lessee which are employee pension benefit plans and which are subject to Title IV of ERISA or the trusts created thereunder has been terminated nor has any such employee benefit plan of the Construction Agent or Lessee incurred any liability to the PBGC, other than for required insurance premiums which have been paid; neither the Construction Agent nor the Lessee has withdrawn from or caused a partial withdrawal to occur with respect to any Multi-employer Plan; the Construction Agent and the Lessee have made or provided for all contributions to all such employee pension benefit plans which they maintain and which are required as of the end of the most recent fiscal year under each such plan; neither the Construction Agent nor the Lessee has incurred any accumulated funding deficiency with respect to any such plan, whether or not waived; nor has there been any reportable event, or other event or condition, which presents a material risk of termination of any such employee benefit plan by the PBGC;

(C) The present value of all vested accrued benefits under the employee pension benefit plans which are subject to Title IV of ERISA, maintained by the Construction Agent or the Lessee, did not, as of the most recent valuation date for each such plan, exceed the then current value of the assets of such employee benefit plans allocable to such benefits;

(D) The consummation of the transactions contemplated by the Operative Agreements will not involve any prohibited transaction under ERISA;

(E) To the best of the Construction Agent's and the Lessee's knowledge, each employee pension benefit plan subject to Title IV of ERISA, maintained by the Construction Agent or the Lessee, has been administered in accordance with its terms and is in compliance in all material respects with all applicable requirements of ERISA and other applicable laws, regulations and rules;

(F) There has been no withdrawal liability incurred with respect to any Multi-employer Plan to which the Construction Agent or the Lessee is or was a contributor;

(G) As used in this Agreement, the terms "employee benefit plan," "employee pension benefit plan," "accumulated funding deficiency," "reportable event," and "accrued benefits" shall have the respective meanings assigned to them in ERISA, and the term "prohibited transaction" shall have the meaning assigned to it in Code Section 4975 and ERISA;

(H) Neither the Construction Agent nor the Lessee has any liability, contingent or otherwise, under any plan or program or the equivalent for unfunded post-retirement benefits, including pension, medical and death benefits, which liability would have a Material Adverse Effect;

(j) Upon the execution and delivery of each Lease Supplement to the Lease, (i) the Lessee will have unconditionally accepted the Property subject to the Lease Supplement and will have a valid and subsisting leasehold interest in the Property, subject only to the Permitted Exceptions, and (ii) no offset will exist with respect to any Rent or other sums payable under the Lease;

(k) Neither the Construction Agent nor the Lessee has filed a voluntary petition in bankruptcy or been adjudicated bankrupt or insolvent, or filed any petition or answer seeking any reorganization, liquidation, receivership, dissolution or similar relief under any bankruptcy, receivership, insolvency, or other law relating to relief for debtors, or sought or consented to or acquiesced in the appointment of any trustee, receiver, conservator or liquidator of all or any part of its properties or its interest in any Property. No court of competent jurisdiction has entered an order, judgment, or decree approving a petition filed against the Construction Agent or the Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any federal or state bankruptcy, receivership, insolvency or other law relating to relief for debtors, and no other liquidator has been appointed for the Construction Agent or the Lessee or all or any part of its properties or its interest in any Property, and no such action is pending. Neither the Construction Agent nor the Lessee has given notice to any Governmental Authority or any Person of insolvency or pending insolvency, or suspension or pending suspension of operations;

(l) Each of the Construction Agent, the Lessee and their Subsidiaries owns marketable title to, or a subsisting leasehold interest in, all of its Properties free and clear of all Liens, except Permitted Liens;

(m) Neither the Construction Agent, the Lessee nor any of their Subsidiaries is (a) an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act or an "investment adviser" within the meaning of the Investment Advisers Act of 1940, as amended, or (b) a "holding

company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", or a "public utility", within the meaning of the Public Utility Holding Company Act of 1935, as amended, or a "public utility" within the meaning of the Federal Power Act, as amended;

(n) Neither the Construction Agent, the Lessee nor any of their Subsidiaries is engaged principally in, or has as one of its important activities, the business of extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulation U of the Federal Reserve Board), and no part of the proceeds of the Loans or the Holder Fundings will be used for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock or maintaining or extending credit to others for such purpose, or for any purpose that violates, or is inconsistent with Regulations G, T, U, or X of the Federal Reserve Board;

(o) Each of the Construction Agent, the Lessee and their Subsidiaries has filed all material tax returns and reports required by Law to have been filed by it and has paid all Taxes and governmental charges thereby shown to be owing, except any such Taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves shall in accordance with GAAP have been set aside on its books;

(p) To the best of the knowledge of each of the Construction Agent and the Lessee, after inquiry it has deemed appropriate, each of the Construction Agent, the Lessee and their Subsidiaries is in material compliance with all Environmental Laws and Occupational Safety and Health Laws where failure to comply could have a Material Adverse Effect. None of the Construction Agent, the Lessee nor any of their Subsidiaries has received notice of any claims that any of them is not in compliance in all material respects with any Environmental Law where failure to comply could have a Material Adverse Effect;

(q) Each of the Construction Agent, the Lessee and their Subsidiaries is in compliance with all statutes, judicial and administrative orders, permits and governmental rules and regulations which are material to its business or the non-compliance with which could result in Material Adverse Result; and

(r) All information heretofore or contemporaneously herewith furnished by either the Construction Agent or the Lessee or any of their Subsidiaries to the Agent, the Owner Trustee, any Lender or any Holder for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all information hereafter prepared and furnished by the Construction Agent, the Lessee or any of their Subsidiaries to the Agent, the Owner Trustee, any Lender or any Holder pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and such information, taken as a whole, does not and will not omit to state any material fact necessary to make such information, taken as a whole, not misleading.

7.4. Representations and Warranties of the Agent. Effective as of the Amendment Closing Date, the Agent represents and warrants to each of the other parties hereto that:

(a) It is a national banking association duly organized and validly existing under the laws of the United States of America and has the full power and authority to enter into and perform its obligations under this Agreement and each other Operative Agreement to which it is or will be a party;

(b) The execution, delivery and performance by the Agent of this Agreement and each other Operative Agreement to which it is or will be a party are not, and will not be, inconsistent with the articles of incorporation or by-laws or other charter documents of the Agent, do not and will not contravene any applicable Law of the State of Florida or of the United States of America governing its activities and will not contravene any provision of, or constitute a default under any indenture, mortgage, contract or other instrument to which it is a party or by which it or its properties are bound, or require any consent or approval of any Governmental Authority under any applicable law, rule or regulation of the State of Florida or any federal law, rule or regulation of the United States of America governing its activities; and

(c) Each of this Agreement and each other Operative Agreement to which it is a party has been, or when executed and delivered will be, duly authorized by all necessary corporate action on the part of the Agent and has been, or on such Closing Date will be, duly executed and delivered by the Agent and, assuming the due authorization, execution and delivery hereof and thereof by the other parties hereto and thereto, will constitute a legal, valid and binding obligation enforceable against the Agent in accordance with the terms thereof.

SECTION 8. REPRESENTATIONS AND WARRANTIES ON FUNDING DATES.

8.1. Representations and Warranties on Property Closing Dates. The Construction Agent and the Lessee hereby represent and warrant as of each Property Closing Date as follows:

(a) The representations and warranties of the Construction Agent and the Lessee set forth in the Operative Agreements are true and correct in all material respects on and as of such Property Closing Date as if made on and as of such date. The Construction Agent and the Lessee are in all material respects in compliance with their respective obligations under the Operative Agreements and there exists no Default or Event of Default under any of the Operative Agreements. No Default or Event of Default will occur under any of the Operative Agreements as a result of, or after giving effect to, the Funding requested by the Requisition on such Property Closing Date;

(b) The Properties to be acquired are being acquired at a price that is not in excess of the price that would be obtained on an arm's-length basis between unrelated parties, and such Properties consist of (i) unimproved Land, or (ii) Land and existing Improvements thereon which Improvements are either suitable for occupancy at the time

of acquisition or will be renovated or modified in accordance with the terms of this Agreement, or (iii) Equipment. Each of the Properties is located at the site set forth on the applicable Requisition, which is in one of the Approved States;

(c) Upon the acquisition of each Property on such Property Closing Date, and at all times thereafter, the Lessor will have marketable title to such Property, subject only to Permitted Exceptions;

(d) The execution and delivery of each Operative Agreement delivered by the Construction Agent or the Lessee on such Property Closing Date and the performance of the obligations of the Construction Agent and the Lessee under each Operative Agreement have been duly authorized by all requisite corporate action of the Construction Agent or the Lessee, as applicable;

(e) Each Operative Agreement delivered on such Property Closing Date by the Construction Agent or the Lessee has been duly executed and delivered by the Construction Agent or the Lessee;

(f) Each Operative Agreement delivered by the Construction Agent or the Lessee on such Property Closing Date is a legal, valid and binding obligation of the Construction Agent or the Lessee, as applicable, enforceable against the Construction Agent or the Lessee, as applicable, in accordance with its respective terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity);

(g) Upon filing of each of the UCC Financing Statements (with respect to the Property being acquired) in the filing offices designated by the Construction Agent or the Lessee, such UCC Financing Statements will have been filed with the appropriate Governmental Authorities in order to perfect a security interest in the Property described therein (to the extent perfection can be obtained by filing under the UCC);

(h) Upon filing in the filing offices designated by the Construction Agent or the Lessee, the Lender Financing Statements, together with an assignment to the Agent of the filed Lessor Financing Statements, will perfect a valid first priority security interest in all Equipment and other collateral described therein in which a security interest or mortgage can be perfected by filing under the UCC, subject only to Permitted Exceptions, and upon filing, the Lessor Financing Statements will protect Lessor's interest under the Lease to the extent the Lease is a security agreement and mortgage;

(i) No portion of any Property being acquired by the Lessor on such Property Closing Date is located in an area identified as a special flood hazard area by the Federal Emergency Management Agency or other applicable agency, or if any such Property is located in an area identified as a special flood hazard area by any such agency, then flood

insurance has been obtained for such Property in accordance with Section 14.2(b) of the Lease and in accordance with the National Flood Insurance Act of 1968, as amended;

(j) The Construction Agent has obtained insurance coverage for each Property being acquired by the Lessor on such Property Closing Date which meets the requirements of Article XIV of the Lease and all of such coverage is in full force and effect;

(k) Each Property being acquired by the Lessor on such Property Closing Date complies with all Legal Requirements (including, without limitation, all zoning and land use laws and Environmental Laws), except to the extent that failure to comply therewith would not, individually or in the aggregate, have a Material Adverse Effect; and

(l) All utility services and facilities necessary for the construction of the Improvements existing on, or to be constructed after, such Property Closing Date (including, without limitation, gas, electrical, water and sewage services and facilities) are available at the boundaries of the real property upon which such Improvements exist or will be constructed on each such Property prior to the Completion Date for such Property.

8.2. Representations and Warranties Upon Initial Construction Fundings. The Construction Agent and the Lessee hereby represent and warrant as of each date on which an Initial Construction Funding is made as follows:

(a) The representations and warranties of the Construction Agent and the Lessee set forth in the Operative Agreements are true and correct in all material respects on and as of the date of such Initial Construction Funding as if made on and as of such date. The Construction Agent and the Lessee are in all material respects in compliance with their respective obligations under the Operative Agreements and there does not exist any Event of Default or (except as permitted under Section 8.4 hereof) any Default under any of the Operative Agreements. No Default or Event of Default will occur under any of the Operative Agreements as a result of, or after giving effect to, the Funding requested by the Requisition on such date;

(b) The Lessor has marketable title to each Property, subject only to Permitted Exceptions;

(c) Upon filing in the filing offices designated by the Construction Agent or the Lessee, the Lender Financing Statements, together with an assignment of the filed Lessor Financing Statements, will perfect a valid first priority security interest in all the Properties and other collateral described therein in which a security interest can be perfected by filing under the UCC, subject only to Permitted Liens;

(d) All consents, licenses, permits, authorizations, assignments and building permits required as of the date on which such Funding is made by all Legal Requirements or pursuant to the terms of any contract, indenture, instrument or agreement for

construction, completion, occupancy, operation, leasing or subleasing of each Property with respect to which a Funding is being made have been obtained and are in full force and effect, except to the extent that the failure to so obtain would not, individually or in the aggregate, have a Material Adverse Effect;

(e) The Construction Agent has obtained insurance coverage covering the Property which is the subject of such Funding which coverage meets the requirements of Section 2.6 of the Agency Agreement before commencing construction, repairs or modifications, as the case may be, and such coverage is in full force and effect;

(f) The Improvements which are the subject of the Funding, as improved in accordance with the Plans and Specifications, will comply as of the applicable Completion Date with all applicable Legal Requirements and Insurance Requirements (including, without limitation, all zoning and land use laws and Environmental Laws), except to the extent the failure to comply therewith would not, individually or in the aggregate, have a Material Adverse Effect. The Plans and Specifications have been or will be prepared in accordance with all applicable Legal Requirements (including, without limitation, all applicable Environmental Laws and building, planning, zoning and fire codes), except to the extent the failure to comply therewith would not, individually or in the aggregate, have a Material Adverse Effect, and upon completion of such Improvements in accordance with the Plans and Specifications, such Improvements will not encroach in any manner onto any adjoining land (except as permitted by express written easements) and such Improvements and the use thereof by the Lessee and its agents, assignees, employees, invitees, lessees, licensees and tenants will comply as of the applicable Completion Date in all respects with all applicable Legal Requirements (including, without limitation, all applicable Environmental Laws and building, planning, zoning and fire codes), except to the extent the failure to comply therewith would not, individually or in the aggregate, have a Material Adverse Effect. Upon completion of such Improvements in accordance with the Plans and Specifications, (i) there will be no material defects to such Improvements including, without limitation, the plumbing, heating, air conditioning and electrical systems thereof and (ii) all water, sewer, electric, gas, telephone and drainage facilities and all other utilities required to adequately service such Improvements for their intended use will be available pursuant to adequate permits (including any that may be required under applicable Environmental Laws), except to the extent that failure to obtain any such permit would not, individually or in the aggregate, have a Material Adverse Effect. There is no action, suit or proceeding (including any proceeding in condemnation or eminent domain or under any Environmental Law) pending or, to the best knowledge of the Lessee or the Construction Agent, threatened which adversely affects the title to, or the use, operation or value of, such Properties. No fire or other casualty with respect to such Properties has occurred which (y) has had a Material Adverse Effect or (2) is not fully covered by insurance. All utilities serving the related Properties, or proposed to serve the related Properties in accordance with the Plans and Specifications, are located in (or will be located in) and vehicular access to such Improvements is provided by (or will be provided by), either public rights-of-way abutting the related Property or Appurtenant Rights. All licenses, approvals,

authorizations, consents, permits (including, without limitation, building, demolition and environmental permits, licenses, approvals, authorizations and consents), easements and rights-of-way, including proof of dedication, required for (i) the use, treatment, storage, transport, disposal or disposition of any Hazardous Substance on, at, under or from the real property underlying such Improvements during the construction of such Improvements and the use and operation of such Improvements following such construction, (ii) the construction of such Improvements in accordance with the Plans and Specifications and the Agency Agreement and (iii) the use and operation of such Improvements following such construction with the applicable Equipment which such Improvements support for the purposes for which they were intended have either been obtained from the appropriate Governmental Authorities or from private parties, as the case may be, or will be obtained from the appropriate Governmental Authorities or from private parties, as the case may be, prior to commencing any such construction or use and operation, as applicable; and

(g) All conditions precedent contained in this Agreement and in the other Operative Agreements relating to the Initial Construction Funding have been substantially satisfied.

8.3. Representations and Warranties Upon the Date of Each Construction Funding that is not an Initial Construction Funding. The Construction Agent and the Lessee hereby represent and warrant as of each date on which a Construction Funding is made, when such advance is not an Initial Construction Funding, as follows:

(a) The representations and warranties of the Construction Agent and the Lessee set forth in the Operative Agreements (including the representations and warranties set forth in Section 8.2) are true and correct in all material respects on and as of the date of such Construction Funding as if made on and as of such date. The Construction Agent and the Lessee are in all material respects in compliance with their respective obligations under the Operative Agreements and there does not exist any Event of Default or (except as expressly permitted under Section 8.4 hereof) any Default under any of the Operative Agreements. No Default or Event of Default will occur under any of the Operative Agreements as a result of, or after giving effect to, the Funding requested by the Requisition on such date;

(b) Construction of the Improvements to date has been performed in a good and workmanlike manner, substantially in accordance with the Plans and Specifications and in compliance with all Insurance Requirements and Legal Requirements, except to the extent noncompliance with any Legal Requirements would not, individually or in the aggregate, have a Material Adverse Effect;

(c) All consents, licenses, permits, authorizations, assignments and building permits required as of the date on which such Funding is made by all Legal Requirements or pursuant to the terms of any contract, indenture, instrument or agreement for

construction, completion, occupancy, operation, leasing or subleasing of each Property have been obtained and are in full force and effect;

(d) When completed, the Improvements shall be wholly within any building restriction lines (unless consented to by applicable Government Authorities), however established; and

(e) The Funding is secured by the Lien of the Security Agreement, and there have been no Liens against the applicable Improvements other than Permitted Liens.

8.4. Certain Construction Fundings During Defaults. Notwithstanding any other provision of the Operative Agreements, unless an Event of Default has occurred and is continuing, the existence of a Default shall not prevent a Construction Funding with respect to an existing Property if (a) such Default does not relate to such Property and (b) the amount of such Funding, together with the amounts of any other Fundings (whether or not relating to such Property) made under the Operative Agreements during the period such Default has been continuing, do not exceed in the aggregate ten percent (10%) of the aggregate Commitments and Holder Commitments. The foregoing notwithstanding, no Acquisition Funding shall be made when any Default or Event of Default has occurred and is continuing.

SECTION 9. PAYMENT OF CERTAIN EXPENSES.

9.1. Transaction Expenses.

(a) Lessor agrees on the Initial Closing Date and the Amendment Closing Date, to pay, or cause to be paid, all reasonable fees, expenses and disbursements of the various outside legal counsels for the Lessor and the Agent in connection with the transactions contemplated by the Operative Agreements and incurred in connection with the Initial Closing Date and the Amendment Closing Date, including all Transaction Expenses (arising in connection with the Initial Closing Date and the Amendment Closing Date), and all other reasonable fees, expenses and disbursements in connection with the Initial Closing Date and the Amendment Closing Date, and including, without limitation, all fees, taxes and expenses for the recording, registration and filing of documents; provided, however, that the Lessor shall pay such amounts described in this Section 9.1(a) only if (i) such amounts are properly described in a Requisition delivered on or before such date, and (ii) funds are made available by the Lenders and the Holders in connection with such Requisition in an amount sufficient to allow such payment. On the Initial Closing Date and the Amendment Closing Date, after delivery and receipt of the Requisition referenced in Section 4.2(a) hereof and satisfaction of the other conditions precedent for such date, the Holders shall make Holder Fundings and the Lenders shall make Loans to the Lessor to pay for the Transaction Expenses, fees, expenses and other disbursements referenced in this Section 9.1(a). The Lessee agrees to pay all amounts referred to in this Section 9.1(a) to the extent not paid by Lessor.

(b) Lessor agrees on each Property Closing Date, on the date of any Construction Funding and on the Completion Date to pay, or cause to be paid, all reasonable fees, expenses and disbursements of the various outside legal counsels for the Lessor and the Agent in connection with the transactions contemplated by the Operative Agreements and billed in connection with such Property Closing Date, the date of such Funding, or such Completion Date, including all Transaction Expenses (arising with respect to the Initial Closing Date and the Amendment Closing Date, such Property Closing Date, the date of such Funding or such Completion Date), all fees, expenses and disbursements incurred with respect to the various items referenced in Sections 5.3, 5.4, 5.5 or 5.6 (including without limitation the cost of any Appraisals or environmental site assessments, any developer's fees, any premiums for title insurance policies and charges for any updates to such policies) and all other reasonable fees, expenses and disbursements in connection with such Property Closing Date, the date of such Funding or such Completion Date including, without limitation, all expenses relating to and all fees (including brokers' fees), taxes (including any and all stamp, transfer or similar taxes) and expenses for the recording, registration and filing of documents; provided, however, the Lessor shall pay such amounts described in this Section 9.1(b) only if (i) such amounts are properly described in a Requisition delivered on the applicable date and (ii) funds are made available by the Lenders and the Holders in connection with such Requisition in an amount sufficient to allow such payment. On each Property Closing Date, on the date of any Construction Funding or any Completion Date, after delivery of the applicable Requisition in satisfaction of the other conditions precedent for such date, the Holders shall make a Holder Funding and the Lenders shall make Loans to the Lessor to pay for the Transaction Expenses, fees, expenses and other disbursements referenced in this Section 9.1(b). The Lessee agrees to pay all amounts referred to in this Section 9.1(b) to the extent not paid by the Lessor.

9.2. Certain Fees and Expenses. Lessee agrees to pay or cause to be paid (i) the initial and annual Owner Trustee's fee and all reasonable expenses of the Owner Trustee and any necessary co-trustees (including reasonable outside counsel fees and expenses) or any successor owner trustee, for acting as owner trustee under the Trust Agreement, (ii) all reasonable costs and expenses (including reasonable counsel fees and expenses) incurred by the Construction Agent, the Lessee, the Agent, the Lenders, the Holders or the Lessor in entering into any future amendments or supplements requested by the Lessee with respect to any of the Operative Agreements, whether or not such amendments or supplements are ultimately entered into, or giving or withholding of waivers of consents hereto or thereto which have been requested by the Lessee, or any purchase of any Property by the Lessee pursuant to Article XX of the Lease, and (iii) all reasonable costs and expenses (including reasonable counsel fees and expenses) incurred by the Lessor, the Construction Agent, the Lessee, the Holders, the Lenders or the Agent in connection with the enforcement of any Operative Agreement or any exercise of remedies under any Operative Agreement.

9.3. Unused Fee and Holder Unused Fee. From the date hereof through the Expiration Date and thereafter so long as any Rent or other amounts remain outstanding under the Operative Agreements, the Lessee agrees to pay (a) to the Agent, for the pro rata benefit of the Lenders of

each Category of Loans based on the Commitment Percentage of each such Lender during the period for which payment is made, the Unused Fee; and (b) to the Lessor, for the pro rata benefit of the Holders based on the Holder Commitment of each such Holder during the period for which payment is made, the Holder Unused Fee. Such payments of fees provided for in this Section 9.3 shall be due in arrears on each Unused Fee Payment Date. Notwithstanding the foregoing, so long as any Lender or Holder fails (in violation of the Operative Agreements) to make available any portion of its Commitment or Holder Commitment when requested, such Person shall not be entitled to receive payment of its pro rata share of its Unused Fee or Holder Unused Fee (as the case may be) until such Person shall make available such portion. Each such fee shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. If all or a portion of any Unused Fee or Holder Unused Fee shall not be paid when due, such overdue amount shall bear interest, payable by the Lessee on demand, at a rate per annum equal to the Base Rate plus 2%, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

SECTION 10. OTHER COVENANTS AND AGREEMENTS

10.1. Cooperation with the Construction Agent or the Lessee. The Holders, the Owner Trustee (at the direction of the Holders) and the Agent shall, to the extent reasonably requested by the Construction Agent or Lessee (but without assuming additional liabilities on account thereof), at the Construction Agent's or the Lessee's expense, cooperate with the Construction Agent or the Lessee in connection with its covenants contained herein including, without limitation, at any time and from time to time, upon the request of the Construction Agent or the Lessee, promptly and duly executing and delivering any and all such further instruments, documents and financing statements (and continuation statements related thereto) as the Construction Agent or the Lessee may reasonably request in order to perform such covenants.

10.2. Covenants of the Owner Trustee and the Holders. Each of the Owner Trustee and the Holders hereby agree that so long as this Agreement is in effect:

(a) None of the Holders and the Owner Trustee (both in its trust capacity and in its individual capacity) will create or permit to exist at any time, and each of the Holders and the Owner Trustee will, at its own cost and expense, promptly take such action (and notify Lessee of such action) as may be necessary duly to discharge, or to cause to be discharged, all Lessor Liens attributable to it on the Properties; provided, however, that the Holders and the Owner Trustee shall not be required to discharge any such Lessor Lien while the same is being contested in good faith by appropriate proceedings diligently prosecuted so long as (a) such proceedings shall not involve any material danger of impairment of the Liens of the Security Documents or of the sale, forfeiture or loss of, any Property or title thereto or any interest therein or the payment of Rent, and (b) such proceedings shall not materially interfere with the disposition of any Property or title thereto or interest therein or the payment of Rent;

(b) Without prejudice to any right of the Owner Trustee under the Trust Agreement to resign (subject to requirement set forth in the Trust Agreement that such resignation shall not be effective until a successor shall have agreed to accept such appointment), or the Holders' rights under the Trust Agreement to remove the institution

acting as Owner Trustee (after consent to such removal by the Agent as provided in the Trust Agreement), each of the Holders and the Owner Trustee hereby agrees with the Lessee and the Agent (i) not to terminate or revoke the trust created by the Trust Agreement except as permitted by Article VIII of the Trust Agreement, (ii) not to amend, supplement, terminate or revoke or otherwise modify any provision of the Trust Agreement in such a manner as to adversely affect the rights of the Lessee or the Agent without the prior written consent of such party and (iii) to comply with all of the terms of the Trust Agreement, the nonperformance of which would adversely affect any such party;

(c) The Owner Trustee or any successor may resign or be removed by the Holders as Owner Trustee, a successor Owner Trustee may be appointed and a corporation may become the Owner Trustee under the Trust Agreement, only in accordance with the provisions of Article IX of the Trust Agreement and, with respect to such appointment, with the consent of the Lessee, which consent shall not be unreasonably withheld, conditioned or delayed;

(d) The Owner Trustee, in its capacity as Owner Trustee under the Trust Agreement, and not in its individual capacity, shall not contract for, create, incur or assume any indebtedness (other than the indebtedness under the Bridge Debt), or enter into any business or other activity, other than pursuant to or under the Operative Agreements, except that the Owner Trustee may own the Ancillary Properties;

(e) The Holders will not instruct the Owner Trustee to take any action in violation of the terms of any Operative Agreement;

(f) Neither any Holder nor the Owner Trustee shall (i) commence any case, proceeding or other action with respect to the Owner Trustee under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, arrangement, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seek appointment of a receiver, trustee, custodian or other similar official with respect to the Owner Trustee or for all or any substantial benefit of the creditors of the Owner Trustee; and neither any Holder nor the Owner Trustee shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in this paragraph;

(g) The Owner Trustee shall give prompt notice to the Lessee and the Agent if the Owner Trustee's chief place of business or chief executive office, or the office where the records concerning the accounts or contract rights relating to a Property are kept, shall cease to be located at 79 South Main Street, Salt Lake City, Utah 84111, or if it shall change its name;

(h) Provided that no Lease Event of Default has occurred and is continuing, neither the Owner Trustee nor any Holder shall, without the prior written consent of the Lessee, consent to or permit any amendment, supplement or other modification of the terms and provisions of the Credit Agreement or the Notes or (to the extent such

amendment, supplement or modification would have an adverse effect on the rights or obligations of the Lessee under the Lease) any other Operative Agreement;

(i) Neither the Owner Trustee nor any Holder shall consent to or permit any amendment, supplement or other modification of the terms and provisions of any Operative Agreement, in each case without the prior written consent of the Agent except as described in Section 10.5 of this Agreement;

(j) The Owner Trustee (i) shall take such actions and shall refrain from taking such actions with respect to the Operative Agreements or the Properties and shall grant such approvals and otherwise act or refrain from acting with respect to the Operative Agreements or the Properties in each case as directed in writing by the Agent or, in connection with Section 10.5 hereof, the Lessee, notwithstanding any contrary instruction or absence of instruction by any Holder or Holders; and (ii) shall not take any action, grant any approvals or otherwise act under or with respect to the Operative Agreements or any matters relating to the Properties without first obtaining the prior written consent of the Agent (and without regard to any contrary instruction or absence of instruction by any Holder); provided, however, that notwithstanding the foregoing provisions of this subparagraph (j) the Owner Trustee, the Agent and the Holders each acknowledge, covenant and agree that, with respect to all matters under the Operative Agreements that require the consent or concurrence of all of the Lenders pursuant to the terms of Section 9.1 of the Credit Agreement (the "Unanimous Vote Matters"), neither the Owner Trustee nor the Agent shall act or refrain from acting with respect to any Unanimous Vote Matter until such party has received the approval of each Lender and each Holder with respect thereto;

(k) Except as otherwise contemplated by the Operative Agreements, neither the Owner Trustee nor any Holder shall use the proceeds of any Loan or Holder Funding for any purpose other than the payment of Transaction Expenses and the fees, expenses and other disbursements referenced in Sections 9.1(a) and (b) of this Agreement, the purchase or lease of Properties, the acquisition of Equipment, the construction of Improvements and the payment of interest regarding the Loans and the payment of the Holder Yield regarding the Holder Fundings, in each case accrued under the Credit Agreement or Trust Agreement, as the case may be, during the period prior to the Basic Rent Commencement Date with respect to a particular Property; and

(l) Upon request of the Lessee, the Lessor shall provide the Lessee with a copy of its fiduciary tax returns solely for the purpose of enabling the Lessee to perform its obligations hereunder.

10.3. Lessee Covenants, Consent and Acknowledgment; Construction Agent Covenants.

(a) Lessee acknowledges and agrees that the Owner Trustee, pursuant to the terms and conditions of the Security Agreement and the Mortgage Instruments, shall create Liens respecting the various personal property, fixtures and real property described

therein in favor of the Agent. Lessee hereby irrevocably consents to the creation, perfection and maintenance of such Liens.

(b) Lessor hereby instructs Lessee, and Lessee hereby acknowledges and agrees, that until such time as the Loans are paid in full and the Liens evidenced by the Security Agreement and the Mortgage Instruments have been released, (i) any and all Rent and any and all other amounts of any kind or type under any of the Operative Agreements due and owing or payable to the Lessor or the Owner Trustee shall instead be paid directly to the Agent or as the Agent may direct from time to time and (ii) Lessee shall cause all notices, certificates, financial statements, communications and other information which is delivered, or is required to be delivered, to the Lessor, the Owner Trustee or any Holder also to be delivered at the same time to the Agent.

(c) Lessee shall not consent to or permit any amendment, supplement or other modification of the terms or provisions of any Operative Agreement without, in each case, obtaining the prior written consent of the Agent and, to the extent required by the proviso at the end of Section 10.2(j) hereof, each of the Holders.

(d) Except as otherwise contemplated by the Operative Agreements, the Construction Agent shall not use the proceeds of any Holder Funding or Loan for any purpose other than the payment of Transaction Expenses and the fees, expenses and other disbursements referenced in Section 9.1(a) and (b) of this Agreement, the purchase or lease of Properties, the acquisition of Equipment, the construction of Improvements, the payment of interest regarding the Loans and the payment of the Holder Yield regarding the Holder Fundings, in each case accrued under the Credit Agreement or Trust Agreement, as the case may be, during the period prior to the Basic Rent Commencement Date with respect to a particular Property.

(e) The Construction Agent and the Lessee shall restrict the amount of Equipment located in or on each Property, so that at all times the Property Cost of the Equipment located in or on a given Property shall be less than or equal to 10% of the total Property Cost of such Property, provided, however, that this percentage limitation shall not apply to any such Equipment consisting of Fixtures or other goods incorporated into or customarily considered to be part of a building or structure erected on real property (such as heating, ventilating, air-conditioning, electrical and mechanical equipment or systems, escalators, elevators, wall and floor coverings, plumbing, pumps, tanks, conduits, wiring, lighting, security systems, sprinklers and other fire prevention and extinguishing apparatus). This 10% limitation shall apply to removable Equipment that (i) is not incorporated into a building or structure or (ii) is customarily considered to be trade fixtures or operating equipment for the corrections business of the Lessee.

(f) Neither the Lessee nor the Construction Agent shall create or permit to exist at any time (and each of the Lessee and the Construction Agent shall, at its own expense, take such action as may be necessary to duly discharge, or cause to be discharged) any Lien against any Property other than Permitted Liens.

(g) The Lessee shall pay (or cause to be paid) to the Agent the administrative fee (described in the Fee Letter) when and as due from time to time.

10.4. Sharing of Certain Payments. The parties hereto acknowledge and agree that all payments due and owing by the Lessee to the Lessor under the Lease or any of the other Operative Agreements shall be made by the Lessee directly to the Agent as more particularly provided in Section 10.3 hereof. The Holders and the Agent, on behalf of the Lenders, acknowledge the terms of Section 8 of the Credit Agreement regarding the allocation of payments and other amounts made or received from time to time under the Operative Agreements and agree all such payments and amounts are to be allocated as provided in Section 8 of the Credit Agreement. In connection therewith the Holders hereby (a) appoint the Agent to act as collateral agent for the Holders in connection with the Lien granted by the Mortgage Instruments to secure the Holder Amount and (b) acknowledge and agree and direct that the rights and remedies of the beneficiaries of the Lien of the Mortgage Instruments shall be exercised by the Agent on behalf of the Lenders and the Holders as directed from time to time by the Lenders without notice to or consent from the Holders.

10.5. Grant of Easements, Voting at Meetings, etc. The Agent and the Holders hereby agree that, so long as no Event of Default shall have occurred and be continuing, and until such time as the Agent gives instructions to the contrary to the Owner Trustee, the Owner Trustee shall, from time to time at the request of the Lessee, in connection with the transactions contemplated by the Agency Agreement, the Lease or the other Operative Agreements, (i) grant easements and other rights in the nature of easements with respect to any Property, (ii) release existing easements or other rights in the nature of easements which are for the benefit of any Property, (iii) execute and deliver to any Person any instrument appropriate to confirm or effect such grants or releases, and (iv) execute and deliver to any Person such other documents or materials in connection with the acquisition, development or operation of any Property, including, without limitation, reciprocal easement agreements, operating agreements, development agreements, plats, replats or subdivision documents; provided, that each of the agreements and documents referred to in this Section 10.5 shall be of the type normally executed by the Lessee in the ordinary course of the Lessee's business and shall be on commercially reasonable terms so as not to diminish the value of any Property in any material respect.

SECTION 11. CREDIT AGREEMENT AND TRUST AGREEMENT.

11.1. Construction Agent's and Lessee's Credit Agreement Rights.

Notwithstanding anything to the contrary contained in the Credit Agreement, the Agent, the Construction Agent, the Lessee and the Owner Trustee hereby agree that, prior to the occurrence and continuation of any Lease Default or Lease Event of Default, the Construction Agent and the Lessee (as designated below) shall have the following rights:

(a) the Construction Agent shall have the right and obligation (as more specifically provided in Section 5.7 hereof) to designate the portion of the Loans on which interest is due and payable for purposes of the definition of "Allocated Interest";

(b) the Construction Agent shall have the right to give the notice referred to in Section 2.3 of the Credit Agreement, to designate the account to which a borrowing under

the Credit Agreement is to be credited pursuant to Section 2.3 of the Credit Agreement and to provide the Allocation Notice;

(c) the Lessee shall have the right to terminate or reduce the Commitments pursuant to Section 2.5(a) of the Credit Agreement;

(d) the Lessee shall have the right to exercise the conversion and continuation options pursuant to Section 2.7 of the Credit Agreement;

(e) the Lessee shall have the right to approve any successor agent pursuant to Section 7.9 of the Credit Agreement;

(f) the Lessee shall have the right to consent to any assignment by a Lender to which the Lessor has the right to consent pursuant to Section 9.8 of the Credit Agreement; and

(g) without limiting the foregoing clauses (a) through (f), and in addition thereto, the Lessee shall have the right to exercise any other right of the Owner Trustee under the Credit Agreement upon not less than five (5) Business Days' prior written notice from the Lessee to the Owner Trustee and the Agent.

11.2. Construction Agent's and Lessee's Trust Agreement Rights.

Notwithstanding anything to the contrary contained in the Trust Agreement, the Construction Agent, the Lessee, the Owner Trustee and the Holders hereby agree that, prior to the occurrence and continuation of any Lease Default or Lease Event of Default, the Construction Agent and the Lessee (as designated below) shall have the following rights:

(a) the Construction Agent shall have the right and the obligation (as more specifically provided in Section 5.7 hereof) to designate the portion of the Holder Fundings on which Holder Yield is due and payable for purposes of the definition of Allocated Return in this Agreement;

(b) the Lessee shall have the right to exercise the conversion and continuation options pursuant to Section 3.8 of the Trust Agreement;

(c) no removal of the Owner Trustee or appointment of a successor Owner Trustee pursuant to Section 9.1 of the Trust Agreement shall be made without the prior written consent (not to be unreasonably withheld or delayed) of the Lessee; and

(d) the Holders and the Owner Trustee shall not amend, supplement or otherwise modify any provision of the Trust Agreement in such a manner as to adversely affect the rights of the Lessee without the prior written consent (not to be unreasonably withheld or delayed) of the Lessee.

SECTION 12. TRANSFER OF INTEREST.

12.1. Restrictions on Transfer. The Holders may, directly or indirectly, assign, convey or otherwise transfer any of their right, title or interest in or to the Trust Estate or the Trust Agreement with the prior written consent of the Agent, and (provided no Default or Event of Default has occurred and is continuing) the Lessee, and (only if such proposed assignee is not a Lender) the Majority Lenders (which consent in each case shall not be unreasonably withheld or delayed), provided that such consents shall not be required for an assignment to an affiliate of the assigning Holder. The Owner Trustee may, subject to the Lien of the applicable Security Documents, but only with the prior written consent of the Agent, the Holders (which consent may be withheld by the Agent or the Holders in their sole discretion) and (provided no Default or Event of Default has occurred and is continuing) the Lessee, directly or indirectly, assign, convey, appoint an agent with respect to enforcement of, or otherwise transfer any of the Owner Trustee's right, title or interest in or to any Property, the Lease, the Trust Agreement, this Agreement (including, without limitation, any right to indemnification thereunder), or any other document relating to a Property or any interest in a Property as provided in the Trust Agreement and the Lease. The provisions of the immediately preceding sentence shall not apply to the obligations of the Owner Trustee to transfer Property to the Lessee or a third party purchaser pursuant to Article XXII of the Lease upon payment for such Property in accordance with each of the terms and conditions of the Lease.

12.2. Effect of Transfer. From and after any transfer effected in accordance with this Section 12, the transferor shall be released, to the extent of such transfer, from its liability hereunder and under the other documents to which it is a party in respect of obligations to be performed on or after the date of such transfer; provided, however, that any transferor Holder shall remain liable under Article XI of the Trust Agreement to the extent that the transferee Holder shall not have assumed the obligations of the transferor Holder thereunder. Upon any transfer by the Owner Trustee or a Holder as above provided, any such transferee shall assume the obligations of the Owner Trustee and Lessor or the obligations of a Holder, as the case may be, and shall be deemed an "Owner Trustee", "Lessor" or "Holder", as the case may be, for all purposes of such documents and each reference herein to the transferor shall thereafter be deemed a reference to such transferee for all purposes, except as provided in the preceding sentence. Notwithstanding any transfer of all or a portion of the transferor's interest as provided in this Section 12, the transferor shall be entitled to all benefits accrued and all rights vested prior to such transfer including, without limitation, rights to indemnification under any such document.

SECTION 13. INDEMNIFICATION.

13.1. General Indemnity. Whether or not any of the transactions contemplated hereby shall be consummated, the Indemnity Provider hereby assumes liability for and agrees to defend, indemnify and hold harmless each Indemnified Person on an After Tax Basis from and against any Claims which may be imposed on, incurred by or asserted against an Indemnified Person by any other Person (but not to the extent such Claims arise from the gross negligence, willful misconduct or willful breach of such Indemnified Person) in any way relating to or arising, or alleged (by any Person asserting such a Claim against an Indemnified Person) to arise, out of the execution, delivery, performance or enforcement of this Agreement, the Lease, any other Operative Agreement or the Bridge Loan Documents or on or with respect to any Ancillary Property or Property or any part thereof, including, without limitation, Claims in any way relating to or arising or alleged to arise out of (a) the financing, refinancing, purchase, acceptance,

rejection, ownership, design, construction, refurbishment, development, delivery, acceptance, nondelivery, leasing, subleasing, possession, use, operation, repair, modification, transportation, condition, sale, return, repossession (whether by summary proceedings or otherwise), or any other disposition of an Ancillary Property, a Property, or any part thereof, including the acquisition, holding or disposition of any interest in any Ancillary Property, Property, lease or agreement comprising a portion of any thereof; (b) any latent or other defect in any property whether or not discoverable by an Indemnified Person or the Indemnity Provider; (c) any Environmental Claim, any violation of Environmental Laws, or any other loss of or damage to any property or the environment relating to any Property, the Lease, the Agency Agreement or the Indemnity Provider; (d) the Operative Agreements, or any transaction contemplated thereby, or the Bridge Loan Documents or any transaction contemplated thereby; (e) any breach by the Construction Agent or the Lessee of any of its representations or warranties under the Operative Agreements to which it is a party or failure by the Construction Agent or the Lessee to perform or observe any covenant or agreement to be performed by it under any of the Operative Agreements; (f) the transactions contemplated hereby or by any other Operative Agreement, in respect of the application of Parts 4 and 5 of Subtitle B of Title I of ERISA; (g) any personal injury, death or property damage, including without limitation Claims based on strict or absolute liability in tort; (h) any easement, right, agreement or document referred to in Section 10.5 of this Agreement; or (i) any Lien on any Ancillary Property or any Property (other than Liens created by the Operative Agreements or Lessor Liens).

If a written Claim is made against any Indemnified Person or if any proceeding shall be commenced against such Indemnified Person (including a written notice of such proceeding) for any Claim, such Indemnified Person shall promptly notify the Indemnity Provider in writing and shall not take action with respect to such Claim without the consent of the Indemnity Provider for thirty (30) days after the receipt of such notice by the Indemnity Provider; provided, however, that, in the case of any such Claim, if action shall be required by law or regulation to be taken prior to the end of such 30-day period, such Indemnified Person shall endeavor, in such notice to the Indemnity Provider, to inform the Indemnity Provider of such shorter period, and no action shall be taken with respect to such Claim without the consent of the Indemnity Provider before seven (7) days before the end of such shorter period; provided, further, that the failure of such Indemnified Person to give the notices referred to in this sentence shall not diminish the Indemnity Provider's obligation hereunder except to the extent such failure materially precludes the Indemnity Provider from contesting such Claim.

If, within thirty (30) days of receipt of such notice from the Indemnified Person (or such shorter period as the Indemnified Person has notified the Indemnity Provider is required by law or regulation for the Indemnified Person to respond to such Claim), the Indemnity Provider shall request in writing that such Indemnified Person respond to such Claim, the Indemnified Person shall, at the expense of the Indemnity Provider, in good faith conduct and control such action (including, without limitation by pursuit of appeals) (provided, however, that (A) if such Claim can be pursued by the Indemnity Provider on behalf of or in the name of such Indemnified Person, the Indemnified Person, at the Indemnity Provider's request, shall allow the Indemnity Provider to conduct and control the response to such Claim and (B) in the case of any Claim, the Indemnified Person may request the Indemnity Provider to conduct and control the response to such Claim (with counsel to be selected by the Indemnity Provider and consented to by such Indemnified Person, such consent not to be unreasonably withheld, conditioned or delayed;

provided, however, that any Indemnified Person may retain separate counsel at the expense of the Indemnity Provider in the event of a conflict)) by, in the sole discretion of the Person conducting and controlling the response to such Claim, (1) resisting payment thereof, (2) not paying the same except under protest, if protest is necessary and proper, (3) if the payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings, or (4) taking such other action as is reasonably requested by the Indemnity Provider from time to time.

The party controlling the response to any Claim shall consult in good faith with the non-controlling party and shall keep the non-controlling party reasonably informed as to the conduct of the response to such Claim; provided, that all decisions ultimately shall be made in the discretion of the controlling party, except that the Indemnity Provider may not agree to any dismissal or settlement of, or other agreement in connection with, any claim without the prior written consent of such Indemnified Person, if such dismissal, settlement or agreement would require any admission or acknowledgment of any culpability or wrongdoing by such Indemnified Person or provide for any nonmonetary relief to be performed by such Indemnified Person. The parties agree that an Indemnified Person may at any time decline to take further action with respect to the response to such Claim and may settle such Claim if such Indemnified Person shall waive its rights to any indemnity from the Indemnity Provider that otherwise would be payable in respect of such Claim (and any future Claim, the pursuit of which is precluded by reason of such resolution of such Claim) and shall pay to the Indemnity Provider any amount previously paid or advanced by the Indemnity Provider pursuant to this Section 13.1 by way of indemnification or advance for the payment of any amount regarding such Claim other than expenses of the action relating to such Claim.

Notwithstanding the foregoing provisions of this Section 13.1, an Indemnified Person shall not be required to take any action and no Indemnity Provider shall be permitted to respond to any Claim in its own name or that of the Indemnified Person unless (A) the Indemnity Provider shall have agreed to pay and shall pay to such Indemnified Person on demand and on an After Tax Basis all reasonable costs, losses and expenses that such Indemnified Person actually incurs in connection with such Claim, including, without limitation, all reasonable legal, accounting and investigatory fees and disbursements, (B) the Indemnified Person shall have reasonably determined that the action to be taken will not result in any material danger of sale, forfeiture or loss of any Property, or any part thereof or interest therein, will not interfere with the payment of Rent, and will not result in risk of criminal liability, (C) if such Claim shall involve the payment of any amount prior to the resolution of such Claim, the Indemnity Provider shall provide to the Indemnified Person an interest-free advance in an amount equal to the amount that the Indemnified Person is required to pay (with no additional net after-tax cost to such Indemnified Person), (D) in the case of a Claim that must be pursued in the name of an Indemnified Person (or an Affiliate thereof), the Indemnity Provider shall have provided to such Indemnified Person an opinion of independent counsel selected by the Indemnified Person and reasonably satisfactory to the Indemnity Provider stating that a reasonable basis exists to contest such Claim, (E) such claim is covered by insurance and (F) no Event of Default shall have occurred and be continuing. In addition, an Indemnified Person shall not be required to contest any Claim in its name (or that of an Affiliate) if the subject matter thereof shall be of a continuing nature and shall have previously been decided adversely by a court of competent jurisdiction pursuant to the contest provisions of this Section 13.1, unless there shall have been a

change in law (or interpretation thereof) and the Indemnified Person shall have received, at the Indemnity Provider's expense, an opinion of independent counsel selected by the Indemnified Person and reasonably acceptable to the Indemnity Provider stating that as a result of such change in law (or interpretation thereof), it is more likely than not that the Indemnified Person will prevail in such contest.

13.2. General Tax Indemnity.

(a) The Indemnity Provider shall pay and assume liability for, and does hereby agree to indemnify, protect and defend each Property and each Ancillary Property and all Indemnified Persons, and hold them harmless against, all Impositions on an After Tax Basis.

(b) (i) Subject to the terms of Section 13.2(f), the Indemnity Provider shall pay or cause to be paid all Impositions directly to the taxing authorities where feasible and otherwise to the Indemnified Person, as appropriate, and the Indemnity Provider shall at its own expense, upon such Indemnified Person's reasonable request, furnish to such Indemnified Person copies of official receipts or other satisfactory proof evidencing such payment.

(ii) In the case of Impositions for which no contest is conducted pursuant to Section 13.2(f) and which the Indemnity Provider pays directly to the taxing authorities, the Indemnity Provider shall pay such Impositions prior to the latest time permitted by the relevant taxing authority for timely payment. In the case of Impositions for which the Indemnity Provider reimburses an Indemnified Person, the Indemnity Provider shall do so within thirty (30) days after receipt by the Indemnity Provider of demand by such Indemnified Person describing in reasonable detail the nature of the Imposition and the basis for the demand (including the computation of the amount payable). In the case of Impositions for which a contest is conducted pursuant to Section 13.2(f), the Indemnity Provider shall pay such Impositions or reimburse such Indemnified Person for such Impositions, to the extent not previously paid or reimbursed pursuant to subsection (a), prior to the latest time permitted by the relevant taxing authority for timely payment after conclusion of all contests under Section 13.2(f).

(iii) Impositions imposed with respect to a Property for a billing period during which the Lease expires or terminates with respect to such Property (unless the Lessee has exercised the Purchase Option with respect to such Property or the Lessee has otherwise purchased such Property) shall be adjusted and prorated on a daily basis between the Indemnity Provider and the Lessor, whether or not such Imposition is imposed before or after such expiration or termination and each party shall pay its pro rata share thereof.

(iv) At the Indemnity Provider's request, the amount of any indemnification payment by the Indemnity Provider pursuant to subsection (a) shall be verified and certified by an independent public accounting firm mutually acceptable to the Indemnity Provider and the Indemnified Person. The fees and

expenses of such independent public accounting firm shall be paid by the Indemnity Provider unless such verification shall result in an adjustment in the Indemnity Provider's favor of 15% or more of the payment as computed by the Indemnified Person, in which case such fee shall be paid by the Indemnified Person.

(v) The Indemnified Persons shall use good faith efforts to take lawful deductions in their respective tax returns so as to reduce the Impositions required to be reimbursed by the Indemnity Provider hereunder; provided, however, that the failure of any Indemnified Person to take any deduction shall not impair in any way such Person's right to indemnification from the Indemnity Provider for any Impositions.

(c) (i) The Indemnity Provider shall be responsible for preparing and filing any real and personal property or ad valorem tax returns with respect to each Property or Ancillary Property. In case any other report or tax return shall be required to be made with respect to any obligations of the Indemnity Provider under or arising out of subsection (a) and of which the Indemnity Provider has knowledge or should have knowledge, the Indemnity Provider, at its sole cost and expense, shall notify the relevant Indemnified Person of such requirement and (except if such Indemnified Person notifies the Indemnity Provider that such Indemnified Person intends to file such report or return) (A) to the extent required or permitted by and consistent with Legal Requirements, make and file in Indemnity Provider's name such return, statement or report; and (B) in the case of any other such return, statement or report required to be made in the name of such Indemnified Person, advise such Indemnified Person of such fact and prepare such return, statement or report for filing by such Indemnified Person or, where such return, statement or report shall be required to reflect items in addition to any obligations of the Indemnity Provider under or arising out of subsection (a), provide such Indemnified Person at the Indemnity Provider's expense with information sufficient to permit such return, statement or report to be properly made with respect to any obligations of the Indemnity Provider under or arising out of subsection (a). Such Indemnified Person shall, upon the Indemnity Provider's request and at the Indemnity Provider's expense, provide any data maintained by such Indemnified Person (and not otherwise available to or within the control of the Indemnity Provider) with respect to any Property which the Indemnity Provider may reasonably require to prepare any required tax returns or reports.

(d) If as a result of the payment or reimbursement by the Indemnity Provider of any Imposition or other reasonable expenses of the Lessor or the payment of any Transaction Expenses incurred in connection with the transactions contemplated by the Operative Agreements, the Lessor, the Holders or partners of any Holder shall suffer a net increase in any federal, state or local income tax liability, the Indemnity Provider shall indemnify such Persons (without duplication of any indemnification required by subsection (a)) on an After Tax Basis for the amount of such increase. The calculation of any such net increase shall take into account any current or future tax savings (including tax deductions, net operating loss carry-forward or tax credits) realized or reasonably expected to be realized by such Person in respect thereof, as well as any interest, penalties

and additions to tax payable by such Lessor, or such Holder, or such Affiliate, in respect thereof.

(e) As between the Indemnity Provider on one hand, and the Lessor or the Agent, any Lender or any Holder on the other hand, the Indemnity Provider shall be responsible for, and the Indemnity Provider shall indemnify and hold harmless the Lessor, the Agent, the Lenders and each Holder (without duplication of any indemnification required by subsection (a)) on an After Tax Basis against, any obligation for United States or foreign withholding taxes imposed in respect of payments on the Notes or Certificates or with respect to Rent payments under the Lease (and, if the Lessor, the Agent, any Lender or any Holder receives a demand for such payment from any taxing authority, the Indemnity Provider shall discharge such demand on behalf of the Lessor, the Agent, such Lender or such Holder); provided, however, that the right of any Lender to make a claim for indemnification under this Section 13.2(e) is subject to the compliance by such Lender with the requirements of Section 2.13 of the Credit Agreement.

(f) (i) If a written Claim is made against any Indemnified Person, or if any proceeding shall be commenced against such Indemnified Person (including a written notice of such proceeding), for any Impositions, such Indemnified Person shall promptly notify the Indemnity Provider in writing and shall not take action with respect to such Claim or proceeding without the consent of the Indemnity Provider for thirty (30) days after the receipt of such notice by the Indemnity Provider; provided, however, that, in the case of any such Claim or proceeding, if action shall be required by law or regulation to be taken prior to the end of such 30- day period, such Indemnified Person shall, in such notice to the Indemnity Provider, inform the Indemnity Provider of such shorter period, and no action shall be taken with respect to such Claim or proceeding without the consent of the Indemnity Provider before seven (7) days before the end of such shorter period; provided, further, that the failure of such Indemnified Person to give the notices referred to this sentence shall not diminish the Indemnity Provider's obligation hereunder except to the extent such failure materially precludes the Indemnity Provider from contesting such Claim.

(ii) If, within thirty (30) days of receipt of such notice from the Indemnified Person (or such shorter period as the Indemnified Person has notified the Indemnity Provider is required by law or regulation for the Indemnified Person to commence such contest), the Indemnity Provider shall request in writing that such Indemnified Person contest such Imposition, the Indemnified Person shall, at the expense of the Indemnity Provider, in good faith conduct and control such contest (including, without limitation, by pursuit of appeals) relating to the validity, applicability or amount of such Imposition (provided, however, that (A) if such contest can be pursued independently from any other proceeding involving a tax liability of such Indemnified Person, the Indemnified Person, at the Indemnity Provider's request, shall allow the Indemnity Provider to conduct and control such contest and (B) in the case of any contest, the Indemnified Person may request the Indemnity Provider to conduct and control such contest (with counsel to be selected by the Indemnity Provider and consented to by such

Indemnified Person, such consent not to be unreasonably withheld, conditioned or delayed; provided, however, that any Indemnified Person may retain separate counsel at the expense of the Indemnity Provider in the event of a conflict)) by, in the sole discretion of the Person conducting and controlling such contest, (1) resisting payment thereof, (2) not paying the same except under protest, if protest is necessary and proper, (3) if the payment be made, using reasonable efforts to obtain a refund thereof in appropriate administrative and judicial proceedings, or (4) taking such other action as is reasonably requested by the Indemnity Provider from time to time.

(iii) The party controlling any contest shall consult in good faith with the non-controlling party and shall keep the non-controlling party reasonably informed as to the conduct of such contest; provided, that all decisions ultimately shall be made in the sole discretion of the controlling party, except that the Indemnity Provider may not agree to any dismissal or settlement of, or other agreement in connection with, any claim without the prior written consent of such Indemnified Person, if such dismissal, settlement or agreement would require any admission or acknowledgment of any culpability or wrongdoing by such Indemnified Person or provide for any nonmonetary relief to be performed by such Indemnified Person. The parties agree that an Indemnified Person may at any time decline to take further action with respect to the contest of any Imposition and may settle such contest if such Indemnified Person shall waive its rights to any indemnity from the Indemnity Provider that otherwise would be payable in respect of such Imposition (and any future Claim by any taxing authority, the contest of which is precluded by reason of such resolution of such contest) and shall pay to the Indemnity Provider any amount previously paid or advanced by the Indemnity Provider pursuant to this Section 13.2 by way of indemnification or advance for the payment of any amount regarding such Imposition other than expenses of such contest.

(iv) Notwithstanding the foregoing provisions of this Section 13.2, an Indemnified Person shall not be required to take any action and no Indemnity Provider shall be permitted to contest any Imposition in its own name or that of the Indemnified Person unless (A) the Indemnity Provider shall have agreed to pay and shall pay to such Indemnified Person on demand and on an After Tax Basis all reasonable costs, losses and expenses that such Indemnified Person actually incurs in connection with contesting such Imposition, including, without limitation, all reasonable legal, accounting and investigatory fees and disbursements, (B) the Indemnified Person shall have reasonably determined that the action to be taken will not result in any material danger of sale, forfeiture or loss of any Property, or any part thereof or interest therein, will not interfere with the payment of Rent, and will not result in risk of criminal liability, (C) if such contest shall involve the payment of the Imposition prior to the contest, the Indemnity Provider shall provide to the Indemnified Person an interest-free advance in an amount equal to the Imposition that the Indemnified Person is required to pay (with no additional net after-tax cost to such Indemnified Person), (D) in the case of a Claim that must be pursued in the name of an Indemnified

Person (or an Affiliate thereof), the Indemnity Provider shall have provided to such Indemnified Person an opinion of independent tax counsel selected by the Indemnified Person and reasonably satisfactory to the Indemnity Provider stating that a reasonable basis exists to contest such Claim, and (E) no Event of Default shall have occurred and be continuing. In addition, an Indemnified Person shall not be required to contest any claim in its name (or that of an Affiliate) if the subject matter thereof shall be of a continuing nature and shall have previously been decided adversely by a court of competent jurisdiction pursuant to the contest provisions of this Section 13.2, unless there shall have been a change in law (or interpretation thereof) and the Indemnified Person shall have received, at the Indemnity Provider's expense, an opinion of independent tax counsel selected by the Indemnified Person and reasonably acceptable to the Indemnity Provider stating that as a result of such change in law (or interpretation thereof), it is more likely than not that the Indemnified Person will prevail in such contest.

13.3. Environmental Indemnity. Without the limiting the generality of the foregoing, whether or not the transactions contemplated hereby shall be consummated, the Indemnity Provider hereby assumes liability for and agrees to defend, indemnify and hold harmless each Indemnified Person on an after Tax Basis from and against any Claims which may be imposed on, incurred by or asserted against an Indemnified Person by any other Person (but not to the extent such Claims arise from the gross negligence, willful misconduct or willful breach of such Indemnified Person) in any way relating to or arising, or alleged (by any Person asserting such a Claim against an Indemnified Person) to arise, out of any Environmental Claim, any violation of Environmental Laws, or any other loss of or damage to any Property or Ancillary Property or the environment, in each case relating to any Property, Ancillary Property, the Lease, the Agency Agreement or the Indemnity Provider.

SECTION 14. MISCELLANEOUS.

14.1. Survival of Agreements. The representations, warranties, covenants, indemnities and agreements of the parties provided for in the Operative Agreements, and the parties' obligations under any and all thereof, shall survive the execution and delivery of this Agreement, the transfer of any Property to the Owner Trustee, the acquisition of any Equipment, the construction of any Improvements, any disposition of any interest of the Owner Trustee in any Property or any interest of the Holders in the Owner Trust, the payment of the Notes and any disposition thereof, and shall be and continue in effect notwithstanding any investigation made by any party and the fact that any party may waive compliance with any of the other terms, provisions or conditions of any of the Operative Agreements. Except as otherwise expressly set forth herein or in other Operative Agreements, the indemnities of the parties provided for in the Operative Agreements shall survive the expiration or termination of any thereof.

14.2. No Broker, etc. Each of the parties hereto represents to the others that it has not retained or employed any broker, finder or financial adviser to act on its behalf in connection with this Agreement, nor has it authorized any broker, finder or financial adviser retained or employed by any other Person so to act. Any party who is in breach of this representation shall indemnify and hold the other parties harmless from and against any liability arising out of such breach of this representation.

14.3. Notices. Unless otherwise specifically provided herein, all notices, consents, directions, approvals, instructions, requests and other communications required or permitted by the terms hereof to be given to any Person shall be given in writing by United States certified or registered mail (postage prepaid), by nationally recognized courier service, by hand or by telecopy with confirming notice and any such notice shall become effective upon receipt and shall be directed to the address of such Person as indicated:

If to the Construction Agent, to it at the following address:

Wackenhut Corrections Corporation
4200 Wackenhut Drive, #100
Palm Beach Gardens, Florida 33410-4243
Attention: Mr. David Watson, Controller and
Chief Accounting Officer
Telephone No.: (800) 666-5640 Ext. 6646
Telecopy No.: (561) 691-6473

If to the Lessee, to it at the following address:

Wackenhut Corrections Corporation
4200 Wackenhut Drive, #100
Palm Beach Gardens, Florida 33410-4243
Attention: Mr. David Watson, Controller and
Chief Accounting Officer
Telephone No.: (800) 666-5640 Ext. 6646
Telecopy No.: (561) 691-6473

If to the Owner Trustee, to it at the following address:

First Security Bank, National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention: Val T. Orton
Telephone No.: (801) 246-5630
Telecopy No.: (801) 246-5053

If to NationsBank, National Association, as a Holder or a Lender, to it at the following address:

NationsBank, National Association
100 Southeast 2nd Street
FL7-950-14-02
Miami, Florida 33131
Attn: Maria P. Conroy
Telephone No.: (305) 533-2428
Telecopy No.: (305) 533-2437

with all notices of requests for Holder Fundings, or conversion, continuation or prepayment of any Holder Funding, to be sent to:

NationsBank Agency Services
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Jamie McCotter
Telephone No.: (704) 388-2374
Telecopy No.: (704) 386-9923

If to the Agent, to it at the following address:

NationsBank, National Association
100 Southeast 2nd Street
FL7-950-14-02
Miami, Florida 33131
Attn: Maria P. Conroy
Telephone No.: (305) 533-2428
Telecopy No.: (305) 533-2437

with all notices of borrowing, conversion, continuation or prepayment of any Loan to be delivered to the address set forth in Section 9.2 of the Credit Agreement.

If to any other Lender or Holder, to it at the address specified in the signature pages to the Credit Agreement or Trust Agreement (as applicable), any applicable amendment thereto, or any applicable Assignment and Assumption.

From time to time any party may designate a new address for purposes of notice hereunder by notice to each of the other parties hereto.

14.4. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

14.5. Amendments and Termination. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the Lessor, the Lessee, the Construction Agent and (subject to Section 9.1 of the Credit Agreement) the Agent. This Agreement may be terminated by an agreement signed in writing by the Owner Trustee, the Holders, the Lenders, the Lessee, the Construction Agent and the Agent.

14.6. Headings, etc. The Table of Contents and headings of the various Articles and Sections of this Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

14.7. Parties in Interest. Except as expressly provided herein, none of the provisions of this Agreement are intended for the benefit of any Person except the parties hereto; provided, that the Lenders are intended to be third-party beneficiaries of this Agreement.

14.8. GOVERNING LAW; WAIVERS OF JURY TRIAL.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF FLORIDA, WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICT OF LAWS.

(b) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

14.9. Submission to Jurisdiction; Waivers. Each of the parties hereto irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Operative Agreements to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Florida and the courts of the United States of America, in each case sitting in Broward County, Florida, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same,

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail) postage prepaid, to the respective party at its address set forth in Section 14.3 hereof or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 14.9 any special, exemplary, punitive or consequential damages.

14.10. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render such provision unenforceable in any other jurisdiction.

14.11. Liability Limited.

(a) The Agent, the Lessee and the Holders each acknowledge and agree that the Owner Trustee is (except as otherwise expressly provided herein or therein) entering into this Agreement and the other Operative Agreements to which it is a party (other than the Trust Agreement and other than as set forth in Section 7.2 of this Agreement), solely in its capacity as trustee under the Trust Agreement and not in its individual capacity and that Trust Company shall not be liable or accountable under any circumstances whatsoever in its individual capacity for or on account of any statements, representations, warranties, covenants or obligations stated to be those of the Owner Trustee, except for its own gross negligence or willful misconduct and except as otherwise expressly provided herein or in the other Operative Agreements.

(b) Anything to the contrary contained in this Agreement, the Credit Agreement, the Notes or in any other Operative Agreement notwithstanding, neither the Lessor nor any Holder (in its capacity as a Holder) nor any officer, director, shareholder, or partner thereof, nor any of the successors or assigns of the foregoing (all such Persons being hereinafter referred to collectively as the "Exculpated Persons"), shall be personally liable in any respect for any liability or obligation hereunder or under any other Operative Agreement including the payment of the principal of, or interest on, the Notes, or for monetary damages for the breach of performance of any of the covenants contained in the Credit Agreement, the Notes, this Agreement, the Security Agreement or any of the other Operative Agreements. The Agent (for itself and on behalf of the Lenders) agrees that, in the event the Agent or any Lender pursues any remedies available to them under the Credit Agreement, the Notes, this Agreement, the Security Agreement, the Mortgage Instruments or under any other Operative Agreement, neither the Lenders nor the Agent shall have any recourse against any Exculpated Person, for any deficiency, loss or Claim for monetary damages or otherwise resulting therefrom, and recourse shall be had solely and exclusively against the Trust Estate and the Lessee (with respect to the Lessee's obligations under the Lease, the Participation Agreement and the Agency Agreement); but nothing contained herein shall be taken to prevent recourse against or the enforcement of remedies against the Trust Estate in respect of any and all liabilities, obligations and undertakings contained herein, in the Credit Agreement, in the Notes, in the Security Agreement, the Mortgage Instruments or in any other Operative Agreement. Notwithstanding the provisions of this Section, nothing in this Agreement, the Credit Agreement, the Notes, the Security Agreement, the Mortgage Instruments or any other Operative Agreement shall: (i) constitute a waiver, release or discharge of any indebtedness or obligation evidenced by the Notes or arising under this Agreement, the Security Agreement, the Mortgage Instruments or the Credit Agreement or secured by the

Security Agreement, the Mortgage Instruments or any other Operative Agreement, but the same shall continue until paid or discharged; (ii) relieve the Lessor or any Exculpated Person from liability and responsibility for (but only to the extent of the damages arising by reason of): (a) active waste knowingly committed by such Lessor or such Exculpated Person with respect to the Properties or (b) any fraud, gross negligence, willful misconduct or willful breach on the part of such Lessor or such Exculpated Person; (iii) relieve such Lessor or such Exculpated Person from liability and responsibility for (but only to the extent of the moneys misappropriated, misapplied or not turned over) (a) misappropriation or misapplication by such Lessor (i.e., application in a manner contrary to any Operative Agreement) of any insurance proceeds or condemnation award paid or delivered to such Lessor by any Person other than the Agent, (b) any deposits or any escrows or amounts owed by the Lessee under the Agency Agreement held by such Lessor or (c) any rents or other income received by such Lessor from the Lessee that are not turned over to the Agent; or (iv) affect or in any way limit the Agent's rights and remedies under any Operative Agreement with respect to the Rents and its rights thereunder or its right to obtain a judgment against the Lessor's interest in the Properties.

14.12. Rights of Lessee. Notwithstanding any provision of the Operative Agreements, if at any time all obligations (i) of the Owner Trustee under the Credit Agreement, the Security Documents, the Trust Agreement and the other Operative Agreements and (ii) of the Lessee under the Operative Agreements have in each case been satisfied or discharged in full, then the Lessee shall be entitled to (a) terminate the Lease and (b) receive all amounts then held under the Operative Agreements and all proceeds with respect to any of the Properties. Upon the termination of the Lease pursuant to the foregoing clause (a), the Lessor shall transfer to the Lessee all of its right, title and interest free and clear of the Lien of the Lease and all Lessor Liens in and to any Properties then subject to the Lease and any amounts or proceeds referred to in the foregoing clause (b) shall be paid over to the Lessee.

14.13. Further Assurances. The parties hereto shall promptly cause to be taken, executed, acknowledged or delivered, at the sole expense of the Lessee, all such further acts, conveyances, documents and assurances as the other parties may from time to time reasonably request in order to carry out and effectuate the intent and purposes of this Participation Agreement, the other Operative Agreements and the transactions contemplated hereby and thereby (including, without limitation, the preparation, execution and filing of any and all Uniform Commercial Code financing statements and other filings or registrations which the parties hereto may from time to time request to be filed or effected). The Lessee, at its own expense and without need of any prior request from any other party, shall take such action as may be necessary (including any action specified in the preceding sentence), or (if Owner Trustee shall so request) as so requested, in order to maintain and protect all security interests provided for hereunder or under any other Operative Agreement.

14.14. Calculations under Operative Agreements. The parties hereto agree that all calculations and numerical determinations to be made under the Operative Agreements by the Owner Trustee shall be made by the Agent and that such calculations and determinations shall be conclusive and binding on the parties hereto in the absence of manifest error.

14.15. Confidentiality. Each of the Owner Trustee, the Holders, the Agent and the Lenders severally agrees to use reasonable efforts to keep confidential all non-public information pertaining to the Lessee or its Subsidiaries which is provided to it by the Lessee or its Subsidiaries, and shall not intentionally disclose such information to any Person except:

(a) to the extent such information is public when received by such Person or becomes public thereafter due to the act or omission of any party other than such Person;

(b) to the extent such information is independently obtained from a source other than the Lessee or any of its Subsidiaries and such information from such source is not, to such Person's knowledge, subject to an obligation of confidentiality or, if such information is subject to an obligation of confidentiality, that disclosure of such information is permitted;

(c) to any Affiliate of any such Person or to counsel, auditors or accountants retained by any such Person or any such Affiliate, provided they agree to keep such information confidential as if such Person or Affiliate were party to this Agreement and to financial institution regulators, including examiners of any Lender, the Agent or the Owner Trustee, any Holder or any Affiliate in the course of examinations of such Persons;

(d) in connection with any litigation or the enforcement or preservation of the rights of the Agent, the Owner Trustee, the Lessor, any Lender or any Holder under the Operative Agreements;

(e) to the extent required by any applicable statute, rule or regulation or court order (including, without limitation, by way of subpoena) or pursuant to the request of any regulatory or Governmental Authority having jurisdiction over any such Person; provided, however, that such Person shall endeavor (if not otherwise prohibited by Law) to notify the Lessee prior to any disclosure made pursuant to this clause (e), except that no such Person shall be subject to any liability whatsoever for any failure to so notify the Lessee;

(f) the Agent, any Lender or any Holder may disclose such information to the Agent, any Lender or any Holder; or

(g) to the extent disclosure to any other financial institution or other Person is appropriate in connection with any proposed or actual (i) assignment or grant of a participation by any of the Lenders of interests in the Credit Agreement or any Note to such other financial institution (who will in turn be required by the Agent to agree in writing to maintain confidentiality as if it were a Lender originally party to the Credit Agreement) or (ii) assignment by any Holder of interests in the Trust Agreement to another Person (who will in turn be required by the transferring Holder to agree in writing to maintain confidentiality as if it were a Holder originally party to this Participation Agreement).

14.16. Calculation of Rent, Interest, Holder Yield and Fees. Except as otherwise expressly set forth in the Operative Agreements, all calculation of Rent, interest, Holder Yield, Overdue Rate, Holder Overdue Rate, Facility Fees, or Holder Facility Fees payable hereunder shall be computed based on the actual number of days elapsed over a year of 360 days.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Participation Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

WACKENHUT CORRECTIONS CORPORATION,
as Construction Agent

By: _____
Name: John G. O'Rourke
Title: Senior Vice President/Treasurer/
Chief Financial Officer

WACKENHUT CORRECTIONS CORPORATION,
as Lessee

By: _____
Name: John G. O'Rourke
Title: Senior Vice President/Treasurer/
Chief Financial Officer

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not individually, except as expressly
stated herein, but solely as Owner Trustee
under the Wackenhut Corrections Trust
1997-1

By: _____
Name: C. Scott Nielson
Title: Vice President

NATIONSBANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: Maria P. Conroy
Title: Senior Vice President

NATIONSBANK, NATIONAL ASSOCIATION,
as a Holder

By: _____
Name: Maria P. Conroy
Title: Senior Vice President

NATIONSBANK, NATIONAL ASSOCIATION,
as a Lender

By: _____
Name: Maria P. Conroy
Title: Senior Vice President

SCOTIABANC INC., as a Holder

By: _____
Name: _____
Title: _____

SCOTIABANC INC., as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 3

BARNETT BANK, N.A., as a Holder

By: _____
Name: _____
Title: _____

BARNETT BANK, N.A., as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 4

SUNTRUST BANK, SOUTH FLORIDA, N.A., as a
Holder

By: _____
Name: _____
Title: _____

SUNTRUST BANK, SOUTH FLORIDA, N.A., as a
Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 5

SOUTHTRUST BANK, NATIONAL ASSOCIATION, as a
Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 6

SUMMIT BANK, as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 7

AMSOUTH BANK, as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 8

BANQUE PARIBAS, as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 9

HIBERNIA NATIONAL BANK, as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 10

PNC BANK, KENTUCKY, INC., as a Lender

By: _____
Name: _____
Title: _____

SIGNATURE PAGE 11

Schedule 1
Initial Holders

Name ----	Holder Commitment -----
NationsBank, National Association	\$2,000,000.00
Barnett Bank, N.A.	\$1,300,000.00
ScotiaBanc Inc.	\$2,000,000.00
SunTrust, South Florida, N.A.	\$1,300,000.00 -----
	\$6,600,000.00 =====

Schedule-1

EXHIBIT A

REQUISITION FORM

(Pursuant to Sections 4.2 and 5.2 of the Participation Agreement)

Wackenhut Corrections Corporation, a Florida corporation (the "Company") hereby certifies as true and correct and delivers the following Requisition to First Security Bank, National Association, not individually, except as expressly stated in the Participation Agreement (hereinafter defined), but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1 ("Lessor"), the Holders (as defined in the Participation Agreement), and NationsBank, National Association, as Administrative Agent for the Lenders pursuant to the Credit Agreement (the "Agent"):

Reference is made herein to that certain Amended and Restated Participation Agreement dated as of June 19, 1997 (as such agreement may be amended, restated, supplemented or otherwise modified from time to time, the "Participation Agreement") among the Company, in its capacity as Construction Agent, the Company, as Lessee, the Lessor, the Holders party thereto, the Lenders party thereto, and the Agent. Capitalized terms used herein but not otherwise defined herein shall have the meanings set forth therefor in the Participation Agreement.

Check one:

___ INITIAL CLOSING DATE: _____
(one Business Day prior notice required for Base Rate Funding)
(three Business Days prior notice required for Eurodollar Funding)

___ AMENDMENT CLOSING DATE: _____
(one Business Day prior notice required for Base Rate Funding)
(three Business Days prior notice required for Eurodollar Funding)

___ PROPERTY CLOSING DATE: _____
(one Business Day prior notice required for Base Rate Funding)
(three Business Days prior notice required for Eurodollar Funding)

___ CONSTRUCTION FUNDING DATE: _____
(one Business Day prior notice required for Base Rate Funding)
(three Business Days prior notice required for Eurodollar Funding)

- 1. Transaction Expenses and other fees, expenses and disbursements under Section 9.1(a) or (b) of the Participation Agreement and any and all other amounts contemplated to be financed under the Participation Agreement including without limitation any Work, broker's fees, taxes, recording fees and the like (with supporting invoices or closing statement attached):

Party to Whom Amount Owed	Amount is Owed (in U.S. Dollars)
-----	-----
_____	_____
_____	_____
_____	_____

- 2. Legal Description of Land: See attached Schedule 1
 [Note: Include legal description only with initial requisition form for any particular piece of Land and any subsequent changes]
- 3. Description of Improvements: See attached Schedule 2
- 4. Description of Equipment: See attached Schedule 3
- 5. Description of Work: See attached Schedule 4
- 6. Total Property Cost requested to date with respect to this Property (excluding the amount requested herein): \$_____
- 7. Total additional amount requested herein: \$_____

In connection with this Requisition, the Company hereby requests that the Lenders make Loans to the Lessor in the amount of \$_____ (\$_____ constituting Series A Loans and \$_____ constituting Series B Loans) and that the Holder[s] make [a] Holder Funding[s] to the Lessor in the amount of \$_____. The Company hereby certifies (i) that the foregoing amounts requested do not exceed the total aggregate of the Available Commitments plus the Available Holder Commitment and (ii) each of the provisions of the Participation Agreement applicable to the Loans and Holder Fundings requested hereunder have been complied with as of the date of this Requisition.

The Company hereby certifies that the Land, Improvements, Equipment and Work described herein are necessary and appropriate for its business operations.

The Company has caused this Requisition to be executed by its duly authorized officer as of this ____ day of June, 1997.

WACKENHUT CORRECTIONS CORPORATION

By: _____
Name: _____
Title: _____

A-3

Schedule 1

Legal Description of Land

To be included only with initial requisition form and to show any changes to legal description.

A-4

Schedule 2

Description of Improvements

A-5

Schedule 3
Description of Equipment

General Description	Make	Model	Serial Number
-----	----	-----	-----

Schedule 4

Work

(a) Work Performed for which the Funding is requested:

(b) Property to which such work relates:

EXHIBIT B

WACKENHUT CORRECTIONS CORPORATION

OFFICER'S CERTIFICATE

(Pursuant to Section 5.6 of the Participation Agreement)

WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Company") DOES HEREBY CERTIFY as follows:

1. The address for the subject Property is _____.
2. The Completion Date for the construction of Improvements at the Property occurred on _____.
3. The aggregate Property Cost for the Property was \$_____. [If any of the Property consists of Tangible Personal Property, the portion of the Property Cost attributable to such Tangible Personal Property was \$_____.]
4. Attached hereto as Schedule 1 is the detailed, itemized documentation supporting the asserted expenditure amounts referenced above in Section 3 of this Officer's Certificate.
5. All Improvements have been made in accordance with all applicable Legal Requirements, in a good and workmanlike manner and otherwise in full compliance with the standards and practices of the Company with respect to Company-owned properties and improvements.
6. No consent or approval of any Person is required for any of the Improvements except for consents and approvals which have already been obtained.

Capitalized terms used in this Officer's Certificate and not otherwise defined have the respective meanings ascribed thereto in the Amended and Restated Participation Agreement dated as of June 19, 1997 among the Company, as Lessee and as Construction Agent, First Security Bank, National Association, as Owner Trustee under the Wackenhut Corrections Trust 1997-1, the Holders party thereto, the Lenders party thereto, and NationsBank, National Association, as the Administrative Agent for the Lenders (as such agreement may be amended, modified, supplemented or restated from time to time).

IN WITNESS WHEREOF, the Company has caused this Officer's Certificate to be duly executed and delivered as of this ___ day of _____, 199_.

WACKENHUT CORRECTIONS CORPORATION

By: _____
Name: _____
Title: _____

B-2

Schedule 1
[itemized expenditures]

B-3

EXHIBIT C
FORM OF OPINION
OF COUNSEL TO
WACKENHUT CORRECTIONS CORPORATION
AND WCC RE HOLDINGS, INC.

C-1

EXHIBIT D

WACKENHUT CORRECTIONS CORPORATION

OFFICER'S CERTIFICATE
(Pursuant to Section 6.1(e) of the Participation Agreement)

WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Company"), DOES HEREBY CERTIFY as follows:

1. Each and every representation and warranty of the Company contained in the Operative Agreements to which it is a party is true and correct in all material respects on and as of the date hereof.
2. No Default or Event of Default has occurred and is continuing under any Operative Agreement.
3. Each Operative Agreement to which the Company is a party is in full force and effect with respect to it.
4. The Company has performed and complied with all covenants, agreements and conditions contained in the Participation Agreement (hereinafter defined) or in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof.

Capitalized terms used in this Officer's Certificate and not otherwise defined herein have the respective meanings ascribed thereto in the Amended and Restated Participation Agreement dated as of June 19, 1997 among the Company, as Construction Agent and as Lessee, First Security Bank, National Association, as the Owner Trustee, the Holders party thereto, the Lenders party thereto, and NationsBank, National Association, as the Administrative Agent.

IN WITNESS WHEREOF, the Company has caused this Officer's Certificate to be duly executed and delivered as of this ____ day of December, 1997.

WACKENHUT CORRECTIONS CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT E

WACKENHUT CORRECTIONS CORPORATION

SECRETARY'S CERTIFICATE

(Pursuant to Section 6.1(f) of the Participation Agreement)

WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Company"), DOES HEREBY CERTIFY as follows:

1. Attached hereto as Exhibit A is a true, correct and complete copy of the Resolutions of the Board of Directors of the Company effective as of _____, 1997. Such resolutions have not been amended, modified or rescinded since their date of adoption and remain in full force and effect as of the date hereof.
2. Attached hereto as Exhibit B is a true, correct and complete copy of the Certificate of Incorporation of the Company on file in the Office of the Secretary of State of Florida. Such Certificate of Incorporation, as amended, remains in full force and effect as of the date hereof.
3. Attached hereto as Exhibit C is a true, correct and complete copy of the Bylaws of the Company. Such Bylaws, as amended, remain in full force and effect as of the date hereof.
4. The persons named below now hold the offices set forth opposite their names, and the signatures opposite their names and title are their true and correct signatures.

Name	Office	Signature
----	-----	-----

IN WITNESS WHEREOF, the Company has caused this Secretary's Certificate to be duly executed and delivered as of this ____ day of December, 1997.

WACKENHUT CORRECTIONS CORPORATION

By: _____
 Name: _____
 Title: _____

EXHIBIT F

FIRST SECURITY BANK, NATIONAL ASSOCIATION

OFFICER'S CERTIFICATE

(Pursuant to Section 6.2(d) of the Participation Agreement)

FIRST SECURITY BANK, NATIONAL ASSOCIATION not individually (except with respect to paragraph (a) below, to the extent any such representations and warranties are made in its individual capacity) but solely as owner trustee under the Wackenhut Corrections Trust 1997-1 (the "Owner Trustee"), DOES HEREBY CERTIFY as follows:

- (a) Each and every representation and warranty of the Owner Trustee contained in the Operative Agreements to which it is a party is true and correct on and as of the date hereof.
- (b) Each Operative Agreement to which the Owner Trustee is a party is in full force and effect with respect to it.
- (c) The Owner Trustee has duly performed and complied with all covenants, agreements and conditions contained in the Participation Agreement (hereinafter defined) or in any Operative Agreement required to be performed or complied with by it on or prior to the date hereof.

Capitalized terms used in this Officer's Certificate and not otherwise defined herein have the respective meanings ascribed thereto in the Amended and Restated Participation Agreement dated as of June 19, 1997 among Wackenhut Corrections Corporation, as Construction Agent and as Lessee, First Security Bank, National Association, as Owner Trustee, the Holders party thereto, the Lenders party thereto, and NationsBank, National Association, as the Administrative Agent.

IN WITNESS WHEREOF, the Owner Trustee has caused this Officer's Certificate to be duly executed and delivered as of this ____ day of December, 1997.

FIRST SECURITY BANK, NATIONAL ASSOCIATION not individually, except as expressly stated herein, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1

By: _____
Name: _____
Title: _____

EXHIBIT G

FIRST SECURITY BANK, NATIONAL ASSOCIATION

CERTIFICATE OF ASSISTANT SECRETARY
(Pursuant to Section 6.2(e) of the Participation Agreement)

I, _____, Senior Vice President and a duly elected and qualified Assistant Secretary of the Board of Directors of First Security Bank, National Association (the "Association"), hereby certify as follows:

1. The Association is a National Banking Association duly organized, validly existing and in good standing under the laws of the United States. With respect thereto the following is noted:

- A. Pursuant to Revised Statutes 324, et seq., as amended, 12 U.S.C. 1, et seq., the Comptroller of the Currency charters and exercises regulatory and supervisory authority over all National Banking Associations;
- B. On December 9, 1881, the First National Bank of Ogden, Utah was chartered as a National Banking Association under the laws of the United States and under Charter No. 2597;
- C. On October 2, 1922, in connection with a consolidation of The First National Bank of Ogden, Ogden, Utah, and The Utah National Bank of Ogden, Ogden, Utah, the title was changed to "The First & Utah National Bank of Ogden"; on January 18, 1923, The First & Utah National Bank of Ogden changed its title to "First Utah National Bank of Ogden"; on January 19, 1926, the title was changed to "First National Bank of Ogden"; on February 24, 1934, the title was changed to "First Security Bank of Utah, National Association"; and
- D. First Security Bank of Utah, National Association, Ogden, Utah, continues to hold a valid certificate to do business as a National Banking Association.

2. The Association's Articles of Association, as amended, are in full force and effect, and a true, correct and complete copy is attached hereto as Exhibit A and incorporated herein by reference. Said Articles were last amended October 20, 1975, as required by law on notice at a duly called special meeting of the shareholders of the Association.

3. The Association's By-Laws, as amended, are in full force and effect; and a true, correct and complete copy is attached hereto as Exhibit B and incorporated herein by reference. Said By-Laws, still in full force and effect, were adopted September 17, 1942, by

resolution, after proper notice of consideration and adoption of By-Laws was given to each and every shareholder, at a regularly called meeting of the Board of Directors with a quorum present.

4. Pursuant to the authority vested in it by an Act of Congress approved December 23, 1913 and known as the Federal Reserve Act, as amended, the Federal Reserve Board (now the Board of Governors of the Federal Reserve System) has granted to the Association now known as "First Security Bank of Utah, National Association" of Ogden, Utah, the right to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any of the fiduciary capacity in which State banks, trust companies or other corporations which come into competition with National Banks are permitted to act under the laws of the State of Utah; and under the provisions of applicable law, the authority so granted remains in full force and effect.

5. Pursuant to authority vested by Act of Congress (12 U.S.C. 92a and 12 U.S.C. 481, as amended) the Comptroller of the Currency has issued Regulation 9, as amended, dealing, in part, with the Fiduciary Powers of National Banks, said regulation providing in sub-paragraph 9.7(a)(1-2):

(1) The board of directors is responsible for the proper exercise of fiduciary powers by the Bank. All matters pertinent thereto, including the determination of policies, the investment and disposition of property held in fiduciary capacity, and the direction and review of the actions of all officers, employees, and committees utilized by the Bank in the exercise of its fiduciary powers, are the responsibility of the board. In discharging this responsibility, the board of directors may assign, by action duly entered in the minutes, the administration of such of the Bank's fiduciary powers as it may consider proper to assign to such director(s), officer(s), employee(s) or committee(s) as it may designate.

(2) No fiduciary account shall be accepted without the prior approval of the board, or of the director(s), officer(s), or committee(s) to whom the board may have designated the performance of that responsibility . . .

6. A Resolution relating to Exercise of Fiduciary Powers was adopted by the Board of Directors at a meeting held July 26, 1994 at which time there was a quorum present; said resolution is still in full force and effect and has not been rescinded. Said resolution is attached hereto as Exhibit C and incorporated herein by reference.

7. A Resolution relating to the Designation of Officers and Employees to Exercise Fiduciary Powers was adopted by the Trust Policy Committee at a meeting held August 2, 1995 at which time a quorum was present; said resolution is still in full force and effect and

has not been rescinded. Said resolution is attached hereto as Exhibit D and is incorporated herein by reference.

8. Attached hereto as Exhibit E and incorporated herein by reference, is a listing of facsimile signatures of persons authorized (herein "Authorized Signatory or Signatories") on behalf of the Association and its Trust Group to act in exercise of its fiduciary powers subject to the resolutions in Paragraphs 6 and 7, above.

9. The principal office of the First Security, National Association, Trust Group and of its departments, except for the St. George, Utah, Ogden, Utah, and Provo, Utah, branch offices, is located at 79 South Main Street, Salt Lake City, Utah 84111 and all records relating to fiduciary accounts are located at such principal office of the Trust Group or in storage facilities within Salt Lake County, Utah, except for those of the Ogden, Utah, St. George, Utah, and Provo, Utah, branch offices, which are located at said office.

10. Each Authorized Signatory (i) is a duly elected or appointed, duly qualified officer or employee of the Association; (ii) holds the office or job title set forth below his or her name on the date hereof; (iii) and the facsimile signature appearing opposite the name of each such officer or employee is a true replica of his or her signature.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Association this ____ day of December, 1997.

(SEAL)

Senior Vice President
Assistant Secretary

EXHIBIT H
FORM OF
OPINION OF COUNSEL
TO FIRST SECURITY
BANK, NATIONAL ASSOCIATION

H-1

Appendix A
Rules of Usage and Definitions

I. Rules of Usage

The following rules of usage shall apply to this Participation Agreement and the Operative Agreements (and each appendix, schedule, exhibit and annex to the foregoing) unless otherwise required by the context or unless otherwise defined therein:

(a) Except as otherwise expressly provided, any definitions set forth herein or in any other document shall be equally applicable to the singular and plural forms of the terms defined.

(b) Except as otherwise expressly provided, references in any document to articles, sections, paragraphs, clauses, annexes, appendices, schedules or exhibits are references to articles, sections, paragraphs, clauses, annexes, appendices, schedules or exhibits in or to such document.

(c) The headings, subheadings and table of contents used in any document are solely for convenience of reference and shall not constitute a part of any such document nor shall they affect the meaning, construction or effect of any provision thereof.

(d) References to any Person shall include such Person, its successors and permitted assigns and transferees.

(e) Except as otherwise expressly provided, reference to any agreement means such agreement as amended, modified, extended, supplemented, restated or replaced from time to time in accordance with the applicable provisions thereof.

(f) Except as otherwise expressly provided, references to any law includes any amendment or modification to such law and any rules or regulations issued thereunder or any law enacted in substitution or replacement therefor.

(g) When used in any document, words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof.

(h) References to "including" means including without limiting the generality of any description preceding such term and for purposes hereof the rule of ejusdem

generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

(i) Unless the context indicates otherwise, the disjunctive "or" shall include the conjunctive "and."

(j) Each of the parties to the Operative Agreements and their counsel have reviewed and revised, or requested revisions to, the Operative Agreements, and the usual rule of construction that any ambiguities are to be resolved against the drafting party shall be inapplicable in the construing and interpretation of the Operative Agreements and any amendments or exhibits thereto.

II. Definitions

"Acceleration" shall have the meaning given to such term in Section 6 of the Credit Agreement.

"acquire" or "purchase" shall mean, with respect to any Property, unless the context indicates, the acquisition or purchase of such Property by the Owner Trustee from any Person.

"Acquisition Funding" shall mean an advance of funds (consisting of Loans by the Lenders and Holder Fundings by the Holders) to the Lessor on a specified date to pay Property Acquisition Costs and other expenses pursuant to Section 5.3(b) of the Participation Agreement.

"Acquisition Loan" shall mean any Loan made in connection with and as part of an Acquisition Funding.

"Administrative Agent" or "Agent" shall mean, collectively, (a) NationsBank, together with its Affiliates, as the administrative agent for the Lenders under this Agreement and the other Operative Agreements and any successor Administrative Agent who may be appointed pursuant to Section 7.9 of the Credit Agreement, and (b) NationsBank, together with its affiliates, as agent and collateral agent for itself, the Lenders and the Holders under the Security Documents.

"Affiliate" shall mean, with respect to any Person, any Person or group acting in concert in respect of the Person in question that, directly or indirectly, controls or is controlled by or is under common control with such Person. For the purposes of this definition, "control (including, with correlative meanings, the terms "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of a Person, whether through the ownership of voting securities or by contract or otherwise.

"After Tax Basis" shall mean, with respect to any payment to be received, the amount of such payment increased so that, after deduction of the amount of all taxes required to be paid by the recipient calculated at the rate believed by such recipient to be the highest marginal rate then applicable to the recipient (less any tax savings realized as a result of the payment of the

indemnified amount) with respect to the receipt by the recipient of such amounts, such increased payment (as so reduced) is equal to the payment otherwise required to be made.

"Agency Agreement" shall mean the Amended and Restated Agency Agreement, dated as of the Initial Closing Date, between the Construction Agent and the Lessor, as such agreement may be amended, modified, restated or supplemented from time to time in accordance with the terms thereof.

"Agency Agreement Event of Default" shall mean an "Event of Default" as defined in Section 5.1 of the Agency Agreement.

"Allocated Interest" with respect to any Construction Period Property shall mean as of any Scheduled Interest Payment Date, the amount of interest due and payable on such date with respect to a portion of the Loans (which portion shall be designated by the Borrower by written notice (an "Allocation Notice") to the Administrative Agent) having an aggregate principal amount equal to the Loan Property Cost of such Property as of such date.

"Allocated Return" with respect to any Construction Period Property shall mean, as of any Scheduled Interest Payment Date, the amount of Holder Yield due and payable on such date with respect to a portion of the Holder Fundings (which portion shall be designated by the Owner Trustee by written notice to the Holders) having an aggregate stated amount equal to the Holder Property Cost of such Property as of such date.

"Allocation Notice" shall have the meaning given to such term in the definition of "Allocated Interest."

"Amendment Closing Date" shall mean December 18, 1997.

"Ancillary Property" shall mean the Louisiana Property or the Broward Property.

"Applicable Margin" shall mean, for each Eurodollar Loan, that percent per annum set forth below, which shall be based upon the Consolidated Fixed Charge Coverage Ratio and the Consolidated Leverage Ratio for the Four-Quarter Period most recently ended as specified below:

		Applicable Margin	
		Consolidated Fixed Charge Coverage Ratio greater than or equal to 1.5 to 1.0 and less than 2.0 to 1.0	Consolidated Fixed Charge Coverage Ratio greater than or equal to 2.0 to 1.0
Tier	Consolidated Leverage Ratio		

I	Greater than 5.0 to 1.0	2.50%	2.25%
II	Greater than 4.0 to 1.0 and less than or equal to 5.0 to 1.0	2.25%	2.00%
III	Greater than 3.0 to 1.0 and less than or equal to 4.0 to 1.0	2.00%	1.75%
IV	Less than or equal to 3.0 to 1.0	1.75%	1.50%

The Applicable Margin shall be established at the end of each Fiscal Quarter of Wackenhut Corrections (each, a "Determination Date"). Any change in the Applicable Margin following each Determination Date shall be determined based upon the computations set forth in the certificate furnished to the Agent pursuant to Section 8.1(a)(ii) and Section 8.1(b)(ii) of the Existing Wackenhut Corrections Credit Agreement (as incorporated by reference into Section 28.1 of the Lease), subject to review and approval of such computations by the Agent, and shall be effective commencing on the date following the date such certificate is received (or, if earlier, the date such certificate was required to be delivered) until the date following the date on which a new certificate is delivered or is required to be delivered, whichever shall first occur; provided however, if Wackenhut Corrections shall fail to deliver any such certificate within five (5) days after the time period required by such Section 8.1, then the Applicable Margin shall be Tier I and as if the Consolidated Fixed Charge Coverage Ratio is less than 2.0 to 1.0 from the date such certificate was required to be delivered until the appropriate certificate is so delivered. The foregoing notwithstanding, from the Amendment Closing Date to the date following the date on which the compliance certificate required by such Section 8.1(b)(ii) is delivered for the fourth (4th) quarter of Fiscal Year 1997, the Applicable Margin shall be 1.75%.

"Applicable Unused Fee Rate" shall mean that percent per annum set forth below, which shall be based upon the Consolidated Fixed Charge Coverage Ratio and the Consolidated Leverage Ratio for the Four-Quarter Period most recently ended as specified below:

Applicable Unused Fee Rate

Tier	Consolidated Leverage Ratio	Consolidated Fixed Charge Coverage Ratio greater than or equal to 1.5 to 1.0 and less than 2.0 to 1.0	Consolidated Fixed Charge Coverage Ratio greater than or equal to 2.0 to 1.0
I	Greater than 5.0 to 1.0	.50%	.50%
II	Greater than 4.0 to 1.0 and less than or equal to 5.0 to 1.0	.50%	.50%
III	Greater than 3.0 to 1.0 and less than or equal to 4.0 to 1.0	.50%	.375%
IV	Less than or equal to 3.0 to 1.0	.375%	.375%

The Applicable Unused Fee Rate shall be established at the end of each Fiscal Quarter of Wackenhut Corrections (the "Determination Date"). Any change in the Applicable Unused Fee Rate following each Determination Date shall be determined based upon the computations set forth in the certificate furnished to the Agent pursuant to Section 8.1(a)(ii) and Section 8.1(b)(ii) of the Existing Wackenhut Corrections Credit Agreement (as incorporated by reference into Section 28.1 of the Lease), subject to review and approval of such computations by the Agent, and shall be effective commencing on the date following the date such certificate is received (or, if earlier, the date such certificate was required to be delivered) until the date following the date on which a new certificate is delivered or is required to be delivered, whichever shall first occur; provided however, if Wackenhut Corrections shall fail to deliver any such certificate within five (5) days after the time period required by such Section 8.1, then the Applicable Unused Fee Rate shall be Tier I and as if the Consolidated Fixed Charge Coverage Ratio is less than 2.0 to 1.0 from the date such certificate was required to be delivered until the appropriate certificate is so delivered. The foregoing notwithstanding, from the Amendment Closing Date, the date following the date on which the compliance certificate required by such Section 8.1(b)(ii) is delivered for the fourth (4th) quarter of Fiscal Year 1997, the Applicable Unused Fee Rate shall be .375%.

"Applicable Property Construction Termination Date" shall mean, with respect to any Property, the date that is two (2) years after the Property Closing Date for such Property.

"Appraisal" shall mean, with respect to any Property an appraisal to be delivered in connection with Section 5.3 of the Participation Agreement or in accordance with the terms of Section 10.1(e) of the Lease, in each case prepared by a reputable appraiser reasonably acceptable to the Agent, which in the judgment of counsel to the Agent, complies with all of the provisions of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, the rules and regulations adopted pursuant thereto, and all other applicable Legal Requirements.

"Appraisal Procedure" shall have the meaning given such term in Section 22.4 of the Lease.

"Approved State" shall mean any state in the United States.

"Appurtenant Rights" shall mean (i) all agreements, easements, rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments and other rights and benefits at any time belonging or pertaining to the Land underlying any Improvements, or the Improvements, including, without limitation, the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to the Land and (ii) all permits, licenses and rights, whether or not of record, appurtenant to such Land.

"Assignment and Acceptance" shall mean the Assignment and Acceptance in the form attached as Exhibit C to the Credit Agreement.

"Assignment of Project Rights" shall mean the Assignment of Project Rights and Contract Documents dated as of the Initial Closing Date, between the Owner Trustee and the Agent, as such agreement may be amended, modified, restated or supplemented from time to time in accordance with the terms thereof.

"Available Commitment" shall mean, as to any Lender at any time, an amount equal to the excess, if any, of (a) the amount of such Lender's Commitment over (b) the aggregate principal amount of all Loans made by such Lender.

"Available Holder Commitments" shall mean an amount equal to the excess, if any, of (i) the amount of the Holder Commitments over (ii) the aggregate amount of the Holder Fundings made since the Initial Closing Date.

"Bankruptcy Code" shall mean Title 11 of the U.S. Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto;

"Base Rate" shall have the meaning given such term in the Existing Wackenhut Corrections Credit Agreement.

"Base Rate Funding" shall mean a Funding that bears interest (with respect to the Loans included therein) and Holder Yield (with respect to the Holder Fundings included therein) based on the Base Rate.

"Base Rate Holder Funding" shall mean a Holder Funding bearing a Holder Yield based on the Base Rate.

"Base Rate Loans" shall mean Loans the rate of interest applicable to which is based upon the Base Rate.

"Basic Rent" shall mean, the sum of (i) the Loan Basic Rent and (ii) the Lessor Basic Rent, calculated as of the applicable date on which Basic Rent is due.

"Basic Rent Commencement Date" shall have the meaning set forth in Section 3.1(a)(ii) of the Lease.

"Basic Term" shall mean with respect to any Property, the period beginning on the commencement of the Term and ending on December 18, 2002.

"Basic Term Commencement Date" or "Term Commencement Date" shall have the meaning specified in Section 2.2 of the Lease.

"Basic Term Expiration Date" shall have the meaning specified in Section 2.2 of the Lease.

"Bill of Sale" shall mean a Bill of Sale regarding Equipment in form and substance satisfactory to the Owner Trustee, the Holders and the Agent.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrowing Date" shall mean any Business Day specified in a notice delivered pursuant to Section 2.3 of the Credit Agreement as a date on which the Borrower requests the Lenders to make Loans hereunder.

"Bridge Debt" shall mean indebtedness in the outstanding principal amount of not more than \$11,700,930.37 on the Initial Closing Date, and (after giving effect to a required payment on June 20, 1997) not more than \$4,959,243.37 from and after June 20, 1997, owed by the Owner Trustee to NationsBank pursuant to the Bridge Loan Documents.

"Bridge Loan Documents" shall mean, collectively, (a) the Promissory Note dated as of March 14, 1997 by the Owner Trustee in favor of NationsBank, in the original principal amount of \$10,000,000, (b) the Guaranty Agreement dated as of March 14, 1997 by Wackenhut Corrections Corporation, (c) the Indemnification Agreement dated as of March 14, 1997 by and among Owner Trustee and NationsBank, National Association, and (d) the Trust Agreement, as each of the foregoing agreements or instruments may be amended, modified, supplemented or restated from time to time (including without limitation by the Consolidated Amendment No. 1 to Note and Other Agreements dated as of the Initial Closing Date, among the Owner Trustee, NationsBank and Wackenhut); and any other agreements, instruments and documents heretofore

or hereafter executed or delivered in connection with any of the foregoing or the transactions contemplated thereby.

"Bridge Loan Event of Default" shall mean an "Event of Default" as defined in the Bridge Loan Documents.

"Broward Property" shall mean the property in Broward County, Florida, currently owned by the Owner Trustee, which was acquired using proceeds of loans under the Bridge Loan Documents.

"Budgeted Total Loan Property Cost" shall mean, at any date of determination, with respect to any Construction Period Property, an amount equal to the aggregate amount which the Construction Agent in good faith expects to be expended in order to achieve Completion with respect to such Property (including amounts expected to be expended to pay Allocated Interest and Allocated Return with respect to such Property).

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Charlotte, North Carolina are authorized or required by law to close; provided, however, that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Casualty" shall mean any damage or destruction of all or any portion of a Property as a result of a fire or other casualty.

"Category" with respect to any Commitment or Loan shall mean a Commitment or Loan with respect to Series A Loans or Series B Loans, as the case may be.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section Section 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986.

"Certificate" shall mean a Certificate in favor of each Holder evidencing the Holder Fundings made by such Holder and issued pursuant to the Trust Agreement.

"Change of Control" shall mean (a) in the case of the Incorporated Covenants, a "Change of Control" as defined in the Existing Wackenhut Corrections Credit Agreement (together with any modifications or amendments thereto, or covenants of a New Facility, in each case approved in accordance with Section 28.1(a) of the Lease); and (b) in the case of a Wackenhut Corrections Credit Agreement Event of Default, a "Change of Control" as defined in the Existing Wackenhut Corrections Credit Agreement (as amended, modified or restated heretofore or hereafter) or any New Facility.

"Claims" shall mean any and all obligations, liabilities, losses, actions, suits, penalties, claims, demands, costs and expenses (including, without limitation, reasonable attorney's fees and expenses) of any nature whatsoever.

"Closing Date" shall mean the Initial Closing Date, the Amendment Closing Date and each Property Closing Date.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto.

"Collateral" shall mean all assets of the Lessor or the Lessee, now owned or hereafter acquired, upon which a lien is purported to be created by the Security Documents.

"Commitment" shall mean, as to any Lender, the obligation of such Lender to make Series A Loans or Series B Loans, as the case may be, to the Borrower hereunder in an aggregate principal amount at any one time outstanding not to exceed the respective amounts for such Category set forth opposite such Lender's name on Schedule 1.2 of the Credit Agreement, as such amounts may be reduced or increased from time to time in accordance with the provisions of this Agreement, the Credit Agreement or the Lease.

"Commitment Percentage" shall mean, as to any Lender at any time, the percentage which such Lender's Commitment with respect to a Category of Loans then constitutes of the aggregate Commitments of all Lenders with respect to the same Category (or, at any time after the Commitments of any such Category shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Loans of such Category then outstanding constitutes of the aggregate principal amount of all of the Loans of such Category then outstanding).

"Commitment Period" shall mean the period from the Initial Closing Date to and including the Construction Period Termination Date, or such earlier date as the Commitments shall terminate as provided in the Credit Agreement.

"Completed Property" shall mean a Property for which Completion has occurred or will occur on the date of determination or on the respective Property Closing Date.

"Completion" shall mean, with respect to a Property, such time as final completion of the Improvements on such Property has been achieved in accordance with the Plans and Specifications (excluding punch list items), the Agency Agreement and the Lease, and in compliance with all material Legal Requirements and Insurance Requirements, a certificate of occupancy has been issued with respect to such Property by the appropriate Governmental Authority, and no additional Fundings are needed for such Property. If the Lessor purchases a Property that includes existing Improvements that are to be immediately occupied by the Lessee, the date of Completion for such Property shall be the Property Closing Date.

"Completion Date" shall mean, with respect to a Property, the earlier of (i) the date on which Completion for such Property has occurred, (ii) the Applicable Property Construction

Termination Date for such Property and (iii) the Construction Period Termination Date. The foregoing notwithstanding, for the purposes of Section 2.6(b), 3.2(a)(x), 3.3(b) or 5.1(b) of the Agency Agreement, "Completion Date" shall mean, with respect to a Property, the date on which Completion for such Property has occurred.

"Condemnation" shall mean any taking or sale of the use, access, occupancy, easement rights or title to any Property or any part thereof, wholly or partially (temporarily or permanently), by or on account of: (a) any actual or threatened eminent domain proceeding or other taking of action by any Person having the power of eminent domain, including any action by a Governmental Authority to change the grade of, or widen the streets adjacent to, any Property or alter the pedestrian or vehicular traffic flow to any Property so as to result in a change in access to such Property, or (b) an eviction by paramount title or any transfer made in lieu of any such proceeding or action.

"Consolidated Fixed Charge Coverage Ratio" shall have the meaning assigned thereto in the Existing Wackenhut Corrections Credit Agreement.

"Consolidated Leverage Ratio" shall mean the Annualized Consolidated Senior Leverage Ratio, as defined in the Existing Wackenhut Corrections Credit Agreement.

"Construction Agent" shall mean Wackenhut Corrections, as construction agent under the Agency Agreement.

"Construction Budget" shall mean, with respect to any Property, the cost of constructing and developing any Improvements on such Property as determined by the Construction Agent in its reasonable, good faith judgment.

"Construction Commencement Date" shall mean, with respect to Improvements, the date on which construction of such Improvements commences pursuant to the Agency Agreement.

"Construction Funding" shall mean an advance of funds (consisting of Loans by the Lenders and Holder Fundings by the Holders) on a specified date to pay Property Costs pursuant to Section 5.4 or 5.5 of the Participation Agreement.

"Construction Loan" shall mean any Loan made in connection with and as part of a Construction Funding .

"Construction Loan Property Cost" shall mean, with respect to each Construction Period Property at any date of determination, an amount equal to (a) the aggregate principal amount of Construction Loans and Interest Payment Loans made on or prior to such date with respect to such Property minus (b) the aggregate principal amount of prepayments or repayments, as the case may be, of the Loans allocated to reduce the Construction Loan Property Cost of such Property pursuant to Section 2.6(c) of the Credit Agreement.

"Construction Period" shall mean, with respect to a Property, the period commencing on the Construction Commencement Date for such Property and ending on the Completion Date for such Property.

"Construction Period Property" shall mean, at any date of determination, any Property as to which the Basic Rent Commencement Date has not occurred on or prior to such date.

"Construction Period Termination Date" shall mean the earlier of (i) the date that the Commitments have been terminated in their entirety in accordance with the terms of Section 2.5(a) of the Credit Agreement, or (ii) December 18, 2001.

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Controlled Affiliate" shall mean (a) any Subsidiary of Wackenhut Corrections or (b) any corporation in which Wackenhut Corrections or any Subsidiary of Wackenhut Corrections has the power to elect directors having more than 50% voting control of such corporation.

"Co-Owner Trustee" shall have the meaning specified in Section 9.2 of the Trust Agreement.

"Credit Agreement" shall mean the Amended and Restated Credit Agreement, dated as of the Initial Closing Date, among the Lessor, the Agent, and the Lenders, as specified therein, as such agreement may be amended, modified, restated or supplemented from time to time in accordance with the terms thereof.

"Credit Agreement Default" shall mean any event or condition which, with the lapse of time or the giving of notice, or both, would constitute a Credit Agreement Event of Default.

"Credit Agreement Event of Default" shall mean any event or condition defined as an "Event of Default" in Section 6 of the Credit Agreement.

"Credit Documents" shall mean the Credit Agreement, the Notes, and the Security Documents.

"Deed" shall mean a warranty deed regarding Land or Improvements in form and substance satisfactory to the Owner Trustee, the Holders and the Agent.

"Default" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Dollars" and "\$" shall mean dollars in lawful currency of the United States of America.

"Election Notice" shall have the meaning given to such term in Section 20.1 of the Lease.

"Environmental Claim" shall mean any investigation, notice, violation, demand, allegation, action, suit, injunction, judgment, order, consent decree, penalty, fine, lien, proceeding, or claim (whether administrative, judicial, or private in nature) arising (a) pursuant to, or in connection with, any actual or alleged violation of, any Environmental Law, (b) in connection with any Hazardous Substance, (c) from any abatement, removal, remedial, corrective, or other response action in connection with a Hazardous Material, Environmental Law, or other order of a Governmental Authority or (d) from any actual or alleged damage, injury, threat, or harm to health, safety, natural resources, or the environment.

"Environmental Law" shall mean any Law, permit, consent, approval, license, award, or other authorization or requirement of any Governmental Authority relating to emissions, discharges, releases, threatened releases of any Hazardous Substance into ambient air, surface water, ground water, publicly owned treatment works, septic system, or land, or otherwise relating to the handling, storage, treatment, generation, use, emission or disposal of any Hazardous Substance or pollution or to the protection of health or the environment, including without limitation CERCLA, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., and state or local statutes analogous thereto.

"Environmental Violation" shall mean any activity, occurrence or condition that violates or threatens to violate (if the threat requires remediation under any Environmental Law and is not remediated during any grace period allowed under such Environmental Law) or results in or threatens (if the threat requires remediation under any Environmental Law and is not remediated during any grace period allowed under such Environmental Law) to result in noncompliance with any Environmental Law.

"Equipment" shall mean equipment, apparatus, furnishings, fittings and personal property of every kind and nature whatsoever purchased, leased or otherwise acquired using the proceeds of the Loans or the Holder Fundings by the Construction Agent, the Lessee or the Lessor as specified or described in either a Requisition or a Lease Supplement, whether or not now or subsequently attached to, contained in or used or usable in any way in connection with any operation of any Improvements or other improvements to real property, including without limitation, all equipment described in the Appraisal, all heating, electrical, and mechanical equipment, lighting, switchboards, plumbing, ventilation, air conditioning and air-cooling apparatus, refrigerating, and incinerating equipment, escalators, elevators, loading and unloading equipment and systems, sprinkler systems and other fire prevention and extinguishing apparatus and materials, security systems, motors, engines, machinery, pipes, pumps, tanks, conduits, fittings and fixtures of every kind and description.

"Equipment Schedule" shall mean (a) each Equipment Schedule attached to the applicable Requisition and (b) each Equipment Schedule attached to the applicable Lease Supplement as Schedule I-A.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean each entity required to be aggregated with the Lessee pursuant to the requirements of Section 414(b) or (c) of the Code.

"Eurodollar Reserve Percentage" shall have the meaning specified in the Existing Wackenhut Corrections Credit Agreement.

"Eurodollar Funding" shall mean a Funding that bears interest (with respect to the Loans included therein) and Holder Yield (with respect to the Holder Fundings included therein) based on the Eurodollar Rate.

"Eurodollar Holder Funding" shall mean a Holder Funding bearing a Holder Yield based on the Eurodollar Rate.

"Eurodollar Loans" shall mean Loans the rate of interest applicable to which is based upon the Eurodollar Reserve Rate.

"Eurodollar Rate" or "Eurodollar Reserve Rate" shall mean for the Interest Period for any Eurodollar Loan or Eurodollar Holder Funding comprising part of the same borrowing or advance (including conversions, extensions and renewals), a per annum rate calculated according to the following formula:

$$\frac{\text{Interbank Offered Rate}}{1 - \text{Eurodollar Reserve Percentage}}$$

"Event of Default" shall mean a Lease Event of Default, a Guaranty Event of Default, an Agency Agreement Event of Default or a Credit Agreement Event of Default.

"Excepted Payments" shall mean:

(a) all indemnity payments (including indemnity payments made pursuant to Section 13 of the Participation Agreement), whether made by adjustment to Basic Rent or otherwise, to which the Owner Trustee, any Holder or any of their respective Affiliates, agents, officers, directors or employees is entitled;

(b) any amounts (other than Basic Rent, Termination Value, or Purchase Option Price) payable under any Operative Agreement to reimburse the Owner Trustee, any Holder or any of their respective Affiliates for performing or complying with any of the obligations of the Lessee under and as permitted by any Operative Agreement (including without limitation any

reimbursement of the reasonable expenses of the Owner Trustee, the Trust Company and the Holders incurred in connection with any such payment);

(c) any amount payable to a Holder by any transferee of such interest of a Holder as the purchase price of such Holder's interest in the Trust Estate (or portion thereof);

(d) any insurance proceeds (or payments with respect to risks self-insured or policy deductibles) under liability policies other than such proceeds or payments payable to the Agent or any Lender;

(e) any insurance proceeds under policies maintained by the Owner Trustee or any Holder other than such proceeds payable to the Agent or any Lender;

(f) Transaction Expenses or other amounts or expenses paid or payable to or for the benefit of the Owner Trustee or any Holder;

(g) all right, title and interest of any Holder or the Owner Trustee to any Property or any portion thereof or any other property to the extent any of the foregoing has been released from the Liens of the Security Documents and the Lease pursuant to the terms thereof;

(h) upon termination of the Credit Agreement pursuant to the terms thereof, all remaining property covered by the Lease or Security Documents;

(i) all payments in respect of the Holder Yield;

(j) any payments in respect of interest to the extent attributable to payments referred to in clauses (a) through (i) above; and

(k) any rights of either the Owner Trustee or Trust Company to demand, collect, sue for or otherwise receive and enforce payment of any of the foregoing amounts, provided that such rights shall not include the right to terminate the Lease.

"Excepted Rights" shall mean the rights retained by the Owner Trustee pursuant to Section 8.2(a) of the Credit Agreement.

"Excess Proceeds" shall mean the excess, if any, of the aggregate of all awards, compensation or insurance proceeds payable in connection with a Casualty or Condemnation over the Termination Value paid by the Lessee pursuant to the Lease with respect to such Casualty or Condemnation.

"Existing Credit Agent" shall mean the "Agent" as defined in the Existing Wackenhut Corrections Credit Agreement.

"Existing Wackenhut Corrections Credit Agreement" shall have the meaning specified in Section 28.1 of the Lease.

"Expected Maximum Property Cost" at any time shall mean the sum of (a) the then outstanding aggregate Property Cost of all Properties (whether or not subject to the Lease), plus (b) the maximum total additional Property Cost expected to be advanced or incurred, on such date or at any time thereafter, with respect to any Properties (including without limitation any expected Acquisition Funding, Contribution Funding or other expected Property Costs, and including without limitation any expected Property Cost referred to in a Construction Budget).

"Expiration Date" shall mean the Basic Term Expiration Date or the last day of any Extended Term, if applicable.

"Expiration Date Purchase Option" shall mean the Lessee's option to purchase all (but not less than all) of the Properties on the Expiration Date.

"Extended Term" shall mean the extension of the Basic Term (or a previous Extended Term) for a period of one year following the end of the Basic Term (or such previous Extended Term) with respect to which Lessee has exercised its Renewal Option pursuant to Section 21.1 of the Lease.

"Facility" shall mean a facility used for the treatment, storage or disposal of Hazardous Substances.

"Fair Market Sales Value" shall mean, with respect to any Property, the amount, which in any event, shall not be less than zero, that would be paid in cash in an arms-length transaction between an informed and willing purchaser and an informed and willing seller, neither of whom is under any compulsion to purchase or sell, respectively, such Property. Fair Market Sales Value of any Property shall be determined based on the assumption that, except for purposes of Section 17 of the Lease, such Property is in the condition and state of repair required under Section 10.1 of the Lease and the Lessee is in compliance with the other requirements of the Operative Agreements.

"Federal Funds Effective Rate" shall have the meaning given to such term in the Existing Wackenhut Corrections Credit Agreement.

"Fee Letter" shall mean that certain letter agreement dated November 12, 1997, between Wackenhut Corrections and NMSI.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of approximately twelve consecutive calendar months ending on the Sunday nearest to December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g., the "1996 Fiscal Year") refer to the Fiscal Year ending on the Sunday nearest to December 31 of such calendar year (which Sunday may occur in such calendar year or the following calendar year.)

"Fixtures" shall mean all fixtures relating to the Improvements, including all components thereof, located in or on the Improvements, together with all replacements, modifications, alterations and additions thereto.

"Force Majeure Event" shall mean any event beyond the control of the Construction Agent, other than a Casualty or Condemnation, including, but not limited to, strikes, lockouts, adverse soil conditions, acts of God, adverse weather conditions, inability to obtain labor or materials, governmental activities, civil commotion and enemy action; but excluding any event, cause or condition that results from the Construction Agent's financial condition.

"Four-Quarter Period" shall have the meaning given to such term in the Existing Wackenhut Corrections Credit Agreement.

"Funding" shall mean a Construction Funding or an Acquisition Funding.

"GAAP" shall mean "Generally Accepted Accounting Principles" as defined in the Existing Wackenhut Corrections Credit Agreement.

"Governmental Action" shall mean all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, written interpretations, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Legal Requirement, and shall include, without limitation, all environmental and operating permits and licenses that are required for the full use, occupancy, zoning and operation of any Property.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including without limitation any court or governmental body, agency, department, commission, board, bureau or instrumentality of a governmental body.

"Ground Lease" shall mean (a) a ground lease (in form and substance satisfactory to the Agent and the Lessor) with respect to any Property owned by the Lessee and leased to the Lessor where such lease has a ninety-nine year term and payments set at \$1.00 per year, or (b) a ground lease or ground sub-lease of any Property by any Person to the Lessor, where such lease or sub-lease (as well as any other lease or sub-lease with respect to such Property) is in form and substance, and contains such terms and conditions, as are satisfactory in all respects to the Agent and the Lessor.

"Guarantor" shall mean Wackenhut Corrections.

"Guaranty Agreement" or "Guaranty" shall mean, collectively, (a) the Guaranty Agreement (Series A Obligations) dated as of the Initial Closing Date between the Guarantor and the Agent, and (b) the Guaranty Agreement dated as of the Initial Closing Date by Wackenhut

Corrections to the Lessor, as each such agreement may be amended, supplemented, restated or modified from time to time in accordance with the terms thereof.

"Guaranty Event of Default" shall mean any default by the Guarantor of any of its covenants, agreements or obligations contained under the Guaranty Agreement.

"Hazardous Substance" shall mean any of the following: (i) any petroleum or petroleum product, explosives, radioactive material, asbestos, formaldehyde, polychlorinated biphenyls, lead and radon gas; (ii) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste, or pollutant, in each case whether naturally occurring, man-made or the by-product of any process, that is toxic, harmful or hazardous to the environment or human health or safety as determined in accordance with any Environmental Law; or (iii) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste or pollutant that would support the assertion of any claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law.

"Hedging Obligations" shall mean, with respect to any Person, all liabilities of such Person under interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"Holder Amount" shall mean as of any date, the aggregate amount of Holder Fundings made by each Holder to the Trust Estate pursuant to Section 2 of the Participation Agreement or Section 3.1 of the Trust Agreement less any payments of any Holder Fundings received by the Holders pursuant to Section 3.4 of the Trust Agreement.

"Holder Applicable Margin" shall mean a rate per annum equal to the Applicable Margin plus one and one-fourth percent (1.25%).

"Holder Commitment" shall mean, as to any Holder, the obligation of such Holder to make Holder Fundings to the Lessor in an aggregate principal amount at any time outstanding not to exceed the respective amount set forth opposite such Holder's name on Schedule 1, as such amounts may be increased or reduced from time to time in accordance with the provisions of this Agreement, the Trust Agreement or the Lease.

"Holder Commitments" shall mean the aggregate of all Holder Commitments.

"Holder Construction Property Cost" shall mean, with respect to any Construction Period Property at any date of determination, an amount equal to (a) the outstanding Holder Fundings made on or prior to such date in connection with and as part of any Construction Funding for such Property, plus (b) the outstanding Holder Fundings made on or prior to such date to fund the payment of Allocated Holder Return with respect to such Property, minus (c) the aggregate principal amount of prepayments or repayments, as the case may be, of Holder Fundings described in clause (a) or clause (b).

"Holder Funding" shall mean any Funding made by any Holder to the Owner Trustee pursuant to the terms of the Trust Agreement or the Participation Agreement.

"Holder Overdue Rate" shall mean the rate specified in Section 3.13 of the Trust Agreement.

"Holder Property Cost" shall mean with respect to a Property an amount equal to the outstanding Holder Fundings with respect thereto (including Holder Fundings with respect to Allocated Return allocated to such Property).

"Holder Unused Fee" shall mean, at any time, the product of (a) the Applicable Unused Fee Rate, multiplied by (b) the average daily amount by which (i) the aggregate Holder Commitments of the Holders (under the Operative Agreements) exceeds (ii) the aggregate outstanding principal amount of Holder Fundings.

"Holder Yield" shall mean with respect to Holder Fundings from time to time either the Eurodollar Reserve Rate plus the Holder Applicable Margin, or the Base Rate plus one percent (1.00%) per annum, as elected by the Owner Trustee from time to time with respect to such Holder Fundings in accordance with the terms of the Trust Agreement; provided, however, that (i) upon delivery of the notice described in Section 3.7(c) of the Trust Agreement, the outstanding Holder Fundings of each Holder shall bear a yield at the Base Rate plus one percent (1.00%) applicable from time to time from and after the dates and during the periods specified in Section 3.7(c) of the Trust Agreement, and (ii) upon the delivery by a Holder of the notice described in Section 3.9(d) of the Trust Agreement or as otherwise set forth in Section 3.8 of the Trust Agreement, the Holder Fundings of such Holder shall bear a yield at the Base Rate plus one percent (1.00%) applicable from time to time after the dates and during the periods specified in Section 3.9(d) or 3.8 (as the case may be) of the Trust Agreement.

"Holders" shall mean the several banks and other financial institutions which are from time to time holders of Certificates in connection with the Wackenhut Corrections Trust 1997-1.

"Impositions" shall mean, except to the extent described in the following sentence, any and all liabilities, losses, expenses, costs, charges and Liens of any kind whatsoever for fees, taxes, levies, imposts, duties, charges, assessments or withholdings ("Taxes") including without limitation (i) any real and personal property taxes, including personal property taxes on any property covered by the Lease that is classified by Governmental Authorities as personal property, frontage taxes and real estate or ad valorem taxes in the nature of property taxes; (ii) any sales taxes, use taxes and other similar taxes (including rent taxes and intangibles taxes); (iii) any excise taxes; (iv) any real estate transfer taxes, conveyance taxes, mortgage taxes, stamp taxes and documentary recording taxes and fees; (v) any taxes that are or are in the nature of franchise, income, value added, privilege and doing business taxes, license and registration fees; (vi) any assessments on any Property, including all assessments for public Improvements or benefits, whether or not such improvements are commenced or completed within the Term; and (vii) any tax, Lien, assessment or charge asserted, imposed or assessed by the PBGC or any governmental authority succeeding to or performing functions similar to, the PBGC; and in each

case all interest, additions to tax and penalties thereon, which at any time prior to, during or with respect to the Term or in respect of any period for which the Lessee shall be obligated to pay Supplemental Rent, may be levied, assessed or imposed by any Governmental Authority upon or with respect to (a) any Property or any part thereof or interest therein; (b) the leasing, financing, refinancing, demolition, construction, substitution, subleasing, assignment, control, condition, occupancy, servicing, maintenance, repair, ownership, possession, activity conducted on, delivery, insuring, use, operation, improvement, transfer of title, return or other disposition of any Property or any part thereof or interest therein; (c) the Certificates or the Notes or other indebtedness with respect to any Property or any part thereof or interest therein; (d) the rentals, receipts or earnings arising from any Property or any part thereof or interest therein; (e) the Operative Agreements, the performance thereof, or any payment made or accrued pursuant thereto; (f) the income or other proceeds received with respect to any Property or any part thereof or interest therein upon the sale or disposition thereof; (g) any contract (including the Agency Agreement) relating to the construction, acquisition or delivery of the Improvements or any part thereof or interest therein; (h) the issuance of the Certificates or the Notes; or (i) otherwise in connection with the transactions contemplated by the Operative Agreements.

The term "Imposition" shall not mean or include:

(i) Taxes and impositions (other than Taxes that are, or are in the nature of, withholding, sales, use, rental, value added, transfer or property taxes) that are imposed on an Indemnified Person (other than Lessor) by the United States federal government or (in the case of a Person organized under the laws of a foreign country) by a Governmental Authority of such country, and that are in each case based on or measured by the net income (including taxes based on capital gains and minimum taxes or franchise taxes) of such Person; provided that this clause (i) shall not apply to (and shall not exclude) any Tax or imposition imposed with respect to a payment (including any Rent payment) except for (A) the portion of such payment constituting interest on a Loan or Holder Yield or (B) any such Tax or imposition to the extent it arises because an Indemnified Person has previously written off as uncollectible (and reduced the tax basis for) an Obligation which it has subsequently collected, and provided, further that this clause (i) shall not be interpreted to prevent a payment from being made on an After Tax Basis if such payment is otherwise required to be so made;

(ii) Taxes and impositions (other than Taxes that are, or are in the nature of, sales, use, rental, value added, transfer or property taxes) that are imposed on any Indemnified Person (other than Lessor) by any state or local jurisdiction or taxing authority within any state or local jurisdiction and that are based upon or measured by the net income or net receipts; provided that this clause (ii) shall not apply to (and shall not exclude) (A) any Tax or imposition imposed with respect to a payment (including any Rent payment) except for (I) the portion of such payment constituting interest on a Loan or Holder Yield or (II) any such Tax or imposition to the extent it arises because an Indemnified Person has previously written off (and reduced the tax basis for) an Obligation which it has subsequently collected, or (B) any Tax or imposition imposed on an Indemnified Person by any state or local jurisdiction if such Tax or imposition would not arise as to such

Person but for the location, possession or use of any Property in such jurisdiction; and provided, further, that this clause (ii) shall not be interpreted to prevent a payment from being made on an After Tax Basis if such payment is otherwise required to be so made;

(iii) any Tax or imposition to the extent, but only to such extent, it relates to any act, event or omission that occurs after the termination of the Lease and redelivery or sale of the property in accordance with the terms of the Lease (but not any Tax or imposition that relates to such termination, redelivery or sale or to any period prior to such termination, redelivery or sale); or

(iv) any Taxes which are imposed on an Indemnified Person as a result of the gross negligence or willful misconduct of such Indemnified Person itself (as opposed to any gross negligence or willful misconduct imputed to such Indemnified Person), but not Taxes imposed as a result of the ordinary negligence of such Person.

Any Tax or imposition excluded from the defined term "Imposition" by any one of the foregoing clauses (i) through (iv) shall not be construed as constituting an Imposition by any provision of any other of the aforementioned clauses.

"Improvements" shall mean, with respect to the construction, renovation or Modification of a Property, all buildings, structures, Fixtures, and other improvements of every kind existing at any time and from time to time on or under the Land purchased, leased or otherwise acquired using the proceeds of the Loans or the Holder Fundings, together with any and all appurtenances to such buildings, structures or improvements, including sidewalks, utility pipes, conduits and lines, parking areas and roadways, and including all Modifications and other additions to or changes in the Improvements at any time, including without limitation (a) any Improvements existing as of the Property Closing Date as such Improvements may be referenced on the applicable Requisition and (b) any Improvements made subsequent to such Property Closing Date.

"Incorporated Covenants" shall have the meaning specified in Section 28.1 of the Lease.

"Indebtedness" shall have the meaning assigned thereto in the Existing Wackenhut Corrections Credit Agreement.

"Indemnified Person" shall mean each of the Lessor, the Owner Trustee, in its individual and its trust capacity, the Agent, NMSI, the Holders, the Lenders and their respective successors, assigns, directors, shareholders, partners, officers, employees, agents and Affiliates.

"Indemnity Provider" shall mean, respecting each Property, the Construction Agent from the date of the Participation Agreement to and including the Basic Rent Commencement Date for such Property and the Lessee for the duration of the Term for such Property.

"Initial Closing Date" shall mean the date of the Participation Agreement.

"Initial Construction Funding" shall mean any initial Funding to pay for: (i) Property Costs for construction of any Improvements; and (ii) the Property Costs of restoring or repairing any Property which is required to be restored or repaired in accordance with Section 15.1(e) of the Lease.

"Insurance Requirements" shall mean (a) all terms and conditions of any insurance policy either required by the Lease to be maintained by the Lessee or required by the Agency Agreement to be maintained by the Construction Agent, and (b) all requirements of the issuer of any such policy.

"Interbank Offered Rate" shall mean for the Interest Period for any Eurodollar Loan or Eurodollar Holder Funding comprising part of the same borrowing or advance (including conversions, extensions and renewals), a per annum rate equal to the "Interbank Offered Rate" (as defined in the Existing Wackenhut Corrections Credit Agreement) having an identical Interest Period.

"Interest Payment Loan" shall mean any Loan made to fund the payment of Allocated Interest with respect to a Construction Period Property.

"Interest Period" shall mean, for each Eurodollar Loan and Eurodollar Holder Fundings for a specified Property (a) prior to the Completion Date for such Property, the period beginning on the date such Eurodollar Loan (and related Eurodollar Holder Funding) are extended, continued or converted pursuant to the terms of the Operative Agreements and ending one month later, and (b) during the period from and after the Completion Date for such Property, (i) initially, the period commencing on the conversion or continuation date, as the case may be, with respect to such Eurodollar Loan or Eurodollar Holder Funding and ending, in the case of any Eurodollar Loan or Eurodollar Holder Funding, one, two, three, six or nine months thereafter, as selected by the Borrower (in the case of a Eurodollar Loan) or the Owner Trustee (in the case of a Eurodollar Holder Funding) in its notice of borrowing, Funding, continuation or conversion, as the case may be, given with respect thereto; and (ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan or Eurodollar Holder Funding and ending one, two, three, six or nine months thereafter, as selected by the Borrower by irrevocable notice to Administrative Agent (in the case of a Eurodollar Loan) or by the Owner Trustee by irrevocable notice to the Holders (in the case of a Eurodollar Holder Funding) in each case not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; provided, however, that all of the foregoing provisions relating to Interest Periods are subject to the following: (A) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (B) no Interest Period shall extend beyond the Maturity Date, (C) where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last Business Day of such calendar month, (D) during the Commitment Period, there shall not be (on any day) more than two (2) Interest Periods in effect for all Eurodollar Loans and Eurodollar Holder Fundings, and (E) from and after all the Commitment

Period, on any day the sum of the (1) Interest Periods in effect under the Operative Agreements for all Eurodollar Loans and Eurodollar Holder Funding plus (2) all "Interest Periods" (as defined in the Existing Wackenhut Corrections Credit Agreement, as amended from time to time), shall not exceed twelve (12) in the aggregate.

"Investment Company Act" shall mean the Investment Company Act of 1940, as amended, together with the rules and regulations promulgated thereunder.

"IRS" shall mean the United States Internal Revenue Service, or any successor or analogous organization.

"Land" shall mean (a) a parcel or parcels of real property that is described on (i) the Requisition issued by the Construction Agent on the Property Closing Date relating to such parcel or (ii) Schedule I-C to each applicable Lease Supplement executed and delivered in accordance with the requirements of Section 2.4 of the Lease and, to the extent set forth in any such Requisition or Schedule, may include without limitation a leasehold interest (pursuant to a Ground Lease) in such Land, and (b) all Appurtenant Rights with respect to such Land.

"Law" shall mean any statute, law, ordinance, code, regulation, rule, directive, order, writ, injunction or decree of any Governmental Authority.

"Lease" or "Lease Agreement" shall mean the Amended and Restated Lease Agreement dated as of the Initial Closing Date, between the Lessor and the Lessee, together with any Lease Supplements thereto, as such Lease Agreement may from time to time be supplemented, amended, restated or modified in accordance with the terms thereof.

"Lease Default" shall mean any event or condition which, with the lapse of time or the giving of notice, or both, would constitute a Lease Event of Default.

"Lease Event of Default" shall have the meaning specified in Section 17.1 of the Lease.

"Lease Supplement" shall mean each Lease Supplement substantially in the form of Exhibit A to the Lease, together with all attachments and schedules thereto, as such Lease Supplement may be supplemented, amended, restated or modified from time to time.

"Legal Requirements" shall mean all foreign, Federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting the Owner Trustee, the Holders, the Agent, any Lender or any Improvements or the taxation, demolition, construction, use or alteration of such Improvements, whether now or hereafter enacted and in force, including without limitation any that require repairs, modifications or alterations in or to any Property or in any way limit the use and enjoyment thereof (including all building, zoning and fire codes and the Americans with Disabilities Act of 1990, 42 U.S.C. Section 12101 et seq., and any other similar Federal, state or local laws or ordinances and the regulations promulgated thereunder) and any that may relate to environmental requirements (including all Environmental Laws), and all permits, certificates of

occupancy, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments which are either of record or known to the Lessee affecting any Property or the Appurtenant Rights.

"Lender Financing Statements" shall mean UCC financing statements and fixture filings appropriately completed and executed for filing in the applicable jurisdiction in order to evidence or perfect the Agent's security interest (for itself and on behalf of the Lenders) in any Equipment or in any Improvements.

"Lenders" shall mean the several banks and other financial institutions from time to time party to the Credit Agreement.

"Lessee" shall have the meaning set forth in the Lease.

"Lessor" shall mean the Owner Trustee, not in its individual capacity, but as Lessor under the Lease.

"Lessor Basic Rent" shall mean the scheduled Holder Yield due on the Holder Fundings on any Scheduled Interest Payment Date pursuant to the Trust Agreement (but not including interest on (i) any such scheduled Holder Yield due on the Holder Fundings prior to the Basic Rent Commencement Date with respect to the Property to which such Holder Fundings relate or (ii) overdue amounts under the Trust Agreement or otherwise).

"Lessor Financing Statements" shall mean UCC financing statements and fixture filings appropriately completed and executed for filing in the applicable jurisdictions in order to evidence or perfect the Lessor's interest under the Lease to the extent the Lease is a security agreement or a mortgage.

"Lessor Lien" shall mean any Lien, true lease or sublease or disposition of title arising as a result of (a) any claim against the Lessor or Trust Company, in its individual capacity, not resulting from the transactions contemplated by the Operative Agreements, (b) any act or omission of the Lessor or Trust Company, in its individual capacity, which is not required by the Operative Agreements or is in violation of any of the terms of the Operative Agreements, (c) any claim against the Lessor or Trust Company, in its individual capacity, with respect to Taxes or Transaction Expenses against which the Lessee is not required to indemnify Lessor or Trust Company, in its individual capacity, pursuant to Section 13 of the Participation Agreement or (d) any claim against the Lessor or Trust Company, in its individual capacity, arising out of any transfer by the Lessor of all or any portion of the interest of the Lessor in the Properties, the Trust Estate or the Operative Agreements other than the transfer of title to or possession of any Properties by the Lessor pursuant to and in accordance with the Lease, the Credit Agreement, the Security Agreement or the Participation Agreement or pursuant to the exercise of the remedies set forth in Article XVII of the Lease.

"Lien" shall mean any mortgage, pledge, security interest, encumbrance, lien, option or charge of any kind.

"Limited Recourse Amount" shall mean, with respect to the Properties on an aggregate basis as of a specified date, an amount equal to the sum of the Termination Values with respect to all of the Properties on such date, less the Maximum Residual Guarantee Amount as of such date with respect to the Properties.

"Loan Basic Rent" shall mean the interest due on the Loans on any Scheduled Interest Payment Date pursuant to the Credit Agreement (but not including interest on (i) any such Loan prior to the Basic Rent Commencement Date with respect to the Property to which such Loan relates or (ii) any overdue amounts under Section 2.8(c) of the Credit Agreement or otherwise).

"Loan Property Cost" shall mean, with respect to each Property at any date of determination, an amount equal to (a) the aggregate principal amount of Acquisition Loans, Construction Loans and Interest Payment Loans made on or prior to such date with respect to such Property minus (b) the aggregate amount of prepayments or repayments as the case may be of the Loans allocated to reduce the Loan Property Cost of such Property pursuant to Section 2.6(c) of the Credit Agreement.

"Loans" shall mean, collectively, the Series A Loans and the Series B Loans.

"Louisiana Property" shall mean the property in Jena, Louisiana, currently owned by the Owner Trustee, which was acquired using proceeds of loans under the Bridge Loan Documents.

"Majority Lenders" shall mean at any time, Lenders whose Commitment Percentages represent at least 51% of the aggregate Commitments.

"Marketing Period" shall mean, if the Lessee has given an Election Notice in accordance with Section 20.1 of the Lease, the period commencing on the date such Sale Notice is given and ending on the applicable Expiration Date or Payment Date.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, condition (financial or otherwise) assets, liabilities or operations of Wackenhut Corrections or any of its Subsidiaries, (b) the ability of the Lessee or any Subsidiary to perform its respective obligations under any Operative Agreement to which it is a party, (c) the validity or enforceability of any Operative Agreement or the rights and remedies of the Agent, the Lenders, the Holders, or the Lessor thereunder, (d) the validity, priority or enforceability of any Lien on any Property created by any of the Operative Agreements, or (e) the value, utility or useful life of any Property or the use, or ability of the applicable Lessee to use, any Property for the purpose for which it was intended.

"Maturity Date" shall mean December 18, 2002, or such later date (not later than December 18, 2004) as may be consented to by the Agent, the Lenders and the Holders pursuant to Section 21.1 of the Lease, or such earlier date as the Lease may terminate.

"Maximum Property Cost" shall mean the aggregate amount of the Property Costs for all Properties subject to the Lease as of the applicable determination date.

"Maximum Residual Guarantee Amount" shall mean an amount equal to eighty-eight percent (88%) of the aggregate Property Cost for all of the Properties.

"Modifications" shall have the meaning specified in Section 11.1(a) of the Lease.

"Mortgage Instrument" shall mean any mortgage, deed of trust or any other instrument executed by the Owner Trustee in favor of the Agent and evidencing a Lien on a Property, in form and substance reasonably acceptable to the Agent.

"Multi-employer Plan" shall mean any plan described in Section 4001(a)(3) of ERISA to which contributions are or have been made or are required to be made by Wackenhut Corrections or any of its Subsidiaries or ERISA Affiliates.

"NationsBank" shall mean NationsBank, National Association, a national banking association.

"NMSI" means NationsBanc Montgomery Securities, Inc.

"Net Proceeds" shall mean all amounts paid in connection with any Casualty or Condemnation, and all interest earned thereon, less the expense of claiming and collecting such amounts, including all costs and expenses in connection therewith for which the Agent or Lessor is entitled to be reimbursed pursuant to the Lease.

"Net Sale Proceeds Shortfall" shall mean the amount by which the proceeds of a sale described in Section 22.1 of the Lease (net of all expenses of sale) are less than the Limited Recourse Amount with respect to the Properties if it has been determined that the Fair Market Sales Value of the Properties at the expiration of the term of the Lease has been impaired by greater than expected wear and tear during the Term of the Lease.

"New Facility" shall have the meaning specified in Section 28.1 of the Lease.

"Non-Excluded Taxes" shall have the meaning given to such term in Section 2.13 of the Credit Agreement.

"Notes" shall mean, collectively, the Series A Notes and the Series B Notes.

"Occupational Safety and Health Law" shall mean the Occupational Safety and Health Act of 1970 and any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating or relating to, or imposing liability or standards of conduct concerning, employee health or safety, as now or at any time hereafter in effect.

"Officer's Certificate" shall mean a certificate signed by any individual holding the office of vice president or higher, which certificate shall certify as true and correct the subject matter being certified to in such certificate.

"Operative Agreements" shall mean, collectively, the Participation Agreement, the Agency Agreement, the Trust Agreement, the Certificates, the Credit Agreement, the Notes, the Lease (and a memorandum thereof in a form reasonably acceptable to the Agent), each Lease Supplement (and a memorandum thereof in a form reasonably acceptable to the Agent), the Guaranty Agreement, the Security Agreement, the Assignment of Project Rights, and each Mortgage Instrument.

"Overdue Interest" shall mean any interest payable pursuant to Section 2.8(c) of the Credit Agreement.

"Overdue Rate" shall mean (i) with respect to Loan Basic Rent, and any other amount owed under or with respect to the Credit Agreement or the Security Documents, the rate specified in Section 2.8(c) of the Credit Agreement, (ii) with respect to Lessor Basic Rent, the Holder Yield and any other amount owed under or with respect to the Trust Agreement, the Holder Overdue Rate and (iii) with respect to any other amount, the Base Rate plus 2%.

"Owner Trustee" shall mean First Security Bank, National Association, not individually, except as expressly stated in the various Operative Agreements, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1, and any successor or replacement Owner Trustee expressly permitted under the Operative Agreements.

"Participant" shall have the meaning given to such term in Section 9.7 of the Credit Agreement.

"Participation Agreement" shall mean the Amended and Restated Participation Agreement dated as of the date hereof among the Construction Agent, the Lessee, the Owner Trustee, the Holders party thereto, the Lenders party thereto, and the Administrative Agent, as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"Payment Date" shall mean any Scheduled Interest Payment Date and any date on which interest or Holder Yield in connection with a prepayment of principal on the Loans or of the Holder Fundings is due under the Credit Agreement or the Trust Agreement.

"PBGC" shall mean the Pension Benefit Guaranty Corporation created by Section 4002(a) of ERISA or any successor thereto.

"Permitted Exceptions" shall mean:

(i) Liens of the types described in clauses (i), (ii) and (v) of the definition of Permitted Liens;

(ii) Liens for Taxes not yet due; and

(iii) all encumbrances, exceptions, restrictions, easements, rights of way, servitudes, encroachments and irregularities in title, other than Liens which, in the reasonable assessment of the Agent, materially impair the use of any Property for its intended purpose.

"Permitted Liens" shall mean:

(i) the respective rights and interests of the parties to the Operative Agreements as provided in the Operative Agreements;

(ii) the rights of any sublessee or assignee under a sublease or an assignment expressly permitted by the terms of the Lease;

(iii) Liens for Taxes that either are not yet due or are being contested in accordance with the provisions of Section 13.1 of the Lease;

(iv) Liens arising by operation of law, materialmen's, mechanics', workmen's, repairmen's, employees', carriers', warehousemen's and other like Liens relating to the construction of the Improvements or in connection with any Modifications or arising in the ordinary course of business for amounts that either are not more than 30 days past due or are being diligently contested in good faith by appropriate proceedings, so long as such proceedings satisfy the conditions for the continuation of proceedings to contest Taxes set forth in Section 13.1 of the Lease;

(v) Liens of any of the types referred to in clause (iv) above that have been bonded for not less than the full amount in dispute (or as to which other security arrangements satisfactory to the Lessor and the Agent have been made), which bonding (or arrangements) shall comply with applicable Legal Requirements, and shall have effectively stayed any execution or enforcement of such Liens;

(vi) Liens arising out of judgments or awards with respect to which appeals or other proceedings for review are being prosecuted in good faith and for the payment of which adequate reserves have been provided as required by GAAP or other appropriate provisions have been made, so long as such proceedings have the effect of staying the execution of such judgments or awards and satisfy the conditions for the continuation of proceedings to contest Taxes set forth in Section 13.1 of the Lease;

(vii) Liens in favor of municipalities to the extent agreed to by the Lessor and the Agent; and

(viii) Permitted Exceptions.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, limited liability partnership, governmental authority or any other entity.

"Plans and Specifications" shall mean, with respect to Improvements, the plans and specifications for such Improvements to be constructed or already existing, as such Plans and Specifications may be amended, modified or supplemented from time to time in accordance with the terms of the Participation Agreement.

"Prime Rate" shall have the meaning given to such term in the Existing Wackenhut Corrections Credit Agreement.

"Property" shall mean, with respect to each real property site that is acquired, constructed or renovated pursuant to the terms of the Operative Agreements, the Land and each item of Equipment and the various Improvements, in each case located on such Land. Each Property shall be suitable for, and used by Lessee (or a permitted sublessee) only for, correctional facilities. There shall not be more than 12 properties in the aggregate that are (or have at any time been) Properties (including without limitation any properties that were previously Properties subject to the Operative Agreements but have subsequently been repurchased by the Lessee, transferred to any other Person, or retained by the Lessor).

"Property Acquisition Cost" shall mean the cost to Lessor to purchase a Property on a Property Closing Date.

"Property Closing Date" shall mean each date on which the Lessor purchases a Property.

"Property Cost" shall mean with respect to a Property the aggregate amount of the Loan Property Cost plus the Holder Property Cost for such Property (as such amounts shall be increased equally among all Properties respecting the Holder Fundings and the Loans extended from time to time to pay for the Transaction Expenses, fees, expenses and other disbursements referenced in Sections 9.1(a) and (b) of the Participation Agreement).

"Purchase Option" shall have the meaning given to such term in Section 20.1 of the Lease.

"Purchase Option Price" shall have the meaning specified in Section 20.1 of the Lease.

"Purchasing Lender" shall have the meaning given to such term in Section 9.8(a) of the Credit Agreement.

"Register" shall have the meaning given to such term in Section 9.9(a) of the Credit Agreement.

"Release" shall mean any release, pumping, pouring, emptying, injecting, escaping, leaching, dumping, seepage, spill, leak, flow, discharge, disposal or emission of a Hazardous Substance.

"Renewal Option" shall have the meaning specified in Section 21.1 of the Lease.

"Rent" shall mean, collectively, the Basic Rent and the Supplemental Rent, in each case payable under the Lease.

"Reportable Event" shall have the meaning specified in ERISA.

"Requested Funds" shall mean any funds requested by the Lessee or the Construction Agent, as applicable, in accordance with Section 5 of the Participation Agreement.

"Requirement of Law" shall mean, as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Requisition" shall have the meaning specified in Section 4.2 of the Participation Agreement.

"Responsible Officer" shall mean the Chief Executive Officer, the President, any Senior Vice President or Controller or with respect to financial matters, the Chief Financial Officer or Controller, except that when used with respect to the Trust Company or the Owner Trustee, "Responsible Officer" shall also include the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, the Controller and any Assistant Controller or any other officer of the Trust Company or the Owner Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Sale Date" shall have the meaning given to such term in Section 22.1(a) of the Lease.

"Sale Notice" shall mean a notice given to Lessor in connection with the election by Lessee of its Sale Option.

"Sale Option" shall have the meaning given to such term in Section 20.1 of the Lease.

"Scheduled Interest Payment Date" shall mean (a) as to any Eurodollar Loan (or Eurodollar Holder Funding), the last day of the Interest Period applicable to such Eurodollar Loan (or Holder Funding), and if such Interest Period is for more than three months, at intervals of three months after the first day of such Interest Period and (b) as to any Base Rate Loan (or Base Rate Holder Funding), the first day of each calendar quarter, and the date of conversion of such Loan to a Eurodollar Loan (or conversion of such Holder Funding to a Eurodollar Holder Funding), and (c) as to any Loan (or Holder Funding), the Maturity Date.

"Securities Act" shall mean the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Security Agreement" shall mean the Amended and Restated Security Agreement, dated as of the Initial Closing Date between the Owner Trustee and NationsBank, National Association, as agent, as such agreement may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"Security Documents" shall mean the collective reference to the Lease, the Lease Supplements, the Security Agreement, the Mortgage Instruments, and all other security documents hereafter delivered to the Administrative Agent granting a lien on any asset or assets of any Person to secure the obligations and liabilities of the Borrower hereunder or under any of the other Credit Documents or to secure any guarantee of any such obligations and liabilities.

"Series A Loans" shall mean the loans described as such in Section 2.1 of the Credit Agreement.

"Series A Notes" shall mean the promissory notes issued to the Lenders pursuant to Section 2.2 of the Credit Agreement evidencing the Series A Loans.

"Series B Loans" shall mean the loans described as such in Section 2.1 of the Credit Agreement.

"Series B Notes" shall mean the promissory notes issued to the Lenders pursuant to Section 2.2 of the Credit Agreement evidencing the Series B Loans.

"Subsidiary" shall mean, as to any Person, any corporation in which more than 50% of its outstanding voting stock is owned directly or indirectly by such Person and/or by one or more of such Persons's Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Basic Rent) which the Lessee assumes or agrees to pay to Lessor, the Holders, the Agent, the Lenders or any other Person under the Lease or under any of the other Operative Agreements including, without limitation, payments of the Purchase Option Price, the Termination Value and the Maximum Residual Guarantee Amount and all indemnification amounts, liabilities and obligations.

"Tangible Personal Property" shall mean that portion of the Equipment which is not and will not become a Fixture or Improvement.

"Taxes" shall have the meaning specified in the definition of Impositions.

"Term" shall mean the Basic Term and each Extended Term, if any.

"Termination Date" shall have the meaning specified in Section 16.2(a) of the Lease.

"Termination Notice" shall have the meaning specified in Section 16.1 of the Lease.

"Termination Value" shall mean, as of any date of determination, the sum of (a) either (i) with respect to all Properties, an amount equal to the aggregate outstanding Property Cost for all the Properties, or (ii) with respect to a particular Property, an amount equal to the outstanding Property Cost allocable to the particular Property in question, plus (b) respecting the amounts described in each of the foregoing subclause (i) or (ii), as applicable, any and all accrued interest on the Loans and any and all Holder Yield on the Holder Advances related to the applicable Property Cost, plus (c) to the extent not otherwise paid on such date of determination, all other Rent and other amounts then due and payable for all Properties under the Agency Agreement, Lease or under any other Operative Agreement (including without limitation all amounts due and payable under Sections 13.1 or 13.2 of the Participation Agreement and all costs and expenses referred to in clause FIRST of Section 22.2 of the Lease).

"Total Commitment" shall mean (a) with respect to the Series A Loans, \$193,600,000, and (b) with respect to the Series B Loans, \$19,800,000.

"Total Condemnation" shall mean a Condemnation that involves a taking of Lessor's entire title to a Property.

"Total Holder Commitment" shall mean \$6,600,000.

"Transaction Expenses" shall mean all costs and expenses incurred in connection with the preparation, execution and delivery of the Operative Agreements and the transactions contemplated by the Operative Agreements including without limitation:

(a) the reasonable fees, out-of-pocket expenses and disbursements of counsel in negotiating the terms of the Operative Agreements and the other transaction documents, preparing for the closings under, and rendering opinions in connection with, such transactions and in rendering other services customary for counsel representing parties to transactions of the types involved in the transactions contemplated by the Operative Agreements;

(b) any and all reasonable fees, charges or other amounts payable to the Lenders, Agent, the Holders, the Owner Trustee or any broker which arise under any of the Operative Agreements;

(c) any other reasonable fee, out-of-pocket expenses, disbursement or cost of any party to the Operative Agreements or any of the other transaction documents;

(d) any and all Taxes and fees incurred in recording or filing any Operative Agreement or any other transaction document, any deed, declaration, mortgage, security agreement, notice or financing statement with any public office, registry or governmental agency in connection with the transactions contemplated by the Operative Agreement; and

(e) real estate taxes on a Property paid during the Construction Period.

"Trust Agreement" shall mean the Third Amended and Restated Trust Agreement dated as of the Initial Closing Date between the Holders and the Owner Trustee, as such agreement may be amended, modified, restated or supplemented from time to time in accordance with the terms thereof.

"Trust Company" shall mean First Security Bank, National Association in its individual capacity, and any successor owner trustee under the Trust Agreement, in each case in its individual capacity.

"Trust Estate" shall have the meaning specified in Section 2.2 of the Trust Agreement.

"Tuhnekaw, Inc." shall mean Tuhnekaw, Inc., a Delaware corporation.

"Type" shall mean, as to any Loan, whether it is a Base Rate Loan or a Eurodollar Loan.

"UCC Financing Statements" shall mean collectively the Lender Financing Statements and the Lessor Financing Statements.

"Unfunded Amount" shall have the meaning specified in Section 3.2 of the Agency Agreement.

"Uniform Commercial Code" and "UCC" shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

"United States Bankruptcy Code" shall mean Title 11 of the United States Code.

"Unused Fee" shall mean, at any time, the product of (a) the Applicable Unused Fee Rate, multiplied by (b) the average daily amount by which (i) the aggregate Commitments of the Lenders for all Categories of Loans (under the Operative Agreements) exceeds (ii) the outstanding principal amount of all Categories of Loans.

"Unused Fee Payment Date" shall mean last Business Day of each March, June, September and December and the last day of the Commitment Period, or such earlier date as the Commitments shall terminate as provided in the Credit Agreement.

"U.S." shall mean the United States of America, its territories, its possessions and all other areas subject to its jurisdiction.

"Voting Stock" shall mean, with respect to any Person, capital stock issued by a corporation or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right to vote may have been suspended by the happening of such a contingency.

"Wackenhut Control Group Member" shall mean any of the following: (a) Wackenhut Corrections, (b) Wackenhut Corporation, (c) Tuhnekaw, Inc., (d) George R. Wackenhut, (e) Ruth J. Wackenhut, (f) Richard R. Wackenhut, (g) any trust over which George R. Wackenhut or Ruth J. Wackenhut has dispositive or voting power, or (h) any heir or successor of any of the foregoing.

"Wackenhut Corporation" shall mean Wackenhut Corporation, a Florida corporation.

"Wackenhut Corrections" means Wackenhut Corrections Corporation, a Florida corporation.

"Wackenhut Corrections Credit Agreement Event of Default" shall mean an "Event of Default" as defined in the Existing Wackenhut Corrections Credit Agreement (as amended, modified or restated heretofore or hereafter) or any New Facility.

"Wackenhut Corrections Trust 1997-1" shall mean the grantor trust created pursuant to the terms and conditions of the Trust Agreement.

"Work" shall mean the furnishing of labor, materials, components, furniture, furnishings, fixtures, appliances, machinery, equipment, tools, power, water, fuel, lubricants, supplies, goods or services with respect to any Property.

AMENDED AND RESTATED GUARANTY AGREEMENT
(SERIES A OBLIGATIONS)

THIS AMENDED AND RESTATED GUARANTY AGREEMENT (SERIES A OBLIGATIONS) (the "Guaranty Agreement" or the "Guaranty"), dated as of June 19, 1997 is made by WACKENHUT CORRECTIONS CORPORATION, a Florida corporation (the "Guarantor") to NATIONSBANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Agent") for the ratable benefit of the Series A Lenders (as defined in the Participation Agreement referred to below).

W I T N E S S E T H:

WHEREAS, the Agent and First Security Bank, N.A. (the "Borrower") have entered into the Amended and Restated Credit Agreement dated as of June 19, 1997 (as from time to time amended, modified, restated or supplemented, the "Credit Agreement"); and Wackenhut Corrections Corporation, as Construction Agent (the "Construction Agent"), Wackenhut Corrections Corporation, as Lessee (the "Lessee"), the Borrower, the Holders party thereto from time to time, the Lenders party thereto from time to time, and the Agent have entered into the Amended and Restated Participation Agreement dated as of June 19, 1997 (as from time to time amended, modified, restated or supplemented, the "Participation Agreement"); and

WHEREAS, pursuant to the Credit Agreement, the Participation Agreement and certain other Operative Agreements (as defined in the Participation Agreement), the Lenders with respect to the Series A Loans (the "Series A Lenders") will extend a credit facility to the Borrower in the aggregate principal amount of up to the aggregate Commitments for Series A Loans under the Credit Agreement; and

WHEREAS, the proceeds of the Series A Loans will be used by the Borrower to acquire and improve certain Properties which will be leased by the Borrower to the Lessee as set forth in the Operative Agreements; and

WHEREAS, it is condition to the obligations of the Series A Loans under the Credit Agreement that the Guarantor execute and deliver this Guaranty Agreement; and

WHEREAS, Guarantor is the Lessee or an Affiliate of the Lessee and will materially benefit from (a) the Series A Lenders' extension of the credit facility and making of Series A Loans to the Borrower, and (b) the Borrower's acquisition and improvement of the Properties and its lease of the Properties to the Lessee; and the Guarantor is willing to enter into this Guaranty to provide an inducement for the Series A Lenders to extend the credit facility and make Series A Loans to the Borrower;

NOW, THEREFORE, as required under the Operative Agreements and in order to induce the Series A Lenders to extend the credit facility and to make Series A Loans, the Guarantor agrees as follows:

1. DEFINITIONS. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement or (if not defined in the Credit Agreement) in the Participation Agreement.

2. GUARANTY. The Guarantor hereby, unconditionally, absolutely, continually and irrevocably guarantees to the Agent and the Series A Lenders the payment in full of the Borrower's Liabilities (as defined below). For all purposes of this Guaranty Agreement, "Borrower's Liabilities" means: the Borrower's prompt payment in full, when due or declared due and at all such times, of all Series A Loans and all other amounts pursuant to the terms of the Credit Agreement, the Series A Notes and all other Operative Agreements heretofore, now or at any time or times hereafter owing, arising, due or payable from the Borrower to the Series A Lenders (or to the Agent on behalf of the Series A Lenders), including without limitation all principal and interest on any Series A Loans, and any fees or expenses (including, but not limited to, attorneys' fees and expenses). The Guarantor's obligations to the Agent and the Series A Lenders under this Guaranty Agreement are hereinafter collectively referred to as the "Guarantor's Obligations".

The Guarantor agrees that it is directly and primarily liable for the Borrower's Liabilities.

3. PAYMENT. If the Borrower shall default in payment of any Borrower's Liabilities, when and as the same shall become due (and such default is not cured within the applicable grace period, if any), whether according to the terms of the Credit Agreement, any Series A Note or any other Operative Agreement, by acceleration, or otherwise, or upon the occurrence of any other Event of Default that has not been cured or waived, then the Guarantor, upon demand thereof by the Agent, or its successors or assigns, will AS OF THE DATE OF THE AGENT'S DEMAND fully pay to the Agent (for the benefit of the Series A Lenders), an amount equal to all of the Guarantor's Obligations then due and owing.

4. UNCONDITIONAL OBLIGATIONS. This is a guaranty of payment and not of collection. The Guarantor's Obligations under this Guaranty Agreement shall be absolute and unconditional irrespective of the validity, legality or enforceability of the Credit Agreement, any Series A Note or any other Operative Agreement, or any other guaranty of the Borrower's Liabilities, and shall not be affected by any action taken under the Credit Agreement, any Series A Note or any other Operative Agreement, any other guaranty of the Borrower's Liabilities, or any other agreement between the Borrower and the Agent, any Series A Lender or any other Person, in the exercise of any right or power therein conferred, or by any failure or omission to enforce any right conferred thereby, or by any waiver of any covenant or condition therein provided, or by any acceleration of the maturity of any of the Borrower's Liabilities, or by the release or other disposal of any security for any of the Borrower's Liabilities, or by the dissolution of the Lessee or the combination or consolidation of the Lessee or the Borrower into or with another entity or any transfer or disposition of any assets of the Lessee or the Borrower, or by any extension or renewal of the Credit Agreement, any Series A Note or any other Operative Agreement, in whole or in part, or by any modification, alteration, amendment or addition of or to the Credit Agreement, any Series A Note or any other Operative Agreement, any other guaranty of the Borrower's Liabilities, or any other agreement between the Borrower and the Agent, any Series A Lender or any other Person, or by any defense to or avoidance or rejection (by a bankruptcy trustee or otherwise) of the Credit Agreement, any Series A Note or any other

Operative Agreement in any bankruptcy or similar proceeding, or by any other circumstance whatsoever (with or without notice to or knowledge of the Guarantor) which may or might in any manner or to any extent vary the risks of the Guarantor, or might otherwise constitute a legal or equitable discharge of a surety or guarantor; it being the purpose and intent of the parties hereto that this Guaranty Agreement and the Guarantor's Obligations hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein provided. Without limiting the generality of the foregoing, the Guarantor acknowledges and agrees that (a) the Guarantor's Obligations are absolute and separate from the Borrower's obligations under the Credit Agreement, any Series A Note or any other Operative Agreement, (b) the Guarantor's Obligations hereunder shall not be reduced, limited or otherwise affected if the Credit Agreement, any Series A Note or any other Operative Agreement is avoided, rejected or limited as an executory contract in a bankruptcy or similar proceeding, and (c) for the purpose of defining the Guarantor's Obligations, hereunder, the amount of the Borrower's Liabilities shall include without limitation all principal and interest on any Series A Loan and any other amount which is due or may become due under the Credit Agreement, any Series A Note or any other Operative Agreement, including without limitation any principal, interest or other amount that would have been payable at any time but for the avoidance, rejection or limitation of any Operative Agreement in a bankruptcy or similar proceeding.

5. CURRENCY AND FUNDS OF PAYMENT. The Guarantor hereby guarantees that the Guarantor's Obligations will be paid in lawful currency of the United States of America and in immediately available funds, regardless of any law, regulation or decree now or hereafter in effect that might in any manner affect the Borrower's Liabilities, or the rights of the Agent (or any Series A Lender) with respect thereto as against the Borrower, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Lessee of any or all of the Borrower's Liabilities.

6. EVENTS OF DEFAULT. In the event that (a) the Guarantor shall file a petition to take advantage of any insolvency statute; (b) the Guarantor shall commence or suffer to exist a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or substantially all of its property; (c) the Guarantor shall file a petition or answer seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state or similar law of any other country; (d) a court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of the Guarantor or of the whole or substantially all of its properties, or approve a petition filed against the Guarantor seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state or similar law of any other country, or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Guarantor or of the whole or substantially all of its properties and such order, judgment, decree, approval or assumption remains unstayed or undismissed for a period of sixty (60) consecutive days; (e) there is commenced against the Guarantor any proceeding or petition seeking reorganization, arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which proceeding or petition remains unstayed or undismissed for a period of sixty (60)

consecutive days; (f) there shall occur Event of Default (as defined in the Participation Agreement); (g) any default shall occur in the payment of amounts due hereunder; or (h) any other default shall occur hereunder which remains uncured or unwaived for a period of thirty (30) days after receipt of written notice thereof from the Agent or the Lessor thereof (each of the foregoing an "Event of Default" hereunder); then notwithstanding any collateral that the Agent or any Lender may possess from the Borrower or the Guarantor or any other guarantor of the Borrower's Liabilities, or any other party, at the Agent's election and without notice thereof or demand therefor, so long as such Event of Default shall be continuing, the Guarantor's Obligations shall immediately become due and payable.

7. SUITS. The Guarantor from time to time shall pay to the Agent (on behalf of the Series A Lenders), on demand, at the Agent's place of business set forth in the Credit Agreement, the Guarantor's Obligations as they become or are declared due, and in the event such payment is not made forthwith, the Agent may proceed to suit against the Guarantor. At the Agent's election, one or more and successive or concurrent suits may be brought hereon by the Agent against the Guarantor, whether or not suit has been commenced against the Borrower, any other guarantor of the Borrower's Liabilities, or any other Person and whether or not the Agent has taken or failed to take any other action to collect all or any portion of the Borrower's Liabilities.

8. SET-OFF AND WAIVER. The Guarantor waives any right to assert against the Agent or any Series A Lender as a defense, counterclaim, set-off or cross claim, any defense (legal or equitable) or other claim which the Guarantor may now or at any time hereafter have against the Lessee, the Borrower, the Agent, any Lender, or any Holder, without waiving any additional defenses, set-offs, counterclaims or other claims otherwise available to the Guarantor. If at any time hereafter the Agent or any Series A Lender employs counsel for advice or other representation to enforce the Guarantor's Obligations that arise out of an Event of Default, then, in any of the foregoing events, all of the attorneys' fees arising from such services and all expenses, costs and charges in any way or respect arising in connection therewith or relating thereto shall be obligations of the Guarantor and shall be paid by the Guarantor to the Agent (or such Series A Lender), on demand.

9. WAIVER; SUBROGATION.

(a) The Guarantor hereby waives notice of the following events or occurrences: (i) the Agent's (or any Lender's) acceptance of this Guaranty Agreement; (ii) any Series A Lender's heretofore, now or from time to time hereafter, making any advances to the Borrower whether pursuant to the Credit Agreement or any Series A Note, or any amendments, modifications, restatements or supplements thereto, or replacements or extensions thereof; (iii) the Borrower, the Agent or any Lender heretofore, now or at any time hereafter, obtaining, amending, substituting for, releasing, waiving or modifying the Credit Agreement, any Series A Note or any other Operative Agreements; (iv) presentment, demand, notices of default, non-payment, partial payment and protest; (v) the Agent (or any Lender) heretofore, now or at any time hereafter, granting to the Borrower (or any other party liable to the Lessor on account of the Borrower's Liabilities) any indulgence or extensions of time of payment of the Borrower's Liabilities; and (vi) the Borrower heretofore, now or at any time hereafter, accepting from the Agent (or any Lender) or any other person, any partial

payment or payments on account of the Borrower's Liabilities or any collateral securing the payment thereof or the Agent (or any Lender) settling, subordinating, compromising, discharging or releasing the same. The Guarantor agrees that the Agent (or any Lender) may heretofore, now or at any time hereafter do any or all of the foregoing in such manner, upon such terms and at such times as the Agent (or any Lender), in its sole and absolute discretion, deems advisable, without in any way or respect impairing, affecting, reducing or releasing the Guarantor from the Guarantor's Obligations, and the Guarantor hereby consents to each and all of the foregoing events or occurrences.

(b) The Guarantor hereby agrees that payment or performance by the Guarantor of the Guarantor's Obligations under this Guaranty Agreement may be enforced by the Agent upon demand by the Agent to the Guarantor without the Agent being required, the Guarantor expressly waiving any right it may have to require the Agent, to (i) prosecute collection or seek to enforce or resort to any remedies against the Lessee, the Borrower or the Guarantor or any other guarantor of the Lessee's Liabilities, IT BEING EXPRESSLY UNDERSTOOD, ACKNOWLEDGED AND AGREED TO BY THE GUARANTOR THAT DEMAND UNDER THIS GUARANTY AGREEMENT MAY BE MADE BY THE AGENT, AND THE PROVISIONS HEREOF ENFORCED BY THE AGENT, EFFECTIVE AS OF THE FIRST DATE ANY EVENT OF DEFAULT OCCURS AND IS CONTINUING, or (ii) seek to enforce or resort to any remedies with respect to any security interests, Liens or encumbrances granted to the Agent by the Borrower or any other Person on account of the Lessee's Liabilities or any guaranty thereof. The Agent shall not have any obligation to protect, secure or insure any of the foregoing security interests, Liens or encumbrances on the properties or interests in properties subject thereto. The Guarantor's Obligations shall in no way be impaired, affected, reduced, or released by reason of the Agent's failure or delay to do or take any of the acts, actions or things described in this Guaranty Agreement including, without limiting the generality of the foregoing, those acts, actions and things described in this Section 10.

(c) The Guarantor further agrees with respect to this Guaranty Agreement that, until the Borrower's Liabilities have been paid in full and the Lenders and the Holders have no further obligation to make any Loan or Holder Advance, the Guarantor shall have no right of subrogation, reimbursement or indemnity, nor any right of recourse to security for the Borrower's Liabilities. This waiver is expressly intended to prevent the existence of any claim in respect to such reimbursement by the Guarantor against the estate of Borrower within the meaning of Section 101 of the Bankruptcy Code, and to prevent the Guarantor from constituting a creditor of Borrower in respect of such reimbursement within the meaning of Section 547(b) of the Bankruptcy Code in the event of a subsequent case involving the Lessee.

(d) Any claim or claims that the Agent may at any time hereafter have against the Guarantor under this Guaranty Agreement may be asserted by the Agent by written notice directed to the Guarantor.

10. EFFECTIVENESS; ENFORCEABILITY. This Guaranty Agreement shall be effective as of the date of the Initial Closing Date and shall continue in full force and effect until the Borrower's Liabilities are fully paid and the Credit Agreement, each Series A Note and the Participation Agreement have terminated in accordance with their respective terms. The Agent shall give the Guarantor written notice of such termination at the Guarantor's address set forth in Section 17 below.

This Guaranty Agreement shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the Agent, each Series A Lender, and their respective successors and assigns. Notwithstanding the foregoing, the Guarantor may not, without the prior written consent of the Agent, assign any rights, powers, duties or obligations hereunder.

11. REPRESENTATIONS AND WARRANTIES. The Guarantor warrants and represents to the Agent and each Series A Lender that the Guarantor is duly authorized to execute, deliver and perform this Guaranty Agreement, that this Guaranty Agreement is legal, valid, binding and enforceable against the Guarantor in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and that the Guarantor's execution, delivery and performance of this Guaranty Agreement do not violate or constitute a breach of its certificate of incorporation or other documents of corporate governance or any agreement to which the Guarantor is a party, or any applicable laws, in each case, which violation or breach could reasonably be expected to have a material adverse effect on the business, operations or condition (financial or otherwise) of the Guarantor.

12. INCORPORATION OF COVENANTS. Reference is made to Article XXVIII of the Lease, and the "Incorporated Covenants" (as defined therein). The Guarantor agrees with the Lessor that, effective as of the date hereof (whether or not the Basic Term has commenced with respect to any Property), the Incorporated Covenants (and all other relevant provisions of the Existing Wackenhut Corrections Credit Agreement related thereto) are hereby incorporated by reference into this Guaranty Agreement to the same extent and with the same effect as if set forth fully herein and shall inure to the benefit of the Lessor, without giving effect to any waiver, amendment, modification or replacement of the Existing Wackenhut Corrections Credit Agreement or any term or provision of the Incorporated Covenants occurring subsequent to the date of this Guaranty, except to the extent any such waiver or modification (or any covenants contained in any New Facility) are approved as Incorporated Covenants pursuant to Section 28.1(a) of the Lease. Without limiting the generality of the foregoing, from and after the date hereof (whether or not the Basic Term has commenced with respect to any Property), to the extent that the Incorporated Covenants require Wackenhut Corrections or any of its Subsidiaries to deliver any financial statement, certificate, notice, report, or other document or information to the Existing Credit Agent (or any other agent under the applicable credit facility), the Guarantor shall simultaneously deliver a copy of such financial statement, certificate, notice, report, document or information to the Agent, each Lender and (upon Lessor's request) the Lessor.

13. EXPENSES. The Guarantor agrees to be liable for the payment of all fees and expenses, including attorney's fees, incurred by the Agent or any Series A Lender in connection with the enforcement of this Guaranty Agreement.

14. REINSTATEMENT. The Guarantor agrees that this Guaranty Agreement shall continue to be effective or be reinstated, as the case may be, at any time payment received by the Lessor under the Credit Agreement, any Series A Note any other Operative Agreement or this Guaranty Agreement is rescinded or must be restored for any reason.

15. COUNTERPARTS. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall constitute one and the same instrument.

16. RELIANCE. The Guarantor represents and warrants to the Agent and each Series A Lender that: (a) the Guarantor has adequate means to obtain from Borrower, on a continuing basis, information concerning Lessee or Borrower and Lessee's or Borrower's financial condition and affairs and has full and complete access to Lessee's or Borrower's books and records; (b) the Guarantor is not relying on the Agent, any Lender, or any of their respective employees, agents or other representatives, to provide such information, now or in the future; (c) the Guarantor is executing this Guaranty Agreement freely and deliberately, and understands the obligations and financial risk undertaken by providing this Guaranty; (d) the Guarantor has relied solely on its own independent investigation, appraisal and analysis of Lessee and Borrower and Lessee's and Borrower's financial condition and affairs in deciding to provide this Guaranty and is fully aware of the same; and (e) the Guarantor has not depended or relied on the Agent, any Lender, or any of their respective employees, agents or representatives, for any information whatsoever concerning Lessee or Borrower or Lessee's or Borrower's financial condition and affairs or other matters material to the Guarantor's decision to provide this Guaranty or for any counselling, guidance, or special consideration or any promise therefor with respect to such decision. The Guarantor agrees that neither the Agent nor any Lender has any duty or responsibility whatsoever, now or in the future, to provide to the Guarantor any information concerning Lessee or the Borrower or Lessee's or the Borrower's financial condition and affairs, other than as expressly provided herein, and that, if the Guarantor receives any such information from the Agent, any Lender, or any of their respective employees, agents or other representatives, the Guarantor will independently verify the information and will not rely on the Agent, any Lender, or any of their respective employees, agents or other representatives, with respect to such information.

17. TERMINATION. This Guaranty Agreement and all obligations of the Guarantor hereunder shall terminate without delivery of any instrument or performance of any act by any party on the date when all of the Borrower's Liabilities have been fully paid and the Credit Agreement, each Series A Note and the Participation Agreement have terminated in accordance with their respective terms.

18. NOTICES. Any notice shall be conclusively deemed to have been received by any party hereto and be effective on the day on which delivered to such party (against receipt therefor) at the address set forth below or such other address as such party shall specify to the other parties in writing (or, in the case of telephonic notice or notice by telecopy, telegram or telex (where the receipt of such message is verified by return) expressly provided for hereunder, when received at such telephone, telecopy or telex number as may from time to time be specified in written or verbal notice to the other parties hereto or otherwise received), or if sent prepaid by certified or registered mail return receipt requested on the third Business Day after the day on which mailed, addressed to such party at said address:

(a) if to the Guarantor:

Wackenhut Corrections Corporation
4200 Wackenhut Drive, #100
Palm Beach Gardens, Florida 33410
Attention: Mr. David Watson, Controller
and Chief Accounting Officer
Telephone No.: (800) 666-5640 Ext. 6646
Telecopy No.: (561) 691-6473

(b) if to the Administrative Agent:

NationsBank, National Association
100 Southeast 2nd Street
FL7-950-14-02
Miami, Florida 33131
Attention: Maria Conroy
Telephone No.:(305) 533-2428
Telecopy No.: (305) 533-2437

19. GOVERNING LAW; WAIVERS OF TRIAL BY JURY, ETC.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICT OF LAWS.

(b) EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN BROWARD COUNTY, FLORIDA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) EACH PARTY AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF SUCH PARTY PROVIDED IN SECTION 17

HEREOF OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF FLORIDA.

(d) NOTHING CONTAINED IN SUBSECTIONS (B) OR (C) HEREOF SHALL PRECLUDE ANY PARTY FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN THE COURTS OF ANY PLACE WHERE ANY OTHER PARTY OR ANY OF SUCH PARTY'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE TO IT.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND EACH PARTY HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY HAVE THAT EACH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

20. ADDITIONAL WAIVERS.

(a) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER CONTAINED HEREIN AND WITHOUT IMPAIRING THE PARTIES' CHOICE OF FLORIDA LAW TO GOVERN THIS GUARANTY (AS SET FORTH ABOVE), THE GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES THE RIGHT TO ASSERT, ARGUE OR RAISE, IN ANY ACTION BROUGHT BY ANY PERSON AGAINST THE GUARANTOR UNDER THIS GUARANTY, THAT THE AGENT, THE LESSOR OR ANY OTHER PERSON STRUCTURED THE TRANSACTION CONTEMPLATED BY THE OPERATIVE AGREEMENTS IN SUCH A MANNER PRIMARILY TO CIRCUMVENT THE CALIFORNIA ONE-FORM-OF-ACTION AND ANTI-DEFICIENCY LAWS, INCLUDING CALIFORNIA CODE OF CIVIL PROCEDURE Section Section 580A, 580B, 580D AND 726.

(b) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER CONTAINED HEREIN AND WITHOUT IMPAIRING THE PARTIES' CHOICE OF FLORIDA LAW TO GOVERN THIS GUARANTY (AS SET

FORTH ABOVE), THE GUARANTOR HEREBY WAIVES (SUBJECT TO SECTION 9(C) ABOVE) ALL OF THE GUARANTOR'S RIGHTS OF SUBROGATION AND REIMBURSEMENT AND ANY OTHER RIGHTS AND DEFENSES AVAILABLE TO THE GUARANTOR BY REASON OF CALIFORNIA CIVIL CODE SECTIONS 2787 TO 2855, INCLUSIVE, INCLUDING (I) ANY GUARANTY BY REASON OF AN ELECTION OF REMEDIES BY THE LESSOR, THE AGENT OR ANY OTHER PERSON, AND (II) ANY RIGHTS OF DEFENSES THE GUARANTOR MAY HAVE BY REASON OF PROTECTION AFFORDED TO THE BORROWER, THE LESSEE OR ANY OTHER PERSON WITH RESPECT TO THE OBLIGATIONS GUARANTEED HEREBY PURSUANT TO THE ANTIDEFICIENCY OR OTHER LAWS OF THE STATE OF CALIFORNIA LIMITING OR DISCHARGING THE LESSEE'S OR THE BORROWER'S INDEBTEDNESS, INCLUDING CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 580A, 580B, 580D OR 726. THE GUARANTOR'S WAIVER OF DEFENSES UNDER CLAUSE (I) ABOVE IS MADE EVEN THROUGH AN ELECTION OF REMEDIES BY THE LESSOR, THE AGENT OR ANY OTHER PERSON SUCH AS A NONJUDICIAL FORECLOSURE WITH RESPECT TO SECURITY FOR A GUARANTEED OBLIGATION, DESTROYS THE GUARANTOR'S RIGHTS OF SUBROGATION AND REIMBURSEMENT AGAINST THE LESSEE, THE BORROWER OR ANY OTHER PERSON BY THE OPERATION OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 580D OR OTHERWISE.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the day and year first written above.

GUARANTOR:

WACKENHUT CORRECTIONS CORPORATION

By: _____
Name: John G. O'Rourke
Title: Senior Vice-President/
Treasurer/Chief Financial Officer

ADMINISTRATIVE AGENT:

NATIONS BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name: Maria P. Conroy
Title: Senior Vice President

SIGNATURE PAGE 1 OF 1

AMENDED AND RESTATED LEASE AGREEMENT

Dated as of June 19, 1997

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION,
not individually,
but solely as Owner Trustee
under the Wackenhut Corrections Trust 1997-1
as Lessor

and

WACKENHUT CORRECTIONS CORPORATION, as Lessee

This Amended and Restated Lease Agreement is subject to a security interest in favor of NationsBank, National Association, as Administrative Agent (the "Agent") under an Amended and Restated Security Agreement dated as of June 19, 1997, among First Security Bank, National Association, not individually except as expressly stated therein, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1, the Lenders and the Agent, as amended, modified, supplemented, restated or replaced from time to time. This Amended and Restated Lease Agreement has been executed in several counterparts. To the extent, if any, that this Amended and Restated Lease Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Amended and Restated Lease Agreement may be created through the transfer or possession of any counterpart other than the original counterpart containing the receipt therefor executed by the Agent on the signature page hereof.

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AMENDED AND RESTATED LEASE AGREEMENT

THIS AMENDED AND RESTATED LEASE AGREEMENT (as amended, supplemented or modified from time to time, this "Lease"), dated as of June 19, 1997, is between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, having its principal office at 79 South Main Street, Salt Lake City, Utah 84111, not individually, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1, as lessor (the "Lessor"), and WACKENHUT CORRECTIONS CORPORATION, a Florida corporation, having its principal place of business at 4200 Wackenhut Drive, #100, Palm Beach Gardens, Florida 33410-4243 as lessee (the "Lessee") provided that in the case of a Property with an alternate Lessee, as described in Section 2.5 below, such alternate Lessee shall also be deemed a "Lessee" with respect to such Property).

W I T N E S S E T H:

A. WHEREAS, subject to the terms and conditions of the Participation Agreement and Agency Agreement, Lessor will (i) purchase or ground lease various parcels of real property, some of which may have existing Improvements thereon, from one or more third parties designated by the Construction Agent and (ii) fund the development, refurbishment, installation and construction by the Construction Agent of Improvements on such real property; and

B. WHEREAS, the Basic Term shall commence with respect to each Property upon the date set forth in Section 2.2 hereof; and

C. WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, each Property;

NOW, THEREFORE, in consideration of the foregoing, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

1.1 Definitions. Capitalized terms used but not otherwise defined in this Lease have the respective meanings specified in Appendix A to the Amended and Restated Participation Agreement of even date herewith (as such may be amended, modified, supplemented, restated and/or replaced from time to time, the "Participation Agreement") among Wackenhut Corrections Corporation, as Construction Agent, the Lessee, First Security Bank, National Association, not individually, except as expressly stated therein, as Owner Trustee under the Wackenhut Corrections Trust 1997-1, the Holders party thereto, the Lenders party thereto, and the Agent.

ARTICLE II

2.1 Property. Subject to the terms and conditions hereinafter set forth and contained in the respective Lease Supplement relating to each Property, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, each Property.

2.2 Lease Term. The term of this Lease with respect to each Property (the "Basic Term") shall begin upon the earlier to occur of (i) the Property Closing Date for such Property or (ii) the date the Lessor takes title to such Property (such earlier date being referred to as the "Basic Term Commencement Date" for such Property) and shall end on December 18, 2002, unless the Term is extended in accordance with Article XXI of this Lease or earlier terminated in accordance with the provisions of this Lease.

2.3 Title. Each Property is leased to Lessee without any representation or warranty, express or implied, by Lessor and subject to the rights of parties in possession (if any), the existing state of title (including, without limitation, the Permitted Exceptions) and all applicable Legal Requirements. Lessee shall in no event have any recourse against Lessor for any defect in Lessor's title to any Property other than for Lessor Liens.

2.4 Lease Supplements. On or prior to each Basic Term Commencement Date, Lessee and Lessor shall each execute and deliver a Lease Supplement for the Property to be leased effective as of such Basic Term Commencement Date in substantially the form of Exhibit A hereto. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact, with power of substitution, in the name of Lessor or the name of Lessee or otherwise, to execute any Lease Supplement which Lessee fails or refuses to sign in accordance with the terms of this Section 2.4.

2.5 Controlled Affiliates as Lessee. Subject to the consent of the Administrative Agent and the delivery of such agreements and documents as the Administrative Agent may require (including without limitation the Guaranty, documents perfecting the liens of the Owner Trustee, Agent, Lenders and Holders under the Operative Agreements and written opinions of counsel for the Lessee and Wackenhut Corrections or any applicable Controlled Affiliate), any Controlled Affiliate of Wackenhut Corrections may become party to this Lease as a Lessee (each as "alternative Lessee") of a Property, and shall be liable (jointly and severally with Wackenhut Corrections) for all obligations as Lessee. The foregoing notwithstanding, (a) Wackenhut Corrections shall remain fully liable for all obligations as Lessee and Construction Agent with respect to each Property, and (b) Wackenhut Corrections shall have the right to give any notice, consent or waiver, to exercise any option permitted under any Operative Agreement, and to agree to any amendment or modification with respect to Operative Agreement or any Property, as and on behalf of the Lessee with respect to each Property (and each alternate Lessee hereby grants to Wackenhut Corrections an irrevocable power of attorney to take any such actions), and any other party to the Operative Agreements shall be fully protected in relying on any such actions taken by Wackenhut Corrections or (with respect to the applicable Property) by any alternate Lessee.

ARTICLE III

3.1 Rent.

(a) Lessee shall pay Basic Rent on each Payment Date, and on any date on which this Lease shall terminate with respect to any or all Properties during the Term; provided, however, with respect to each individual Property Lessee shall have no obligation to pay Basic Rent with respect to such Property until the earlier of (i) the Completion Date for such Property or (ii) if such Property is a Construction Period Property as of the date of any Agency Agreement Event of Default, the date of such Agency Agreement Event of Default (in each case, such earlier date being referred to as the "Basic Rent Commencement Date").

(b) Basic Rent shall be due and payable in lawful money of the United States and shall be paid in immediately available funds on the due date therefor (or within the applicable grace period) to such account or accounts as Lessor shall from time to time direct.

(c) Lessee's inability or failure to take possession of all or any portion of any Property when delivered by Lessor, whether or not attributable to any act or omission of the Lessor, the Construction Agent, Lessee, or any other Person, or for any other reason whatsoever, shall not delay or otherwise affect Lessee's obligation to pay Rent for such Property in accordance with the terms of this Lease.

3.2 Payment of Basic Rent. Basic Rent shall be paid absolutely net to Lessor or its designee, so that this Lease shall yield to Lessor the full amount of Basic Rent, without setoff, deduction or reduction.

3.3 Supplemental Rent. Lessee shall pay to Lessor or its designee or to the Person entitled thereto any and all Supplemental Rent promptly as the same shall become due and payable, and if Lessee fails to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Basic Rent. Without limiting the generality of the definition of "Supplemental Rent," Lessee shall pay to Lessor as Supplemental Rent, among other things, on demand, to the extent permitted by applicable Legal Requirements, (a) any and all unpaid fees, charges, payments and other obligations (except the obligations of Lessor to pay the principal amount of the Loans and the Holder Amount) due and owing by Lessor under the Credit Agreement, the Trust Agreement or any other Operative Agreement (including specifically without limitation any amounts owing to the Lenders under Section 2.11 or Section 2.12 of the Credit Agreement and any amounts owing to the Holders under Section 3.9 or Section 3.10 of the Trust Agreement) and (b) interest at the applicable Overdue Rate on any installment of Basic Rent not paid when due (subject to the applicable grace period) for the period for which the same shall be overdue and on any payment of Supplemental Rent not paid when due or demanded by the appropriate Person for the period from the due date or the date of any such demand, as the case may be, until the same shall be paid. The expiration or other termination of Lessee's obligations to pay Basic Rent hereunder shall not limit or modify the obligations of Lessee with respect to Supplemental Rent. Unless expressly provided otherwise in this Lease, in the event of any failure on the part of Lessee to pay and discharge any Supplemental Rent as and when due,

Lessee shall also promptly pay and discharge any fine, penalty, interest or cost which may be assessed or added, pursuant to any Operative Agreement or otherwise, in each case for nonpayment or late payment of such Supplemental Rent, all of which shall also constitute Supplemental Rent.

3.4 Performance on a Non-Business Day. If any Basic Rent is required hereunder on a day that is not a Business Day, then such Basic Rent shall be due on the corresponding Scheduled Interest Payment Date. If any Supplemental Rent is required hereunder on a day that is not a Business Day, then such Supplemental Rent shall be due on the next succeeding Business Day.

3.5 Rent Payment Provisions. Lessee shall make payment of all Basic Rent and Supplemental Rent when due regardless of whether any of the Operative Agreements pursuant to which same is calculated and is owing shall have been rejected, avoided or disavowed in any bankruptcy or insolvency proceeding involving any of the parties to any of the Operative Agreements. Such provisions of such Operative Agreements and their related definitions are incorporated herein by reference and shall survive any termination, amendment or rejection of any such Operative Agreements.

ARTICLE IV

4.1 Utility Charges; Taxes. Lessee shall pay or cause to be paid all charges for electricity, power, gas, oil, water, telephone, sanitary sewer service and all other rents and utilities used in or on a Property and related real property during the Term. Lessee shall be entitled to receive any credit or refund with respect to any utility charge paid by Lessee, provided that Lessee must collect any such credit or refund from Lessor or the respective utility company (as the case may be) and shall not be entitled to offset any such amount owed to Lessee against Rent payable by the Lessee hereunder. Unless a Lease Default or Lease Event of Default shall have occurred and be continuing, the amount of any credit or refund received by Lessor on account of any utility charges paid by Lessee, net of the costs and expenses incurred by Lessor in obtaining such credit or refund, shall be promptly paid over to Lessee. In addition, Lessee shall pay or cause to be paid all taxes or taxes assessments against a Property. All charges for utilities and all taxes or tax assessments imposed with respect to a Property for a billing period (or in the cases of tax assessments, a tax period) during which this Lease expires or terminates shall be adjusted and prorated on a daily basis between Lessor and Lessee, and each party shall pay or reimburse the other for such party's pro rata share thereof.

ARTICLE V

5.1 Quiet Enjoyment. Subject to the rights of Lessor contained in Sections 17.2 and 17.3 and the other terms of this Lease and the other Operative Agreements and so long as no Lease Event of Default shall have occurred and be continuing, Lessee shall peaceably and quietly have, hold and enjoy each Property for the applicable Term, free of any claim or other action by Lessor or anyone rightfully claiming by, through or under Lessor (other than Lessee) with respect to any matters arising from and after the applicable Basic Term Commencement Date.

ARTICLE VI

6.1 Net Lease. This Lease shall constitute a net lease. Any present or future law to the contrary notwithstanding, this Lease shall not terminate, nor shall Lessee be entitled to any abatement, suspension, deferment, reduction, setoff, counterclaim, or defense with respect to the Rent, nor shall the obligations of Lessee hereunder be affected (except as expressly herein permitted and by performance of the obligations in connection therewith) by reason of: (a) any damage to or destruction of any Property or any part thereof; (b) any taking of any Property or any part thereof or interest therein by Condemnation or otherwise; (c) any prohibition, limitation, restriction or prevention of Lessee's use, occupancy or enjoyment of any Property or any part thereof, or any interference with such use, occupancy or enjoyment by any Person or for any other reason; (d) any title defect, Lien or any matter affecting title to any Property; (e) any eviction by paramount title or otherwise; (f) any default by Lessor hereunder; (g) any action for bankruptcy, insolvency, reorganization, liquidation, dissolution or other proceeding relating to or affecting the Agent, any Lender, Lessor, Lessee, any Holder or any Governmental Authority; (h) the impossibility or illegality of performance by Lessor, Lessee or both; (i) any action of any Governmental Authority or any other Person; (j) Lessee's acquisition of ownership of all or part of any Property; (k) breach of any warranty or representation with respect to any Property or any Operative Agreement; (l) any defect in the condition, quality or fitness for use of any Property or any part thereof; or (m) any other cause or circumstance whether similar or dissimilar to the foregoing and whether or not Lessee shall have notice or knowledge of any of the foregoing. The foregoing clause (j) shall not prevent the termination of the Lease in accordance with the terms hereof if the Lessee purchases all of the Properties pursuant to Section 20.2, or the termination of the Lease with respect to an individual Property if the Lessee purchases such Property pursuant to Section 20.1. The parties intend that the obligations of Lessee hereunder shall be covenants, agreements and obligations that are separate and independent from any obligations of Lessor hereunder and shall continue unaffected unless such covenants, agreements and obligations shall have been modified or terminated in accordance with an express provision of this Lease. Lessor and Lessee acknowledge and agree that the provisions of this Section 6.1 have been specifically reviewed and subject to negotiation.

6.2 No Termination or Abatement. Lessee shall remain obligated under this Lease in accordance with its terms and shall not take any action to terminate, rescind or avoid this Lease, notwithstanding any action for bankruptcy, insolvency, reorganization, liquidation, dissolution, or other proceeding affecting Lessor, any other Person or any Governmental Authority, or any action with respect to this Lease or any Operative Agreement which may be taken by any trustee, receiver or liquidator of Lessor, any other Person or any Governmental Authority or by any court with respect to Lessor, any other Person or any Governmental Authority. Lessee hereby waives all right (a) to terminate or surrender this Lease (except as permitted under the terms of the Operative Agreements) or (b) to avail itself of any abatement, suspension, deferment, reduction, setoff, counterclaim or defense with respect to any Rent. Lessee shall remain obligated under this Lease in accordance with its terms and Lessee hereby waives any and all rights now or hereafter conferred by statute or otherwise to modify or to avoid strict compliance with its obligations under this Lease. Notwithstanding any such statute or otherwise, Lessee shall be bound by all of the terms and conditions contained in this Lease.

ARTICLE VII

7.1 Ownership of the Properties.

(a) Lessor and Lessee intend that for federal and all state and local income tax purposes and other tax purposes, for bankruptcy purposes, creditor's rights purposes, environmental law purposes, for purposes of exercising remedies against the Lessee, the Construction Agent or the Properties, and for the purposes of any other laws governing any right or obligation of any party under any Operative Agreement (A) this Lease will be treated as a loan and financing arrangement and not a true lease, (B) Lessee will be treated as the owner of the Properties and will be entitled to all tax benefits ordinarily available to owners of property similar to the Properties for such tax purposes, and (C) all payments of Basic Rent shall be deemed to be interest payments. Consistent with the foregoing, Lessee intends to claim depreciation and cost recovery deductions associated with the Property, and Lessor agrees not to take any inconsistent position on its income tax returns. Neither Lessor, the Agent, any Lender, any Holder nor NCMI makes any representation or warranty with respect to the foregoing matters described in this Section 7.1 and will assume no liability for the Lessee's accounting treatment of this transaction.

(b) Lessor and Lessee further intend and agree that, for the purpose of securing Lessee's obligations hereunder, (i) this Lease shall be deemed to be a security agreement and financing statement within the meaning of Article 9 of the Uniform Commercial Code respecting each of the Properties to the extent such is personal property and an irrevocable grant and conveyance of a lien and mortgage on each of the Properties to the extent such is real property; (ii) the acquisition of title (or to the extent applicable, a leasehold interest) in each Property referenced in Article II shall be deemed to be (A) a grant by Lessee to Lessor of a lien on and security interest in all of Lessee's right, title and interest in and to each Property and all proceeds (including without limitation insurance proceeds) of any of the Property, whether in the form of cash, investments, securities or other property, (B) an assignment by Lessee to Lessor of all rents, profits and income produced by any of the Property and (C) an assignment by Lessee to Lessor of all proceeds of any operating agreements or other agreements between Lessee and any Governmental Authority relating to any Property; and (iii) notifications to Persons holding such property, and acknowledgments, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) of Lessee shall be deemed to have been given for the purpose of perfecting such security interest under applicable law. Lessor and Lessee shall promptly take such actions as may be necessary or advisable in either party's opinion (including without limitation the filing of Uniform Commercial Code Financing Statements or Uniform Commercial Code Fixture Filings) to ensure that the lien and security interest in each Property will be deemed to be a perfected lien and security interest of first priority under applicable law and will be maintained as such throughout the Term.

ARTICLE VIII

8.1 Condition of the Properties. LESSEE ACKNOWLEDGES AND AGREES THAT IT IS LEASING EACH PROPERTY "AS IS" WITHOUT REPRESENTATION, WARRANTY OR COVENANT (EXPRESS OR IMPLIED) BY LESSOR AND IN EACH CASE SUBJECT TO (A) THE EXISTING STATE OF TITLE, (B) THE RIGHTS OF ANY PARTIES IN POSSESSION THEREOF (IF ANY), (C) ANY STATE OF FACTS WHICH AN ACCURATE SURVEY OR PHYSICAL INSPECTION MIGHT SHOW, (D) ALL APPLICABLE LEGAL REQUIREMENTS AND (E) VIOLATIONS OF LEGAL REQUIREMENTS WHICH MAY EXIST ON THE DATE OF THE APPLICABLE LEASE SUPPLEMENT. NEITHER LESSOR NOR THE AGENT NOR ANY LENDER NOR ANY HOLDER HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION, WARRANTY OR COVENANT (EXPRESS OR IMPLIED) OR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE TITLE, VALUE, HABITABILITY, USE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF ANY PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PROPERTY (OR ANY PART THEREOF), AND NEITHER LESSOR NOR THE AGENT NOR ANY LENDER NOR ANY HOLDER SHALL BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREON OR THE FAILURE OF ANY PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY LEGAL REQUIREMENT. THE LESSEE HAS OR WILL HAVE BEEN AFFORDED FULL OPPORTUNITY TO INSPECT EACH PROPERTY AND THE IMPROVEMENTS THEREON (IF ANY), IS OR WILL BE (INsofar AS THE LESSOR, THE AGENT, EACH LENDER AND EACH HOLDER ARE CONCERNED) SATISFIED WITH THE RESULTS OF ITS INSPECTIONS AND IS ENTERING INTO THIS LEASE SOLELY ON THE BASIS OF THE RESULTS OF ITS OWN INSPECTIONS, AND ALL RISKS INCIDENT TO THE MATTERS DESCRIBED IN THE PRECEDING SENTENCE, AS BETWEEN THE LESSOR, THE AGENT, THE LENDERS AND THE HOLDERS, ON THE ONE HAND, AND THE LESSEE, ON THE OTHER HAND, ARE TO BE BORNE BY LESSEE.

8.2 Possession and Use of the Properties.

(a) At all times during the Term with respect to each Property, such Property shall be used by Lessee in the ordinary course of its business. Lessee shall pay, or cause to be paid, all charges and costs required in connection with the use of the Properties as contemplated by this Lease. Lessee shall not commit or permit any waste of the Properties or any part thereof.

(b) Lessee represents and warrants that the address stated in Section 29.1 of this Lease is the chief place of business and chief executive office of Lessee (as such terms are used in Section 9-103 of the Uniform Commercial Code of any applicable jurisdiction), and Lessee will provide Lessor with prior written notice of any change of location of its chief place of business or chief executive office. Regarding each Property, Lessee represents and warrants that each Lease Supplement correctly identifies the initial location of the related Equipment and Improvements and contains an accurate legal description for the related

parcel of Land. Lessee has no other places of business where the Equipment or Improvements will be located other than those identified on the applicable Lease Supplement.

(c) Lessee will not attach or incorporate any item of Equipment to or in any other item of equipment or personal property or to or in any real property (except the Land identified in the Lease Supplement in which such Equipment is also described) in a manner that could give rise to the assertion of any Lien (other than a Permitted Lien) on such item of Equipment by reason of such attachment or the assertion of a claim that such item of Equipment has become a fixture and is subject to a Lien in favor of a third party that is prior to the Liens thereon created by the Operative Agreements.

(d) Each Lease Supplement delivered under the terms of this Lease shall contain, in regard to the relevant Property, an Equipment Schedule that has a complete description of each item of Equipment, an Improvement Schedule that has a complete description of each Improvement and a legal description of the Land, to be leased hereunder as of such date. Simultaneously with the execution and delivery of each Lease Supplement, such Equipment, Improvements and Land shall be deemed to have been accepted by Lessee for all purposes of this Lease and to be subject to this Lease.

(e) At all times during the Term with respect to each Property, Lessee will comply with all obligations under, and (to the extent no Event of Default has occurred and is continuing and provided that such exercise will not impair the value of such Property) shall be permitted to exercise all rights and remedies under, all operation and easement agreements and related or similar agreements applicable to such Property.

ARTICLE IX

9.1 Compliance with Legal Requirements and Insurance Requirements.

Subject to the terms of Article XIII relating to permitted contests, Lessee, at its sole cost and expense, shall (i) comply with all material Legal Requirements (including without limitation all Environmental Laws), and all Insurance Requirements relating to the Properties, including the use, development, construction, operation, maintenance, repair, refurbishment and restoration thereof, whether or not compliance therewith shall require structural or extraordinary changes in the Improvements or interfere with the use and enjoyment of the Properties, and (ii) procure, maintain and comply with all material licenses, permits, orders, approvals, consents and other authorizations required for the construction, use, maintenance and operation of the Properties and for the use, development, construction, operation, maintenance, repair and restoration of the Improvements.

ARTICLE X

10.1 Maintenance and Repair; Return.

(a) Lessee, at its sole cost and expense, shall maintain each Property in good condition, repair and working order (ordinary wear and tear excepted) and make all necessary

repairs thereto, of every kind and nature whatsoever, whether interior or exterior, ordinary or extraordinary, structural or nonstructural, or foreseen or unforeseen, in each case as required by all Legal Requirements, Insurance Requirements, and manufacturer's specifications and standards and on a basis consistent with the operation and maintenance of properties or equipment comparable in type and function to the applicable Property and in compliance with standard industry practice, subject, however, to the provisions of Article XV with respect to Condemnation and Casualty.

(b) Lessee shall not use or locate any component of any Property outside of any Approved State. Lessee shall not move or relocate any component of any Property beyond the boundaries of the Land described in the applicable Lease Supplement without Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed.

(c) If any material component of any Property becomes worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, Lessee, at its own expense, will within a reasonable time replace such component with a replacement component which is free and clear of all Liens (other than Permitted Liens) and has a value, utility and useful life at least equal to the component replaced. All components which are added to any Property shall immediately become the property of, and title thereto shall vest in, Lessor, and shall be deemed incorporated in such Property and subject to the terms of this Lease as if originally leased hereunder.

(d) Upon reasonable advance notice, Lessor and its agents shall have the right to inspect each Property and all maintenance records with respect thereto at any reasonable time during normal business hours but shall not materially disrupt the business of Lessee.

(e) If, at any time, because of a condemnation, casualty or other event or condition, Lessor has reason to believe that the appraised value of any Property has materially decreased, then the Lessor or the Agent (at Lessee's sole expense) may cause an additional Appraisal (addressed to the Lessor and the Agent) to be prepared. In addition, Lessor or the Agent (at Lessee's sole expense) may cause to be prepared (at Lessee's sole expense) any additional Appraisals (or reappraisals) as Lessor or the Agent may deem appropriate (i) if an Event of Default has occurred and is continuing, (ii) if any one of Lessor, the Agent, any Lender or any Holder is required pursuant to any applicable Legal Requirement to obtain such an Appraisal (or reappraisal), or (iii) at any time upon the request of the Agent or the Lessor, such a request pursuant to this clause (iii) not to be made more frequently than once every three (3) years for the same Property.

(f) Lessor shall under no circumstances be required to build any improvements on any Property, make any repairs, replacements, alterations or renewals of any nature or description to any Property, make any expenditure whatsoever in connection with this Lease or maintain any Property in any way. Lessor shall not be required to maintain, repair or rebuild all or any part of any Property, and Lessee waives the right to (i) require Lessor to maintain, repair, or rebuild all or any part of any Property (unless such repairs are needed to cure damage to a Property caused by the gross negligence or willful misconduct of the

Lessor), or (ii) make repairs at the expense of Lessor pursuant to any Legal Requirement, Insurance Requirement, contract, agreement, covenants, condition or restriction at any time in effect.

(g) Lessee shall, upon the expiration or earlier termination of this Lease with respect to a Property, if Lessee shall not have exercised its Purchase Option with respect to such Property, surrender such Property to Lessor, or the third party purchaser, as the case may be, subject to Lessee's obligations under this Lease (including without limitation Sections 9.1, 10.1(a)-(f), 10.2, 11.1, 12.1, 22.1 and 23.1).

10.2 Environmental Inspection. If (a) Lessee has not given notice of the exercise of its Purchase Option on the Expiration Date pursuant to Section 20.1(b), or (b) Lessee has given notice, pursuant to Section 20.1(b) of its election to remarket the Properties on the Expiration Date or a Payment Date pursuant to Section 22.1 then, in either case, not more than one hundred twenty (120) days nor less than sixty (60) days prior to such Expiration Date or Payment Date, Lessee shall, at its sole cost and expense, provide to Lessor and the Agent a report by a reputable environmental consultant selected by Lessee, which report shall be in form and substance reasonably satisfactory to Lessor and the Agent and shall include without limitation a "Phase I" environmental report (or update of a prior "Phase I" report that was previously delivered to the Lessor and the Agent) on each of the Properties. If the report delivered pursuant to the preceding sentence recommends that a "Phase II" report or other supplemental report be obtained, the Lessee shall, at its own cost and expense, not less than thirty (30) days prior to such Expiration Date or Payment Date, provide to Lessor and the Agent such "Phase II" or other report, in form and substance reasonably satisfactory to Lessor and the Agent.

ARTICLE XI

11.1 Modifications.

(a) Lessee at its sole cost and expense, at any time and from time to time without the consent of Lessor may make alterations, renovations, improvements and additions to any Property or any part thereof and substitutions and replacements therefor (collectively, "Modifications"); provided, that: (i) except for any Modification required to be made pursuant to a Legal Requirement, no Modification shall materially impair the value, utility or useful life of any Property from that which existed immediately prior to such Modification; (ii) the Modification shall be done expeditiously and in a good and workmanlike manner; (iii) Lessee shall comply with all material Legal Requirements (including all Environmental Laws) and Insurance Requirements applicable to the Modification, including without limitation the obtaining of all permits and certificates of occupancy, and the structural integrity of any Property shall not be adversely affected; (iv) to the extent required by Section 14.2(a), Lessee shall maintain builders' risk insurance at all times when a Modification is in progress; (v) subject to the terms of Article XIII relating to permitted contests, Lessee shall pay all costs and expenses and discharge any Liens (other than Permitted Liens) arising with respect to the Modification; (vi) such Modification shall comply with the requirements of this Lease (including without limitation Sections 8.2 and

10.1); and (vii) no Improvements shall be demolished unless Lessee shall finance the proposed Modification outside of this lease facility. All Modifications shall become property of the Lessor and shall be subject to this Lease, and title to any component of any Property comprising any such Modifications shall immediately vest in Lessor.

(b) The construction process provided for in the Agency Agreement is acknowledged by Lessor and the Agent to be consistent with and in compliance with the terms and provisions of this Article XI.

ARTICLE XII

12.1 Warranty of Title.

(a) Lessee agrees that, except as otherwise provided herein and subject to the terms of Article XIII relating to permitted contests, Lessee shall not directly or indirectly create or allow to remain, and shall promptly discharge at its sole cost and expense, (i) any Lien, defect, attachment, levy, title retention agreement or claim upon any Property or any Modifications or (ii) any Lien, attachment, levy or claim with respect to the Rent or with respect to any amounts held by the Agent pursuant to the Credit Agreement, in each case other than Permitted Liens and Lessor Liens. Lessee shall promptly notify Lessor in the event it receives actual knowledge that a Lien other than a Permitted Lien or Lessor Lien has occurred with respect to a Property, and Lessee represents and warrants to, and covenants with, Lessor that the Liens in favor of the Lessor created by the Operative Agreements are first priority perfected Liens subject only to Permitted Liens.

(b) Nothing contained in this Lease shall be construed as constituting the consent or request of Lessor, expressed or implied, to or for the performance by any contractor, mechanic, laborer, materialman, supplier or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to any Property or any part thereof. NOTICE IS HEREBY GIVEN THAT LESSOR IS NOT AND SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO LESSEE, OR TO ANYONE HOLDING A PROPERTY OR ANY PART THEREOF THROUGH OR UNDER LESSEE, AND THAT NO MECHANIC'S OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LESSOR IN AND TO ANY PROPERTY.

ARTICLE XIII

13.1 Permitted Contests Other Than in Respect of Indemnities. Except to the extent otherwise provided for in Section 13 of the Participation Agreement, Lessee, on its own or on Lessor's behalf but at Lessee's sole cost and expense, may contest, by appropriate administrative or judicial proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any Legal Requirement, or utility charges payable pursuant to Section 4.1 or any Lien, attachment, levy, encumbrance or encroachment, and Lessor agrees not to

pay, settle or otherwise compromise any such item, provided that (a) the commencement and continuation of such proceedings shall suspend the collection of any such contested amount from, and suspend the enforcement thereof against, the applicable Properties, Lessor, each Holder, the Agent and each Lender; (b) there shall not be imposed a Lien (other than Permitted Liens) on any Property and no part of any Property nor any Rent shall be in any danger of being sold, forfeited, lost or deferred; (c) at no time during the permitted contest shall there be a risk of the imposition of criminal liability or material civil liability on Lessor, any Holder, the Agent or any Lender for failure to comply therewith; and (d) in the event that, at any time, there shall be a material risk of extending the application of such item beyond the end of the Term, then Lessee shall deliver to Lessor an Officer's Certificate certifying as to the matters set forth in clauses (a), (b) and (c) of this Section 13.1. Lessor, at Lessee's sole cost and expense, shall execute and deliver to Lessee such authorizations and other documents as may reasonably be required in connection with any such contest and, if reasonably requested by Lessee, shall join as a party therein at Lessee's sole cost and expense.

ARTICLE XIV

14.1 Public Liability and Workers' Compensation Insurance. During the Term of each Property, Lessee shall procure and carry, at Lessee's sole cost and expense, commercial general liability insurance for claims for injuries or death sustained by persons or damage to property while on the Properties or the premises where the Equipment is located and such other public liability coverages as are then customarily carried by similarly situated companies conducting business similar to that conducted by Lessee. Such insurance shall be on terms and in amounts (and with deductibles and limitations on coverage) that are no less favorable than insurance maintained by Lessee with respect to similar properties and equipment that it owns and are then carried by similarly situated companies conducting business similar to that conducted by Lessee. The policies shall be endorsed to name Lessor (for itself and on behalf of the Holders) and the Agent (for itself and on behalf of the Lenders) as additional insureds. The policies shall also specifically provide that such policies shall be considered primary insurance which shall apply to any loss or claim before any contribution by any insurance which Lessor, any Holder, the Agent or any Lender may have in force. Lessee shall, in the operation of the Properties, comply with the applicable workers' compensation laws and protect Lessor, each Holder, the Agent and each Lender against any liability under such laws.

14.2 Hazard and Other Insurance.

(a) During the Term for each Property, Lessee shall keep, or cause to be kept, such Property insured against loss or damage by fire and other risks and shall maintain builders' risk insurance during construction of any Improvements or Modifications in amounts not less than the replacement value from time to time of such Property and on terms that (a) are no less favorable than insurance covering other similar properties owned by Lessee and (b) are then carried by similarly situated companies conducting business similar to that conducted by Lessee. Lessee shall not be required to maintain separate builder's insurance solely by reason of the Modifications to a Property if the cost of such Modifications will not exceed \$100,000 in the aggregate. The policies shall be endorsed to

name Lessor (for itself and on behalf of the Holders) and the Agent (for itself and on behalf of the Lenders), to the extent of their respective interests, as additional loss payees; provided, that so long as no Lease Event of Default has occurred and is continuing, any loss payable under the insurance policies required by this Section will be paid to Lessee.

(b) If, during the Term with respect to a Property the area in which such Property is located is designated a "flood-prone" area pursuant to the Flood Disaster Protection Act of 1973, or any amendments or supplements thereto, then Lessee shall comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973. In addition, Lessee will fully comply with the requirements of the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as each may be amended from time to time, and with any other Legal Requirement concerning flood insurance to the extent that it may apply to any such Property.

14.3 Coverage.

(a) As of the date of this Lease and annually thereafter, Lessee shall furnish Lessor and the Agent with certificates prepared by the insurers or insurance broker of Lessee showing the insurance required under Sections 14.1 and 14.2 to be in effect, naming (except with respect to workers' compensation insurance) Lessor (for itself and on behalf of the Holders) and the Agent (for itself and on behalf of the Lenders) as additional insureds and loss payees and evidencing the other requirements of this Article XIV. All such insurance shall be at the cost and expense of Lessee and provided by nationally recognized, financially sound insurance companies. Such certificates shall include a provision for thirty (30) days' advance written notice by the insurer to Lessor and the Agent in the event of cancellation or material alteration of such insurance. If a Lease Event of Default has occurred and is continuing and Lessor so requests, Lessee shall deliver to Lessor copies of all insurance policies required by Sections 14.1 and 14.2.

(b) Lessee agrees that any insurance policy required by Sections 14.1, 14.2(a) and 14.2(b) shall include an appropriate provision that such policy will not be invalidated should Lessee waive, at any time, any or all rights of recovery against any party for losses covered by such policy or due to any breach of warranty, action or inaction by Lessee or any Person acting on behalf of Lessee. Lessee hereby waives any and all such rights against the Lessor, the Holders, the Agent and the Lenders to the extent of payments made to any such Person under any such policy.

(c) Neither Lessor nor Lessee shall carry separate insurance concurrent in kind or form or contributing in the event of loss with any insurance required under this Article XIV, except that Lessor may carry separate liability insurance at Lessor's sole cost so long as (i) Lessee's insurance is designated as primary and in no event excess or contributory to any insurance Lessor may have in force which would apply to a loss covered under Lessee's policy and (ii) each such insurance policy will not cause Lessee's insurance required under this Article XIV to be subject to a coinsurance exception of any kind.

(d) Lessee shall pay as they become due all premiums for the insurance required by Section 14.1 and Section 14.2, shall renew or replace each policy prior to the expiration date thereof, and shall otherwise maintain the coverage required by such Sections without any lapse in coverage.

ARTICLE XV

15.1 Casualty and Condemnation.

(a) Subject to the provisions of this Article XV and Article XVI (in the event Lessee delivers, or is obligated to deliver, a Termination Notice), and prior to the occurrence and continuation of a Lease Default or Lease Event of Default, Lessee shall be entitled to receive (and Lessor hereby irrevocably assigns to Lessee all of Lessor's right, title and interest in) any award, compensation or insurance proceeds under Sections 14.2(a) or (b) hereof to which Lessee or Lessor may become entitled by reason of their respective interests in a Property (i) if all or a portion of such Property is damaged or destroyed in whole or in part by a Casualty or (ii) if the use, access, occupancy, easement rights or title to such Property or any part thereof is the subject of a Condemnation; provided, however, if a Lease Default or Lease Event of Default shall have occurred and be continuing such award, compensation or insurance proceeds shall be paid directly to Lessor or, if received by Lessee, shall be held in trust for Lessor, and shall be paid over by Lessee to Lessor and held in accordance with the terms of this paragraph (a). All amounts held by Lessor hereunder on account of any award, compensation or insurance proceeds either paid directly to Lessor or turned over to Lessor shall be held as security for the performance of Lessee's obligations hereunder.

(b) Lessee may appear in any proceeding or action to negotiate, prosecute, adjust or appeal any claim for any award, compensation or insurance payment on account of any such Casualty or Condemnation and shall pay all expenses thereof. At Lessee's reasonable request, and at Lessee's sole cost and expense, Lessor and the Agent shall participate in any such proceeding, action, negotiation, prosecution or adjustment. Lessor and Lessee agree that this Lease shall control the rights of Lessor and Lessee in and to any such award, compensation or insurance payment.

(c) If Lessee shall receive notice of a Casualty or a possible Condemnation of a Property or any interest therein where damage to the affected Property is estimated to equal or exceed ten percent (10%) of the Property Cost of such Property, Lessee shall give notice thereof to the Lessor and to the Agent promptly after the receipt of such notice.

(d) In the event of a Casualty or a Condemnation (regardless of whether notice thereof must be given pursuant to paragraph (c)), this Lease shall terminate with respect to the applicable Property in accordance with Section 16.1 if Lessee, within thirty (30) days after such occurrence, delivers to Lessor and the Agent a Termination Notice to such effect.

(e) If, pursuant to this Section 15.1, this Lease shall continue in full force and effect following a Casualty or Condemnation with respect to the affected Property, Lessee shall, at its sole cost and expense and using, if available, the proceeds of any award, compensation or insurance with respect to such Casualty or Condemnation (including, without limitation, any such award, compensation or insurance which has been received by the Agent and which should be turned over to Lessee pursuant to the terms of the Operative Agreements, and if not available or sufficient, using its own funds), promptly and diligently repair any damage to the applicable Property caused by such Casualty or Condemnation in conformity with the requirements of Sections 10.1 and 11.1, using the as-built plans and specifications or manufacturer's specifications for the applicable Improvements or Equipment (as modified to give effect to any subsequent Modifications, any Condemnation affecting the Property and all applicable Legal Requirements), so as to restore the applicable Property to substantially the same condition, operation, function and value as existed immediately prior to such Casualty or Condemnation. In such event, title to the applicable Property shall remain with Lessor.

(f) In no event shall a Casualty or Condemnation with respect to which this Lease remains in full force and effect under this Section 15.1 affect Lessee's obligations to pay Rent pursuant to Section 3.1.

(g) Notwithstanding anything to the contrary set forth in Section 15.1(a) or Section 15.1(e), if during the Term with respect to a Property a Casualty occurs with respect to such Property or Lessee receives notice of a Condemnation with respect to such Property, and following such Casualty or Condemnation, (i) the applicable Property cannot reasonably be restored, repaired or replaced on or before the 180th day prior to the Expiration Date (if such Casualty or Condemnation occurs during the Term) to substantially the same condition as existed immediately prior to such Casualty or Condemnation, or (ii) on or before such day such Property is not in fact so restored, repaired or replaced, then Lessee shall be required to purchase such Property on the next Payment Date and pay Lessor the Termination Value for such Property, plus any and all Rent then due and owing, plus all other amounts then due and owing (including without limitation amounts described in clause FIRST of Section 22.2).

15.2 Environmental Matters. Promptly upon Lessee's actual knowledge of the presence of Hazardous Substances in any portion of any Property (or in any other property that is not subject to this Lease if Lessee has reason to believe that such Hazardous Substances may be caused by an emission from or on, or a condition on, any Property) in concentrations and conditions that constitute an Environmental Violation and as to which, in the reasonable opinion of Lessee, the cost to undertake any legally required response, clean up, remedial or other action might result in a cost to Lessee or loss in the value of such Property of more than \$100,000, Lessee shall notify Lessor in writing of such condition. In the event of any Environmental Violation (regardless of whether notice thereof must be given to Lessor pursuant to the preceding sentence), Lessee shall, not later than sixty (60) days after Lessee has actual knowledge of such Environmental Violation, either deliver to Lessor a Termination Notice with respect to the applicable Property or Properties pursuant to Section 16.1, if applicable, or, at Lessee's sole cost and expense, promptly and diligently undertake and complete any response, clean up, remedial or other action necessary to remove, clean up or remediate

the Environmental Violation in accordance with all Environmental Laws. If Lessee does not deliver a Termination Notice with respect to such Property pursuant to Section 16.1, Lessee shall, upon completion of remedial action by Lessee, cause to be prepared by a reputable environmental consultant acceptable to Lessor a report describing the Environmental Violation and the actions taken by Lessee (or its agents) in response to such Environmental Violation, and a statement by the consultant that the Environmental Violation has been remedied in full compliance with applicable Environmental Law.

15.3 Notice of Environmental Matters. Promptly, but in any event within thirty (30) days from the date Lessee has actual knowledge thereof, Lessee shall provide to Lessor written notice of any pending or threatened Environmental Claim involving any Environmental Law or any Release on or in connection with any Property. All such notices shall describe in reasonable detail the nature of the claim, action or proceeding and Lessee's proposed response thereto. In addition, Lessee shall provide to Lessor, within five (5) Business Days of receipt, copies of all material written communications with any Governmental Authority relating to any Environmental Law in connection with any Property. Lessee shall also promptly provide such detailed reports of any such material Environmental Claims as may reasonably be requested by Lessor.

ARTICLE XVI

16.1 Termination Upon Certain Events. If any of the following occur: (i) if the requirements of Section 15.1(c) are satisfied, or (ii) if the requirements of Section 15.1(d) are satisfied and Lessee has determined pursuant to such section that following the applicable Casualty or Condemnation this Lease shall terminate with respect to the affected Property, or (iii) Lessee has determined pursuant to the second sentence of Section 15.2 that, due to the occurrence of an Environmental Violation, this Lease shall terminate with respect to the affected Property, then Lessee shall be obligated to deliver, within sixty (60) days of its receipt of notice of the applicable Condemnation or the occurrence of the applicable Casualty or Environmental Violation, a written notice to the Lessor in the form described in Section 16.2(a) (a "Termination Notice") of the termination of this Lease with respect to the applicable Property.

16.2 Procedures.

(a) A Termination Notice shall contain: (i) notice of termination of this Lease with respect to the affected Property on a Payment Date not more than sixty (60) days after Lessor's receipt of such Termination Notice (the "Termination Date"); and (ii) a binding and irrevocable agreement of Lessee to pay the Termination Value for the applicable Property, any and all Rent then due and owing and all other amounts then due and owing from Lessee under any of the Operative Agreements (including without limitation amounts described in clause FIRST of Section 22.2) and purchase such Property on such Termination Date.

(b) On each Termination Date, Lessee shall pay to Lessor the Termination Value for the applicable Property, any and all Rent then due and owing and all other amounts then due and owing from Lessee under any of the Operative Agreements (including without limitation amounts described in clause FIRST of Section 22.2), and Lessor shall convey such

Property, or the remaining portion thereof, if any, to Lessee (or Lessee's designee), all in accordance with Section 19.1.

ARTICLE XVII

17.1 Lease Events of Default. If any one or more of the following events (each a "Lease Event of Default") shall occur:

(a) Lessee shall fail to make payment of (i) any Basic Rent (except as set forth in clause (ii)) within three (3) days after the same has become due and payable or (ii) any Termination Value, on the date any such payment is due, or any payment of Basic Rent or Supplemental Rent due on the due date of any such payment of Termination Value, or any amount due on the Expiration Date;

(b) Lessee shall fail to make payment of any Supplemental Rent (other than Supplemental Rent referred to in Section 17(a)(ii)) due and payable within three (3) days after receipt of notice that such payment is due;

(c) Lessee shall fail to maintain insurance as required by Article XIV of this Lease;

(d) Lessee or Guarantor shall fail to observe or perform any term, covenant or provision (including without limitation the Incorporated Covenants) of Lessee or Guarantor under this Lease or any other Operative Agreement to which Lessee or Guarantor is a party other than those set forth in Sections 17.1(a), (b) (c) or (g) hereof, and such failure shall remain uncured for a period of thirty (30) days after the earlier of receipt of written notice from Lessor thereof or a Responsible Officer of Lessee becomes aware of such failure;

(e) An Agency Agreement Event of Default shall have occurred and be continuing;

(f) (i) Any default, which is not waived, in the payment of any principal, interest, premium or other amount with respect to any Indebtedness or Rate Hedging Obligation (as defined in the Existing Wackenhut Corrections Credit Agreement) (other than obligations under the Operative Agreements) of Lessee in an amount not less than \$2,500,000 in the aggregate outstanding, or (ii) any default, which is not waived, in the performance, observance or fulfillment of any term or covenant contained in any agreement or instrument under or pursuant to which any such Indebtedness or Rate Hedging Obligation referred to in clause (i) may have been issued, created, assumed, guaranteed or secured by Lessee, or (iii) any other event of default as specified in any agreement or instrument under or pursuant to which any such Indebtedness or Rate Hedging Obligation may have been issued, created, assumed, guaranteed or secured by Lessee, and any such default or event of default specified in clauses (i), (ii) or (iii) shall continue for more than the period of grace, if any, therein specified, or such default or event of default shall permit the holder of any such Indebtedness

(or any agent or trustee acting on behalf of one or more holders) to accelerate the maturity thereof; or

(g) The breach of any financial covenant incorporated by reference in Article XXVIII hereof or Section 12 of the Guaranty;

(h) The Lessee shall be unable to pay its debts generally as they become due; file a petition to take advantage of any insolvency statute; make an assignment for the benefit of its creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property; file a petition or answer seeking liquidation, reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute;

(i) A court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of the Lessee or of the whole or any substantial part of its properties and such order, judgment or decree continues unstayed and in effect for a period of sixty (60) days, or approve a petition filed against the Lessee seeking liquidation, reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which petition is not dismissed within sixty (60) days; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Lessee or of the whole or any substantial part of its properties, which control is not relinquished within sixty (60) days; or if there is commenced against the Lessee any proceeding or petition seeking liquidation, reorganization, arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state which proceeding or petition remains undismissed for a period of sixty (60) days; or if the Lessee takes any action to indicate its consent to or approval of any such proceeding or petition;

(j) The entering of any order in any proceedings against Lessee decreeing the dissolution, divestiture or split-up of Lessee, and such order remains in effect for more than sixty (60) days;

(k) Any representation, warranty or statement of fact contained in any Operative Agreement in any writing, report, certificate, or statement at any time furnished to Lessor, the Agent, any Holder or any Lender by or on behalf of Lessee pursuant to or in connection with this Lease or any other Operative Agreement or otherwise shall be false or misleading in any material respect when given;

(l) One or more judgments or orders where the amount not covered by insurance (or the amount as to which the insurer) is found not to be liable for) is in excess of \$500,000 is rendered against Lessee, or (ii) there is any attachment, injunction or execution against any of the Lessee's properties for any amount in excess of \$500,000 in the aggregate; and such judgment, attachment, injunction or execution remains unpaid, unstayed, undischarged, unbonded or undismissed for a period of thirty (30) days; or

(m) Any material Environmental Violation shall have occurred and be continuing;

(n) Any Wackenhut Corrections Credit Agreement Event of Default shall have occurred and be continuing; or

(o) Any Operative Agreement shall cease to be in full force and effect;

then, in any such event, Lessor may, in addition to the other rights and remedies provided for in this Article XVII and in Section 18.1, terminate this Lease by giving Lessee fifteen (15) days notice of such termination, and this Lease shall terminate, and all rights of Lessee under this Lease shall cease. Lessee shall, to the fullest extent permitted by law, pay as Supplemental Rent all costs and expenses incurred by or on behalf of Lessor, including without limitation reasonable fees and expenses of counsel, as a result of any Lease Event of Default hereunder.

17.2 Surrender of Possession. If a Lease Event of Default shall have occurred and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessee shall, upon thirty (30) days written notice, surrender to Lessor possession of the Properties. Lessor may enter upon and repossess the Properties by such means as are available at law or in equity, and may remove Lessee and all other Persons and any and all personal property and Lessee's equipment and personalty and severable Modifications from the Properties. Lessor shall have no liability by reason of any such entry, repossession or removal performed in accordance with applicable law. Upon the written demand of Lessor, Lessee shall return the Properties promptly to Lessor, in the manner and condition required by, and otherwise in accordance with the provisions of, Section 22.1(c) hereof.

17.3 Reletting. If a Lease Event of Default shall have occurred and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessor may, but shall be under no obligation to, relet any or all of the Properties, for the account of Lessee or otherwise, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term) and on such conditions (which may include concessions or free rent) and for such purposes as Lessor may determine, and Lessor may collect, receive and retain the rents resulting from such reletting. Lessor shall not be liable to Lessee for any failure to relet any Property or for any failure to collect any rent due upon such reletting.

17.4 Damages. Neither (a) the termination of this Lease as to all or any of the Properties pursuant to Section 17.1; (b) the repossession of all or any of the Properties; nor (c) the failure of Lessor to relet all or any of the Properties, the reletting of all or any portion thereof, nor the failure of Lessor to collect or receive any rentals due upon any such reletting, shall relieve Lessee of its liabilities and obligations hereunder, all of which shall survive any such termination, repossession or reletting. If any Lease Event of Default shall have occurred and be continuing and notwithstanding any termination of this Lease pursuant to Section 17.1, Lessee shall forthwith pay to Lessor all Rent and other sums due and payable hereunder to and including the date of such termination. Thereafter, on the days on which the Basic Rent or Supplemental Rent, as applicable, are payable under this Lease or would have been payable under this Lease if the same had not been terminated pursuant to Section 17.1 and until the end of the Term hereof or what would have been

the Term in the absence of such termination, Lessee shall pay Lessor, as current liquidated damages (it being agreed that it would be impossible accurately to determine actual damages) an amount equal to the Basic Rent and Supplemental Rent that are payable under this Lease or would have been payable by Lessee hereunder if this Lease had not been terminated pursuant to Section 17.1, provided that Lessee's obligation to make payments of Basic Rent and Supplemental Rent under this Section 17.4 shall continue only so long as Lessor shall not have received the amounts specified in Section 17.5. The amount of Lessee's liabilities and obligations under this Lease shall not be reduced or offset by any proceeds Lessor may receive from any reletting of any Property, except that the net proceeds, if any, which are actually received by Lessor from reletting of any Property shall be offset against the final liquidated damages amount specified in Section 17.5. In calculating the amount of such net proceeds from reletting, there shall be deducted all of Lessor's, any Holder's, the Agent's and any Lender's reasonable expenses in connection therewith, including repossession costs, brokerage or sales commissions, fees and expenses of counsel and any necessary repair or alteration costs and expenses incurred in preparation for such reletting. To the extent Lessor receives any damages pursuant to this Section 17.4, such amounts shall be regarded as amounts paid on account of Rent. Lessee specifically acknowledges and agrees that its obligations under this Section 17.4 shall be absolute and unconditional under any and all circumstances and shall be paid or performed, as the case may be, without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever.

17.5 Final Liquidated Damages. If a Lease Event of Default shall have occurred and be continuing, whether or not this Lease shall have been terminated pursuant to Section 17.1 and whether or not Lessor shall have collected any current liquidated damages pursuant to Section 17.4, Lessor shall have the right to recover, by demand to Lessee and at Lessor's election, and Lessee shall pay to Lessor, as and for final liquidated damages, but exclusive of the indemnities payable under Section 13 of the Participation Agreement, and in lieu of all current liquidated damages beyond the date of such demand (it being agreed that it would be impossible accurately to determine actual damages) the sum of (a) the Termination Value for all Properties remaining under this Lease, plus (b) all other amounts owing in respect of Rent, Supplemental Rent and other amounts then due and payable under this Lease or any other Operative Agreement. It is intended and agreed that the foregoing amount is and will be liquidated damages and not a penalty. Upon payment of the amount specified pursuant to the first sentence of this Section 17.5, Lessee shall be entitled to receive from Lessor, either at Lessee's request or upon Lessor's election, in either case at Lessee's cost, an assignment of Lessor's entire right, title and interest in and to the Properties, the Improvements, Fixtures, Modifications and Equipment, in each case in recordable form and otherwise in conformity with local custom and free and clear of the Lien of this Lease (including the release of any memoranda of Lease or the Lease Supplement recorded in connection therewith) and any Lessor Liens. The Properties shall be conveyed to Lessee "AS IS" and in their then present physical condition. If any statute or rule of law shall limit the amount of such final liquidated damages to less than the amount agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law; provided, however, Lessee shall not be entitled to receive an assignment of Lessor's interest in the Properties, the Improvements, Fixtures, Modifications or Equipment or documents unless Lessee shall have paid in full the Termination Value and all other amounts due and owing hereunder and under the other Operative Agreements. Lessee specifically acknowledges and agrees that its obligations under this Section 17.5 shall be absolute and unconditional under any

and all circumstances and shall be paid or performed, as the case may be, without notice or demand (except as otherwise specifically provided herein) and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever.

17.6 Waiver of Certain Rights. If this Lease shall be terminated pursuant to Section 17.1, Lessee waives, to the fullest extent permitted by law, (a) any notice of re-entry or the institution of legal proceedings to obtain re-entry or possession; (b) any right of redemption, re-entry or possession; (c) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt; and (d) any other rights which might otherwise limit or modify any of Lessor's rights or remedies under this Article XVII.

17.7 Assignment of Rights Under Contracts. If a Lease Event of Default shall have occurred and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessee shall upon Lessor's demand immediately assign, transfer and set over to Lessor all of Lessee's right, title and interest in and to each agreement executed by Lessee in connection with the purchase, construction, development, use or operation of the Properties (including, without limitation, all right, title and interest of Lessee with respect to all warranty, performance, service and indemnity provisions), as and to the extent that the same relate to the purchase, construction, use and operation of the Properties.

17.8 Environmental Costs. If a Lease Event of Default shall have occurred and be continuing, and whether or not this Lease shall have been terminated pursuant to Section 17.1, Lessee shall pay directly to any third party (or at Lessor's election, reimburse Lessor) for the cost of any environmental testing or remediation work undertaken respecting any Property as such testing or work is deemed appropriate in the reasonable judgment of Lessor. Lessee shall pay all amounts referenced in the immediately preceding sentence within ten (10) days of any request by Lessor for such payment.

17.9 Remedies Cumulative. The remedies herein provided shall be cumulative and in addition to (and not in limitation of) any other remedies available at law, equity or otherwise, including, without limitation, any mortgage foreclosure remedies.

17.10 Notice of Default or Event of Default. Lessee shall promptly notify the Lessor and the Agent if any Responsible Officer of Lessee has received notice, or has actual knowledge, of any Default or Event of Default.

17.11 Option to Purchase or Sell All Properties Upon Certain Changes of Control. If (a) a Change of Control has occurred and is continuing, (b) such Change of Control has not been consented to by, and is not otherwise within the control of, any Wackenhut Control Group Member, and (c) no Lease Event of Default (other than such Change of Control) has occurred and is continuing on the date of the applicable Election Notice or Sale Date, then notwithstanding anything to the contrary in this Article XVII, Lessee may within ten (10) days of such Change of Control give the Lessor and the Agent the Election Notice pursuant to Section 20.1(b), and may (on a Payment Date occurring not more than 180 and not less than 120 days after such Election Notice) purchase or remarket all of the Properties in accordance with, and subject to the conditions set forth in, Section

20.1(b) and Article XXII. Provided no Lease Event of Default (other than such Change of Control) has occurred and is continuing, then during the ten (10)-day period described in this paragraph for delivery of Lessee's Election Notice, Lessor shall not remarket the Properties without Lessee's consent.

17.12 Lessee's Purchase Option During Default. If a Lease Event of Default that is not within the control of Lessee has occurred and is continuing, and such Lease Event of Default could not reasonably be cured by Lessee within any applicable grace period, and Lessee exercises its option to purchase a Property (the "affected Property") in accordance with Section 20.1 (without regard to the limitations contained in the first sentence of Section 20.1(a) regarding the absence of Lease Events of Default) within fifteen (15) days of the occurrence of such Lease Event of Default, the purchase of the affected Property within such fifteen (15)-day period shall be deemed to have cured such Lease Event of Default to the extent such Lease Event of Default is no longer continuing with respect to any other Property remaining subject to this Lease after such purchase of the affected Property.

ARTICLE XVIII

18.1 Lessor's Right to Cure Lessee's Lease Defaults. Lessor, without waiving or releasing any obligation or Lease Event of Default, may (but shall be under no obligation to) remedy any Lease Event of Default for the account and at the sole cost and expense of Lessee, including the failure by Lessee to maintain the insurance required by Article XIV, and may, to the fullest extent permitted by law, and notwithstanding any right of quiet enjoyment in favor of Lessee, enter upon any Property, or real property owned or leased by Lessee and take all such action thereon as may be necessary or appropriate therefor. No such entry shall be deemed an eviction of any lessee. All reasonable out-of-pocket costs and expenses so incurred (including without limitation reasonable fees and expenses of counsel), together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid by Lessor, shall be paid by Lessee to Lessor on demand.

ARTICLE XIX

19.1 Provisions Relating to Lessee's Exercise of its Purchase Option. Subject to Section 19.2, in connection with any termination of this Lease with respect to any Property pursuant to the terms of Section 16.2, or in connection with Lessee's exercise of its Purchase Option or its option to purchase a Property pursuant to Section 20.1(a), upon the date on which this Lease is to terminate with respect to a Property or all of the Properties, and upon tender by Lessee of the amounts set forth in Sections 16.2(b), 20.1 or 20.2, as applicable, Lessor shall execute and deliver to Lessee (or to Lessee's designee) at Lessee's cost and expense an assignment of Lessor's entire interest in the applicable Property, in each case in recordable form and otherwise in conformity with local custom and free and clear of the Lien of this Lease and any Lessor Liens attributable to Lessor but without any other warranties (of title or otherwise) from the Lessor. The applicable Property shall be conveyed to Lessee "AS IS" "WHERE IS" and in then present physical condition. In addition, Lessor shall, upon Lessee's request and at Lessee's expense, execute and deliver any documents (including any appropriate releases of or amendments to financing statements or recorded memoranda of this Lease) necessary to release the Lien of this Lease on the applicable Property.

19.2 No Termination With Respect to Less than All of a Property. Lessee shall not be entitled to exercise its Purchase Option separately with respect to Property consisting of Land, Equipment and Improvements but shall be required to exercise its Purchase Option with respect to an entire Property.

ARTICLE XX

20.1 Individual Purchase Option.

(a) Subject to the restrictions set forth in this paragraph and provided no Default or Event of Default shall have occurred and be continuing and provided that the Election Notice referred to in Section 20.2 has not been delivered, Lessee shall have the option, exercisable by giving the Agent and Lessor no more than one hundred twenty (120) days and no less than thirty (30) days written notice of Lessee's election to exercise such option, to purchase any Property on a Business Day as identified in such written notice, at a price equal to the Termination Value for such Property and all Rent then due and owing and all other amounts then due and owing (by the Lessee or the Construction Agent) under this Lease or under any other Operative Agreement (including without limitation amounts, if any, described in clause FIRST of Section 22.2) (which the parties do not intend to be a "bargain" purchase price); and, upon receipt of such amount, Lessor shall transfer to Lessee all of Lessor's right, title and interest in and to such Property in accordance with Section 19.1 as of the Business Day on which such purchase occurs. The foregoing notwithstanding, Lessee may not purchase any Property or Properties pursuant to this Section 20.1 if the Property Cost of the Property or Properties to be purchased (as identified in the Lessee's notice referred to in the preceding sentence) (collectively, the "Intended Acquisition Properties") plus the aggregate Property Cost of all Properties then or previously purchased by Lessee or the Construction Agent (including without limitation purchases pursuant to, as a result of or otherwise relating to any exercise of the purchase option pursuant to this Section 20.1, any Default, any Event of Default, any Casualty, any Condemnation or any Environmental Violation) on a cumulative basis exceeds 25% of the aggregate of the Maximum Expected Property Costs (as of the date of determination) of all properties that have at any time been Properties (including without limitation any Intended Acquisition Properties and any other Properties then or previously purchased by the Lessee or retained by the Lessor), unless the Agent (at Lessee's sole expense) obtains Appraisals of the remaining Properties (excluding any Intended Acquisition Properties) showing an aggregate appraised value equal to or greater than 85% of the aggregate Maximum Expected Property Costs of such remaining Properties, and such Appraisals are dated not more than one (1) year earlier than the date of Lessee's purchase of such Intended Acquisition Properties. For the purposes of this paragraph, "Maximum Expected Property Cost" with respect to any Property, as of the date of determination, shall mean (A) with respect to any Property then subject to the Lease, the Property Cost of such Property, or (B) with respect to any Construction Period Property, the greater of the Property cost or expected maximum Property Cost (based on the applicable Construction Budgets) for such Property, or (C) with respect to any property that was previously, but is not then, a Property, the highest Property Cost of such property when it was a Property. If Lessee gives the Agent or Lessor a notice of Lessee's election of the option to

purchase any Property or Properties pursuant to this paragraph and subsequently revokes such notice prior to the date of purchase, Lessee shall not be required to consummate such purchase, but shall be required to pay the Agent a revocation fee of \$20,000, plus all costs and expenses (including without limitation attorney's fees) incurred by the Agent or the Lessor in preparing for or cancelling such sale and purchase.

(b) In addition to the option granted Lessee pursuant to the foregoing Section 20.1(a), and provided no Default or Event of Default shall have occurred and be continuing and provided that the Election Notice referred to in Section 20.2 has not been delivered, Lessee shall have the option, exercisable by giving the Agent and Lessor no more than one hundred twenty (120) days and no less than thirty (30) days written notice of Lessee's election to exercise such option, to purchase all (but not less than all) of the Properties then subject to the Lease on a Business Day as identified in such written notice, at a price equal to the Termination Value for such Properties and all Rent then due and owing and all other amounts then due and owing (by the Lessee or the Construction Agent) under this Lease or under any other Operative Agreement (including without limitation amounts, if any, described in clause FIRST of Section 22.2) (which the parties do not intend to be a "bargain" purchase price); and, upon receipt of such amount, Lessor shall transfer to Lessee all Lessor's right, title and interest in and to such Properties in accordance with Section 19.1 as of the Business Day on which such purchase occurs (such date being referred to herein as the "Property Value Reset Date"). Effective on and as of the Property Value Reset Date, the Maximum Expected Property Cost of (i) each Property purchased by Lessee on such date, and (ii) all Properties theretofore purchased by Lessee pursuant to Section 2.01(a), shall, for purposes of application of Section 2.01(a) to Properties thereafter made subject to this Lease, be deemed to be Zero Dollars (\$0.00). In the event that Lessee shall purchase all Properties subject to the Lease on more than one occasion, references herein to the Property Value Reset Date shall be deemed to refer to the most recent date on and as of which there were no Properties subject to this Lease. If Lessee gives the Agent or Lessor a notice of Lessee's election of the option to purchase any Property or Properties pursuant to this paragraph and subsequently revokes such notice prior to the date of purchase, Lessee shall not be required to consummate such purchase, but shall be required to pay the Agent a revocation fee of \$20,000, plus all costs and expenses (including without limitation attorney's fees) incurred by the Agent or the Lessor in preparing for or cancelling such sale and purchase.

20.2 Purchase or Sale Option. Not less than 120 days and no more than 180 days prior to the Expiration Date or any Payment Date occurring after the Construction Period Termination Date, Lessee may give Lessor and Agent irrevocable written notice (the "Election Notice") that Lessee is electing to exercise either (a) the option to purchase all, but not less than all, of the Properties on such Expiration Date or Payment Date (the "Purchase Option") or (b) the option to remarket all of the Properties and cause a sale of all of the Properties pursuant to the terms of Section 22.1 (the "Sale Option"), such sale to occur on such Expiration Date or Payment Date. If Lessee does not give an Election Notice indicating the Sale Option at least 120 days and not more than 180 days prior to the Expiration Date, then Lessee shall be deemed to have elected the Purchase Option for the Expiration Date. Lessor shall have no obligation to sell any Property unless all of the Properties are sold on the respective Expiration Date or Payment Date. If Lessee shall (i) elect (or be deemed to elect) to

exercise the Purchase Option, or (ii) elect to remarket all of the Properties pursuant to Section 22.1 and fail to deliver the environmental report required by Section 10.2 at the time specified in such Section, or (iii) elect to remarket all of the Properties pursuant to Section 22.1 and fail to cause all of the Properties to be sold in accordance with the terms of Section 22.1 on the respective Expiration Date or Payment Date on which such a sale of all of the Properties is required in connection with such election, then in each case, Lessee shall pay to Lessor on such Expiration Date or Payment Date an amount (the "Purchase Option Price") equal to the Termination Value for all the Properties (which the parties do not intend to be a "bargain" purchase) plus all Rent and other amounts then due and payable under this Lease or under any other Operative Agreement (including without limitation the amounts described in clause FIRST of Section 22.2), and, upon receipt of such amount, Lessor shall transfer to Lessee all of Lessor's right, title and interest in and to the Properties in accordance with Section 19.1. Lessee may not elect the Sale Option, and Lessor shall have no obligation to sell any Property pursuant to Section 22.1, if a Lease Event of Default has occurred and is continuing on the date of the Election Notice or the Sale Date. Upon any purchase or sale of all the Properties pursuant to this Section 20.2 or Section 22.1, the Expiration Date shall be deemed to have occurred on the date of such purchase or sale.

20.3 Accounting Changes. Although neither Lessor, the Agent, NCMI, nor any Lender or Holder makes any representation or warranty with respect to the Lessee's accounting treatment of this transaction, Lessee represents that a material incentive for Lessee to enter into this Lease is the advice of the Lessee's independent auditors that this Lease may be treated as an operating lease for financial accounting purposes under the applicable rules and interpretations of the Financial Accounting Standards Board and/or the Securities Exchange Commission (the "Lease Accounting Rules") in effect as of the date of this Lease. In the event that Lessee's independent auditors shall determine that any subsequent change in the Lease Accounting Rules will preclude the Lessee (or raise a substantial question as to whether the Lessee is precluded) from continuing to account for this Lease as an operating lease with substantially the same financial accounting benefits as before the change in Lease Accounting Rules, then the Lessee shall so notify the Lessor and the Agent in writing of such determination by its auditors; and Lessee may elect (by delivery of irrevocable written notice of such election to the Lessor and the Agent) to purchase all of the Properties or to cause all of the Properties to be transferred to a third party transferee designated by Lessee (such purchase or transfer to be consummated on a date (the "Accounting Change Transfer Date") specified by Lessee in such notice and in any event within sixty (60) days after the date of such notice). On the Accounting Change Transfer Date (whether the Properties are to be purchased by Lessee or transferred to a third party), Lessee shall pay to Lessor an amount equal to the Termination Value for all the Properties (which the parties do not intend to be a "bargain" purchase) plus all Rent and other amounts then due and payable under this Lease or under any other Operative Agreement (including without limitation the amounts described in clause FIRST of Section 22.2), and, upon receipt of such amount, Lessor shall transfer to Lessee (or to the third party designated by Lessee) all of Lessor's right, title and interest in and to the Properties in accordance with Section 19.1 and the Expiration Date shall be deemed to have occurred on the date of such transfer (without giving Lessee the right to remarket Properties pursuant to Section 22.1).

ARTICLE XXI

21.1 Renewal.

(a) Provided that no Lease Event of Default shall have occurred and be continuing at the Basic Term Expiration Date or at the expiration of any Extended Term, Lessee, with the unanimous consent of the Agent and all Lenders and Holders (which consent the Agent and each such Lender and Holder may withhold in its sole and absolute discretion), may renew this Lease (the "Renewal Options") for up to two successive Extended Terms of one year each with respect to all, but not less than all Properties (excluding Properties previously repurchased by Lessee pursuant to Section 20.1), provided that the Agent, the Lenders and the Holders have consented (in their sole discretion) that the Maturity Date be extended to the last day of such Extended Term, and provided further that the Term shall not be extended pursuant to this Section 21.1(a) beyond December 18, 2004. In order to exercise the first Renewal Option to extend the Term through December 18, 2003, Lessee must give written notice of its request for such extension to Lessor not more than one hundred twenty (120) days and not less than sixty (60) days prior to December 18, 1998, and must have obtained the necessary consents of the Agent, Lenders and Holders not later than December 18, 1998. In order to exercise the second Renewal Option to extend the Term through December 18, 2004, Lessee must give written notice of its request for such extension to Lessor not more than one hundred twenty (120) days and not less than sixty (60) prior to December 18, 1999, must have obtained the necessary consents of the Agent, Lenders and Holders not later than December 18, 1999, and must have previously exercised the first Renewal Option in accordance with clause (i) above.

(b) Each renewal of this Lease for an Extended Term pursuant to Section 21.1(a) shall be on the same terms and conditions as those set forth in this Lease for the original Basic Term (which the parties do not intend to be "bargain" renewals).

ARTICLE XXII

22.1 Sale Procedure.

(a) During the Marketing Period, Lessee, on behalf of the Lessor, shall obtain bids for the cash purchase of all of the Properties in connection with a sale to one or more purchasers (other than Lessee or any Affiliate of Lessee) to be consummated on the applicable Expiration Date or Payment Date for the highest price available, shall notify Lessor promptly of the name and address of each prospective purchaser and the cash price which each prospective purchaser shall have offered to pay for any Property and shall provide Lessor with such additional information about the bids and the bid solicitation procedure as Lessor may reasonably request from time to time. Lessor may reject any and all bids and may assume sole responsibility for obtaining bids by giving Lessee written notice to that effect; provided, however, that notwithstanding the foregoing, Lessor may not reject the highest bids for the Properties submitted by the Lessee if (i) such bids, in the aggregate, are greater than or equal to the sum of the Limited Recourse Amount for all of the Properties,

plus all reasonable costs and expenses referred to in clause FIRST of Section 22.2 and represent bona fide offers from one or more third party purchasers, and (ii) prior to Lessor's acceptance of any such bid, Lessee has delivered to the Agent cash collateral in an amount not less than the anticipated Deficiency Balance (as defined in Section 22.1(b) below) as determined by the Agent. If the price which a prospective purchaser or purchasers shall have offered to pay for the Properties is less than the sum of the Limited Recourse Amount plus all reasonable costs and expenses referred to in clause FIRST of Section 22.2, Lessor may elect to retain the Properties by giving Lessee prior written notice of Lessor's election to retain the Properties, and upon receipt of such notice, Lessee shall surrender the Properties to Lessor pursuant to Section 10.1. Unless Lessor shall have elected to retain the Properties pursuant to the preceding sentence, Lessee shall arrange for Lessor to sell the Properties free and clear of the Lien of this Lease and any Lessor Liens attributable to it, without recourse or warranty (of title or otherwise), for cash on the last day of the Marketing Period (such date being hereafter referred to as the "Sale Date") to the purchaser or purchasers identified by Lessee or Lessor, as the case may be; provided, however, solely as to Lessor or the Trust Company, in its individual capacity, any Lessor Lien shall not constitute a Lessor Lien so long as Lessor or the Trust Company, in its individual capacity, is diligently contesting such Lessor Lien by appropriate proceedings in good faith; and provided further that (except as expressly permitted by Section 17.11) Lessor shall have no obligation to sell any Property if a Lease Event of Default has occurred and is continuing on the Date of the Election Notice or the Sale Date. Lessee shall surrender the Property so sold or subject to such documents to each purchaser in the condition specified in Section 10.1. Lessee shall not take or fail to take any action which would have the effect of unreasonably discouraging bona fide third party bids for any Property. Lessor shall have no obligation to sell any Property on the Sale Date unless all of the Properties are sold (and Lessor has received full payment therefor in cash in the amount required pursuant to this Section 22.1) on the Sale Date. If all of the Properties are not either (i) sold on the Sale Date in accordance with the terms of this Section 22.1, or (ii) retained by the Lessor pursuant to an affirmative election made by the Lessor pursuant to the third sentence of this Section 22.1(a), then the Lessee shall be obligated to pay the Lessor on the Sale Date an amount equal to the Termination Value for all of the Properties (plus all Rent and other amounts then due and payable under this Lease and any other Operative Agreements) in accordance with the terms of Section 20.2.

(b) If the Properties are sold on the Sale Date to one or more third party purchasers in accordance with the terms of Section 22.1(a) and the aggregate purchase price paid for the Properties minus the sum of all costs and expenses referred to in clause FIRST of Section 22.2 is less than the sum of the aggregate Termination Values for all of the Properties plus all Rent and other amounts then due and payable under this Lease and under any other Operative Agreements (hereinafter such difference shall be referred to as the "Deficiency Balance"), then the Lessee hereby unconditionally promises to pay to the Lessor on the Sale Date the lesser of (i) the Deficiency Balance, or (ii) the Maximum Residual Guarantee Amount for all of the Properties. If the Properties are retained by the Lessor pursuant to an affirmative election made by the Lessor pursuant to the third sentence of Section 22.1(a), then the Lessee hereby unconditionally promises to pay to the Lessor on the

Sale Date an amount equal to the Maximum Residual Guarantee Amount for all of the Properties.

(c) In the event that the Properties are either sold to one or more third party purchasers on the Sale Date or retained by the Lessor in connection with an affirmative election made by the Lessor pursuant to the third sentence of Section 22.1(a), then in either case on the Sale Date the Lessee shall provide Lessor or such third party purchasers with (i) all permits, certificates of occupancy, governmental licenses and authorizations necessary to use and operate such Property for its intended purposes, (ii) such easements, licenses, rights-of-way and other rights and privileges in the nature of an easement as are reasonably necessary or desirable in connection with the use, repair, access to or maintenance of such Property for its intended purpose or otherwise as the Lessor shall reasonably request, and (iii) a services agreement covering such services as Lessor or such third party purchaser may request in order to use and operate a Property for its intended purposes at such rates (not in excess of arm's-length fair market rates) as shall be acceptable to Lessee and Lessor or such third party purchaser. All assignments, licenses, easements, agreements and other deliveries required by clauses (i) and (ii) of this paragraph (c) shall be in form reasonably satisfactory to the Lessor or such third party purchaser, as applicable, and shall be fully assignable (including both primary assignments and assignments given in the nature of security) without payment of any fee, cost or other charge.

22.2 Application of Proceeds of Sale. The Lessor shall apply the proceeds of sale of any Property in the following order of priority:

(a) FIRST, to pay or to reimburse Lessor for the payment of all reasonable costs and expenses incurred by Lessor in connection with the sale;

(b) SECOND, so long as the Participation Agreement, the Credit Agreement or the Trust Agreement is in effect and any Loan, Holder Advance or any other amount is owing to the Lenders, the Holders or any other Person under any Operative Agreement, to the Agent to be applied pursuant to inter-creditor provisions between the Lenders and the Holders contained in the Operative Agreements; and

(c) THIRD, to the Lessee.

22.3 Indemnity for Excessive Wear. If the proceeds of the sale described in Section 22.1 with respect to the Properties, less all expenses incurred by Lessor in connection with such sale, shall be less than the Limited Recourse Amount with respect to the Properties, and at the time of such sale it shall have been reasonably determined (pursuant to the Appraisal Procedure) that the Fair Market Sales Value of the Properties, shall have been impaired by greater than expected wear and tear during the term of the Lease, Lessee shall pay to Lessor within ten (10) days after receipt of Lessor's written statement (i) the amount of such excess wear and tear determined by the Appraisal Procedure or (ii) the amount of the Net Sale Proceeds Shortfall, whichever amount is less.

22.4 Appraisal Procedure. For determining the Fair Market Sales Value of any Property or any other amount which may, pursuant to any provision of any Operative Agreement, be determined by an appraisal procedure, Lessor and Lessee shall use the following procedure (the "Appraisal Procedure"). Lessor and Lessee shall endeavor to reach a mutual agreement as to such amount for a period of ten (10) days from commencement of the Appraisal Procedure under the applicable section of the Lease, and if they cannot agree within ten (10) days, then two qualified appraisers, one chosen by Lessee and one chosen by Lessor, shall mutually agree thereupon, but if either party shall fail to choose an appraiser within twenty (20) days after notice from the other party of the selection of its appraiser, then the appraisal by such appointed appraiser shall be binding on Lessee and Lessor. If the two appraisers cannot agree within twenty (20) days after both shall have been appointed, then a third appraiser shall be selected by the two appraisers or, failing agreement as to such third appraiser within (30) days after both shall have been appointed, by the American Arbitration Association. The decisions of the three appraisers shall be given within twenty (20) days of the appointment of the third appraiser and the decision of the appraiser most different from the average of the other two shall be discarded and such average shall be binding on Lessor and Lessee; provided that if the highest appraisal and the lowest appraisal are equidistant from the third appraisal, the third appraisal shall be binding on Lessor and Lessee. The fees and expenses of the appraiser appointed by Lessee shall be paid by Lessee; the fees and expenses of the appraiser appointed by Lessor shall be paid by Lessor (such fees and expenses not being indemnified pursuant to Section 13 of the Participation Agreement); and the fees and expenses of the third appraiser shall be divided equally between Lessee and Lessor.

22.5 Certain Obligations Continue. During the Marketing Period, the obligation of Lessee to pay Rent with respect to the Properties (including the installment of Basic Rent due on the applicable Expiration Date or Payment Date) shall continue undiminished until payment in full to Lessor of the sale proceeds, if any, the Maximum Residual Guarantee Amount, the amount due under Section 22.3, if any, and all other amounts due to Lessor with respect to all Properties. Lessor shall have the right, but shall be under no duty, to solicit bids, to inquire into the efforts of Lessee to obtain bids or otherwise to take action in connection with any such sale, other than as expressly provided in this Article XXII.

ARTICLE XXIII

23.1 Holding Over. If Lessee shall for any reason remain in possession of a Property after the expiration or earlier termination of this Lease as to such Property (unless such Property is conveyed to Lessee), such possession shall be as a tenancy at sufferance during which time Lessee shall continue to pay Supplemental Rent that would be payable by Lessee hereunder were the Lease then in full force and effect with respect to the Property and Lessee shall continue to pay Basic Rent at 110% of the Basic Rent that would otherwise be due and payable at such time. Such Basic Rent shall be payable from time to time upon demand by Lessor and such additional 10% amount shall be applied by the Lessor to the payment of the Loans pursuant to the Credit Agreement and the Holder Advances pursuant to the Trust Agreement pro rata between the Loans and the Holder Advances. During any period of tenancy at sufferance, Lessee shall, subject to the first sentence of this paragraph, be obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by law to tenants

at sufferance, to continue their occupancy and use of such Property. Nothing contained in this Article XXIII shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease as to any Property (unless such Property is conveyed to Lessee) and nothing contained herein shall be read or construed as preventing Lessor from maintaining a suit for possession of such Property or exercising any other remedy available to Lessor at law or in equity.

ARTICLE XXIV

24.1 Risk of Loss. During the Term, unless Lessee shall not be in actual possession of the Property in question solely by reason of Lessor's exercise of its remedies of dispossession under Article XVII, the risk of loss or decrease in the enjoyment and beneficial use of such Property as a result of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise is assumed by Lessee, and Lessor shall in no event be answerable or accountable therefor.

ARTICLE XXV

25.1 Assignment.

(a) Subject to Section 2.5 above, Lessee may not assign this Lease or any of its rights or obligations hereunder in whole or in part to any Person without the prior written consent of the Agent and the Lessor, with such consent to be given or withheld in the sole discretion of each such party.

(b) No such assignment or other relinquishment of possession to any Property shall in any way discharge or diminish any of the obligations of Lessee to Lessor hereunder and Lessee shall remain directly and primarily liable under this Lease.

25.2 Subleases.

(a) Promptly but in any event within five (5) days following the execution and delivery of any sublease permitted by this Article XXV, Lessee shall notify Lessor and the Agent of the execution of such sublease. As of the date of each Lease Supplement, Lessee shall lease the respective Properties described in such Lease Supplement from Lessor, and any existing tenant respecting such Property shall automatically be deemed to be a subtenant of Lessee and not a tenant of Lessor.

(b) Lessee may, without the consent of Lessor, sublet not more than twenty percent (20%) of the square footage of the Improvements on any specific Property to sublessees who use the sublet portion of the Improvements only for educational purposes, job training, food and commissary services or maintenance purposes; provided that in any event, Lessee shall remain fully liable for all obligations (including without limitation all Rent and other obligations with respect to such subleased Properties and any other Properties) under this Lease, each Lease Supplement and the other Operative Agreements. Any such sublease of any Property shall be on commercially reasonable terms and at market

rates, and such Property shall continue to be used for the purposes set forth in this paragraph and in the definition of "Property." Except as set forth in this Section 25.2(b), Lessee may not sublet any Property or portion thereof without first obtaining the prior written consent of the Lessor and the Agent, which consent may be given or withheld in the sole discretion of each such party.

(c) No such sublease or other relinquishment of possession to any Property shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder and Lessee shall remain directly and primarily liable under this Lease as to the Property, or portion thereof, so sublet.

(d) Any sublease of any Property or portion thereof shall be subject, and expressly subordinate to the rights of the Lessor, the Agent, the Lenders and the Holders under this Lease, the Security Agreement, each Mortgage Instrument and all other Operative Agreements. Each insurance policy carried by Lessee pursuant to Article XIV hereof shall be endorsed to name each sublessee under any such sublease as an additional insured. Prior to the effectiveness of any such sublease, Lessee shall deliver a copy thereof to the Lessor and the Agent.

ARTICLE XXVI

26.1 No Waiver. No failure by Lessor or Lessee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy upon a default hereunder, and no acceptance of full or partial payment of Rent during the continuance of any such default, shall constitute a waiver of any such default or of any such term. To the fullest extent permitted by law, no waiver of any default shall affect or alter this Lease, and this Lease shall continue in full force and effect with respect to any other then existing or subsequent default.

ARTICLE XXVII

27.1 Acceptance of Surrender. No surrender to Lessor of this Lease or of all or any portion of any Property or of any part of any thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by Lessor and the Agent, and no act by Lessor or the Agent or any representative or agent of Lessor or the Agent, other than a written acceptance, shall constitute an acceptance of any such surrender.

27.2 No Merger of Title. There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, in whole or in part, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate, (b) any right, title or interest in any Property, (c) any Notes, or (d) a beneficial interest in Lessor.

ARTICLE XXVIII

28.1 Incorporation of Covenants.

(a) Reference is made to that certain Amended and Restated Credit Agreement dated as of December 18, 1997 (the "Existing Wackenhut Corrections Credit Agreement") among Wackenhut Corrections, the lenders party thereto, and NationsBank, National Association, as agent. Further reference is made to the covenants contained in Article VIII and Article IX of the Existing Wackenhut Corrections Credit Agreement (hereinafter referred to as the "Incorporated Covenants"). The Lessee agrees with the Lessor that, effective as of the date hereof (whether or not the Basic Term has commenced with respect to any Property), the Incorporated Covenants (and all other relevant provisions of the Existing Wackenhut Corrections Credit Agreement related thereto) are hereby incorporated by reference into this Lease and into the Guaranty Agreement to the same extent and with the same effect as if set forth fully herein and therein and shall inure to the benefit of the Lessor, without giving effect to any waiver, amendment, modification or replacement of the Existing Wackenhut Corrections Credit Agreement or any term or provision of the Incorporated Covenants occurring subsequent to the date of this Lease, except to the extent otherwise specifically provided in the following provisions of this paragraph. In the event a waiver is granted under the Existing Wackenhut Corrections Credit Agreement or an amendment or modification is executed with respect to the Existing Wackenhut Corrections Credit Agreement, and such waiver, amendment or modification affects the Incorporated Covenants, then such waiver, amendment or modification shall be effective with respect to the Incorporated Covenants as incorporated by reference into this Lease only if consented to in writing by the Majority Lenders and the Agent. In the event of any replacement of the Existing Wackenhut Corrections Credit Agreement with a similar credit facility (the "New Facility") the covenants contained in the New Facility which correspond to the covenants contained in Articles VIII and IX of the Existing Wackenhut Corrections Credit Agreement shall become the Incorporated Covenants hereunder only if consented to in writing by the Majority Lenders and the Agent, and, if such consent is not granted, then the covenants contained in Articles VIII and IX of the Existing Wackenhut Corrections Credit Agreement (together with any modifications or amendments approved in accordance with this paragraph) shall continue to be the Incorporated Covenants hereunder. If the Existing Wackenhut Corrections Credit Agreement (or any such New Facility, as the case may be) is terminated and not replaced, then the covenants contained in Articles VIII and IX of the Existing Wackenhut Corrections Credit Agreement (together with any modifications or amendments thereto, or covenants of the New Facility, in each case approved in accordance with this paragraph) shall continue to be the Incorporated Covenants hereunder.

(b) Financial Information, Reports, Notices, Etc. Without limiting the generality of the foregoing, from and after the date hereof (whether or not the Basic Term has commenced with respect to any Property), to the extent that the Incorporated Covenants require Wackenhut Corrections or any of its Subsidiaries to deliver any financial statement, certificate, notice, report, or other document or information to the Existing Credit Agent (or any other agent under the applicable credit facility), the Lessee shall, and shall cause Wackenhut Corrections to, simultaneously deliver a copy of such financial statement, certificate, notice, report, document or information to the Agent, each Lender and (upon Lessor's request) the Lessor.

ARTICLE XXIX

29.1 Notices. All notices, demands, requests, consents, approvals and other communications hereunder shall be in writing and delivered personally or by a nationally recognized overnight courier service or mailed (by registered or certified mail, return receipt requested, postage prepaid) or telecopied with a confirming notice, addressed to the respective parties, as follows:

If to Lessee:

Wackenhut Corrections Corporation
4200 Wackenhut Drive, #100
Palm Beach Gardens, Florida 33410-4243
Attention: Mr. David Watson, Controller
and Chief Accounting Officer
Telephone No.: (800) 666-5640 Ext. 6646
Telecopy No.: (561) 691-6473

If to Lessor:

First Security Bank, National Association
79 South Main Street
Salt Lake City, Utah 84111
Attention: Val T. Orton
Telephone No.: (801) 246-5630
Telecopy No.: (801) 246-5053

with a copy to the Agent:

NationsBank, National Association
100 Southeast 2nd Street
FL7-950-14-02
Miami, Florida 33131
Attention: Maria Conroy
Telephone No.: (305) 533-2428
Telecopy No.: (305) 533-2437

or such additional parties or other address as such party may hereafter designate, and shall be effective upon receipt or refusal thereof.

ARTICLE XXX

30.1 Miscellaneous. Anything contained in this Lease to the contrary notwithstanding, all claims against and liabilities of Lessee or Lessor arising from events commencing prior to the expiration or earlier termination of this Lease shall survive such expiration or earlier termination. If any provision of this Lease shall be held to be unenforceable in any jurisdiction, such

unenforceability shall not affect the enforceability of any other provision of this Lease and such jurisdiction or of such provision or of any other provision hereof in any other jurisdiction.

30.2 Amendments and Modifications. Neither this Lease, any Lease Supplement nor any provision hereof may be amended, waived, discharged or terminated except by an instrument in writing in recordable form signed by Lessor and Lessee.

30.3 Successors and Assigns. All the terms and provisions of this Lease shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

30.4 Headings and Table of Contents. The headings and table of contents in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

30.5 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which shall together constitute one and the same instrument.

30.6 GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICT OF LAWS.

30.7 Calculation of Rent. All calculation of Rent payable hereunder shall be computed based on the actual number of days elapsed over a year of 360 days.

30.8 Memoranda of Lease and Lease Supplements. This Lease shall not be recorded; provided Lessor and Lessee shall promptly record a Memorandum of this Lease (in substantially the form of Exhibit C-1 attached hereto) regarding each Property promptly after the acquisition thereof in the local filing office with respect thereto in all cases at Lessee's cost and expense, and as required under applicable law to sufficiently evidence this Lease or any such Lease Supplement in the applicable real estate filing records.

30.9 Allocations between the Lenders and the Holders. Notwithstanding any other term or provision of this Lease to the contrary, the allocations of the proceeds of the Properties and any and all other Rent and other amounts received hereunder shall be subject to the inter-creditor provisions between the Lenders and the Holders contained in the Operative Agreements (or as otherwise agreed among the Lenders and the Holders from time to time).

30.10 Limitations on Recourse. Notwithstanding anything contained in this Lease to the contrary, Lessee agrees to look solely to Lessor's estate and interest in the Properties for the collection of any judgment requiring the payment of money by Lessor in the event of liability by Lessor, and no other property or assets of Lessor or any shareholder, owner or partner (direct or indirect) in or of Lessor, or any director, officer, employee, beneficiary, Affiliate of any of the foregoing shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies of Lessee under or with respect to this Lease, the relationship of Lessor and Lessee hereunder or Lessee's use of the Properties or any other liability of Lessor to Lessee, except to the

extent expressly provided in Section 14.11(b) of the Participation Agreement. Nothing in this Section shall be interpreted so as to limit the terms of Sections 6.1 or 6.2.

30.11 WAIVERS OF JURY TRIAL. THE LESSOR AND THE LESSEE IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS LEASE OR ANY COUNTERCLAIM THEREIN.

30.12 Original Leases. The single executed original of this Lease marked "THIS COUNTERPART IS THE ORIGINAL EXECUTED COUNTERPART" on the signature page thereof and containing the receipt of the Agent therefor on or following the signature page thereof shall be the original executed counterpart of this Lease (the "Original Executed Counterpart"). To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the Original Executed Counterpart.

30.13 Mortgage Grant and Remedies. Without limiting any other remedies set forth in this Lease, in the event that a court of competent jurisdiction rules that this Lease constitutes a mortgage, deed of trust, security deed or other secured financing, as is the intent of the parties, then the Lessor and the Lessee agree that the Lessee hereby grants, bargains, sells, conveys, mortgages, and grants a security interest in each Property to Lessor WITH POWER OF SALE to secure the payment of all sums due and owing by Lessee or the Construction Agent hereunder or under any other Operative Agreement, and that, upon the occurrence of any Event of Default, the Lessor shall have the power and authority, to the extent provided by law or the Operative Agreements, after prior notice and lapse of such time as may be required by law, to foreclose its interest (or cause such interest to be foreclosed) in all or any part of any Property, to appoint or obtain the appointment of a receiver for all or any part of the Property, and to exercise any other right or remedy that may be available under applicable law to the holder of a mortgage, deed of trust, security deed or other secured financing.

30.14 Exercise of Lessor Rights. The Lessee hereby acknowledges and agrees that the rights and powers of the Lessor under this Lease have been collaterally assigned to the Agent pursuant to the terms of the Security Agreement and the other Operative Agreements, and that the Lessor has encumbered the Properties by various Mortgage Instruments made by the Lessor in favor of the Agent, all as security for certain indebtedness and obligations described therein of the Lessor to the Agent, the Lenders and the Holders under the Operative Agreements. Lessee hereby consents to said assignment and said Mortgage Instruments in favor of the Agent and further acknowledges and agrees as follows:

(a) In the event that a court of competent jurisdiction rules that this Lease constitutes a mortgage, deed of trust, security deed or other secured financing as is the intent of the parties, then the Lessor and the Lessee agree that the Lessor's collateral assignment of this Lease to the Agent shall be deemed to be a collateral assignment of such mortgage, deed of trust, security deed or other secured financing, and the Agent as such collateral assignee shall be entitled to exercise any and all rights and remedies of the Lessor set forth herein during the existence of any Event of Default, including without limitation the Lessor's rights to

obtain a receiver, to obtain possession of the Properties and the rents and revenues thereof, to foreclose this Lease, to sell the Lessee's interest in the Properties, and to exercise any other rights or remedies that may then be available to the Lessor under applicable law on account of such Event of Default.

(b) Lessee's interest in the Properties is junior and subordinate to the lien of any Mortgage Instruments made by the Lessor in favor of the Agent against the respective Properties from time to time in connection with the Operative Agreements; provided, however, that for so long as no Event of Default shall have occurred and be continuing, (i) the Agent shall not disturb Lessee's possession of the Properties through any foreclosure or other remedial action against the Properties under any Mortgage Instrument, and (ii) if Lessor's interest in any Property shall be transferred to any Person other than the Lessee as the result of the Agent's foreclosure or other remedial action under any Mortgage Instrument, the Lessee shall (upon request of the Agent) attorn to such transferee and recognize the transferee as the Lessee's landlord under this Lease.

(c) During the existence of an Event of Default, the Agent as holder of the Mortgage Instruments and as collateral assignee of this Lease may exercise any and all rights and remedies that may then be available under applicable law to the Agent in either or both capacities, whether exercised singly, successively or concurrently. Without limiting the generality of the foregoing, the Agent as collateral assignee may enforce the Lessee's payment obligations under this Lease (regardless of whether this Lease shall be deemed a mortgage, deed of trust, security deed or other secured financing) even if Lessee's interest and estate in any Property under this Lease shall have been extinguished or forfeited under applicable law through the foreclosure or other enforcement of any Mortgage Instrument.

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IN WITNESS WHEREOF, the parties have caused this Lease to be duly executed and delivered as of the date first above written.

WITNESS:

By: _____
Name: _____

WACKENHUT CORRECTIONS
CORPORATION, as Lessee

By: _____
Name: John G. O'Rourke
Title: Senior Vice President/Treasurer/
Chief Financial Officer

WITNESS:

By: _____
Name: _____

FIRST SECURITY BANK, NATIONAL
ASSOCIATION, not individually, but
solely as
Owner Trustee under the Wackenhut
Corrections
Trust 1997-1, as Lessor

By: _____
Name: C. Scott Nielsen
Title: Vice President

Receipt of this original
counterpart of the foregoing
Lease is hereby acknowledged
as of the date hereof

NATIONS BANK, NATIONAL ASSOCIATION,
as Agent

By: _____
Name: Maria P. Conroy
Title: Senior Vice President

EXHIBIT A TO THE LEASE

LEASE SUPPLEMENT NO. ___

THIS LEASE SUPPLEMENT NO. ___ (this "Lease Supplement") dated as of [_____] between FIRST SECURITY BANK, NATIONAL ASSOCIATION, not individually, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1, as lessor (the "Lessor"), and WACKENHUT CORRECTIONS CORPORATION, as lessee (the "Lessee").

WHEREAS, the Lessor is the owner or will be the owner of the Property described on Schedule I hereto (the "Leased Property") and wishes to lease the same to Lessee;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS; RULES OF USAGE. For purposes of this Lease Supplement, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in Appendix A to the Amended and Restated Participation Agreement, dated as of June 19, 1997, among the WACKENHUT CORRECTIONS CORPORATION, as Construction Agent, Lessee, the Lessor, not individually, except as expressly stated therein, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1, the Holders party thereto, the Lenders party thereto, and NationsBank, National Association, as Agent for the Lenders (as such agreement may be amended, modified, supplemented or restated from time to time).

SECTION 2. THE PROPERTIES. Attached hereto as Schedule I is the description of the Leased Property, with an Equipment Schedule attached hereto as Schedule I-A, an Improvement Schedule attached hereto as Schedule I-B and a legal description of the Land for such Project attached hereto as Schedule I-C. Effective upon the execution and delivery of this Lease Supplement by the Lessor and the Lessee, the Leased Property shall be subject to the terms and provisions of the Lease.

SECTION 3. USE OF PROPERTY. At all times during the Term with respect to each Property, Lessee will comply with all obligations under and (to the extent no Event of Default has occurred and is continuing and provided that such exercise will not impair the value of such Property) shall be permitted to exercise all rights and remedies under, all operation and easement agreements and related or similar agreements applicable to such Property.

SECTION 4. RATIFICATION. Except as specifically modified hereby, the terms and provisions of the Lease and the Operative Agreements are hereby ratified and confirmed and remain in full force and effect.

SECTION 5. ORIGINAL LEASE SUPPLEMENT. The single executed original of this Lease Supplement marked "THIS COUNTERPART IS THE ORIGINAL EXECUTED COUNTERPART" on the signature page thereof and containing the receipt of the Agent therefor on or following the

signature page thereof shall be the original executed counterpart of this Lease Supplement (the "Original Executed Counterpart"). To the extent that this Lease Supplement constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease Supplement may be created through the transfer or possession of any counterpart other than the Original Executed Counterpart.

SECTION 6. GOVERNING LAW. THIS LEASE SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF _____ WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICT OF LAWS AS TO MATTERS RELATING TO THE CREATION, PERFECTION, AND FORECLOSURE OF LIENS, AND ENFORCEMENT OF RIGHTS AND REMEDIES AGAINST THE LEASED PROPERTY. THE LEASE, THE LEASE SUPPLEMENT AND THIS MEMORANDUM SHALL IN ALL OTHER RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF FLORIDA.

SECTION 7. MORTGAGE GRANT AND REMEDIES. Without limiting any other remedies set forth in the Lease, in the event that a court of competent jurisdiction rules that the Lease constitutes a mortgage, deed of trust, security deed or other secured financing as is the intent of the parties, then the Lessor and the Lessee agree that the Lessee hereby grants, bargains, sells, conveys, mortgages, and grants a security interest in each Property to Lessor WITH POWER OF SALE to secure the payment of all sums due and owing by Lessee or the Construction Agent hereunder or under any other Operative Agreement, and that, upon the occurrence of any Event of Default, the Lessor shall have the power and authority, to the extent provided by law or the Operative Agreements, after prior notice and lapse of such time as may be required by law, to foreclose its interest (or cause such interest to be foreclosed) in all or any part of any Property, to appoint or obtain the appointment of a receiver for all or any part of the Property, and to exercise any other right or remedy that may be available under applicable law to the holder of a mortgage, deed of trust, security deed or other secured financing.

SECTION 8. EXERCISE OF LESSOR RIGHTS. The Lessee hereby acknowledges and agrees that the rights and powers of the Lessor under the Lease have been collaterally assigned to the Agent pursuant to the terms of the Security Agreement and the other Operative Agreements, and that the Lessor has encumbered the Properties by various Mortgage Instruments made by the Lessor in favor of the Agent, all as security for certain indebtedness and obligations described therein of the Lessor to the Agent, the Lenders and the Holders under the Operative Agreements. Lessee hereby consents to said assignment and said Mortgage Instruments in favor of the Agent and further acknowledges and agrees as follows:

(i) In the event that a court of competent jurisdiction rules that the Lease constitutes a mortgage, deed of trust, security deed or other secured financing as is the intent of the parties, then the Lessor and the Lessee agree that the Lessor's collateral assignment of the Lease to the Agent shall be deemed to be a collateral assignment of such mortgage, deed of trust, security deed or other secured financing, and the Agent as such collateral assignee shall be entitled to exercise any and all rights and remedies of the Lessor set forth herein during the existence of any Event of Default, including without limitation the Lessor's rights to

obtain a receiver, to obtain possession of the Properties and the rents and revenues thereof, to foreclose the Lease, to sell the Lessee's interest in the Properties, and to exercise any other rights or remedies that may then be available to the Lessor under applicable law on account of such Event of Default.

(ii) Lessee's interest in the Properties is junior and subordinate to the lien of any Mortgage Instruments made by the Lessor in favor of the Agent against the respective Properties from time to time in connection with the Operative Agreements; provided, however, that for so long as no Event of Default shall have occurred and be continuing, (i) the Agent shall not disturb Lessee's possession of the Properties through any foreclosure or other remedial action against the Properties under any Mortgage Instrument, and (ii) if Lessor's interest in any Property shall be transferred to any Person other than the Lessee as the result of the Agent's foreclosure or other remedial action under any Mortgage Instrument, the Lessee shall (upon request of the Agent) attorn to such transferee and recognize the transferee as the Lessee's landlord under the Lease.

(iii) During the existence of an Event of Default, the Agent as holder of the Mortgage Instruments and as collateral assignee of the Lease may exercise any and all rights and remedies that may then be available under applicable law to the Agent in either or both capacities, whether exercised singly, successively or concurrently. Without limiting the generality of the foregoing, the Agent as collateral assignee may enforce the Lessee's payment obligations under the Lease (regardless of whether the Lease shall be deemed a mortgage, deed of trust, security deed or other secured financing) even if Lessee's interest and estate in any Property under this Lease shall have been extinguished or forfeited under applicable law through the foreclosure or other enforcement of any Mortgage Instrument.

SECTION 9. COUNTERPART EXECUTION. This Lease Supplement may be executed in any number of counterparts and by each of the parties hereto in separate counterparts, all such counterparts together constituting but one and the same instrument.

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[IF NECESSARY, MODIFY TO PUT IN RECORDABLE FORM.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Lease Supplement to be duly executed by an officer thereunto duly authorized as of the date and year first above written.

FIRST SECURITY BANK, NATIONAL
ASSOCIATION, not individually, but solely as Owner
Trustee under the Wackenhut Corrections Trust 1997-1,
as Lessor

By: _____
Name: _____
Title: _____

LESSEE:

WACKENHUT CORRECTIONS CORPORATION,
as Lessee

By: _____
Name: _____
Title: _____

Receipt of this original counterpart of the foregoing Lease Supplement is hereby acknowledged as the date hereof.

NATIONSBANK, NATIONAL ASSOCIATION, as
Agent

By: _____
Name: _____
Title: _____

STATE OF _____)
)
COUNTY OF _____) ss:

The foregoing Lease Supplement was acknowledged before me, the undersigned Notary Public, in the County and State aforesaid of this ____ day of _____, 199_, by _____, as _____ of FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not individually, but solely as Owner Trustee under the Wackenhut Corrections Trust 1997-1, on behalf of the Owner Trustee.

[Notarial Seal] _____
Notary Public

My commission expires: _____

STATE OF _____)
)
COUNTY OF _____) ss:

The foregoing Lease Supplement was acknowledged before me, the undersigned Notary Public, in the County and State aforesaid this ____ day of _____, 199_, by _____, as _____ of WACKENHUT CORRECTIONS CORPORATION, a Florida corporation, on behalf of the corporation.

[Notarial Seal] _____
Notary Public

My commission expires: _____

STATE OF _____)
)
COUNTY OF _____) ss:

The foregoing Lease Supplement was acknowledged before me, the undersigned Notary Public, in the County and State aforesaid this ____ day of _____, 199_, by _____, as _____ of NATIONSBANK, NATIONAL ASSOCIATION, a national banking association, as Agent.

[Notarial Seal] _____
Notary Public

My commission expires: _____

SCHEDULE I
TO LEASE SUPPLEMENT NO. ____

SCHEDULE I-A
TO LEASE SUPPLEMENT NO. ____

(Equipment)

SCHEDULE I-B
TO LEASE SUPPLEMENT NO. ____

(Improvements)

SCHEDULE I-C
TO LEASE SUPPLEMENT NO. ____

(Land)

EXHIBIT B TO THE LEASE
[OTHER NAMES AND LOCATIONS OF LESSEE]

ACKNOWLEDGMENT OF EXECUTION ON BEHALF OF
FIRST SECURITY BANK, NATIONAL ASSOCIATION, AS
OWNER TRUSTEE FOR THE WACKENHUT CORRECTIONS TRUST 1997-1

STATE OF NORTH CAROLINA

COUNTY OF GASTON

Before me, the undersigned, a Notary Public in and for said County and State on this 18th day of December, 1997 A.D., personally appeared C. Scott Nielsen, known to be the Vice President of First Security Bank, National Association, as Owner Trustee for the Wackenhut Corrections Trust 1997-1 (the "Lessor"), who, being by me duly sworn, says he works at 79 South Main Street, Salt Lake City, Utah 84111, and that by authority duly given by, and as the act of, the Lessor, the foregoing and annexed Amended and Restated Lease Agreement dated as of June 19, 1997, was executed by him in the State and County aforesaid as said Vice President on behalf of the Lessor.

Witness my hand and official seal this ____ day of December, 1997.

Notary Public

(SEAL)

My commission expires: _____

ACKNOWLEDGMENT OF EXECUTION ON BEHALF OF
WACKENHUT CORRECTIONS CORPORATION

STATE OF NORTH CAROLINA

COUNTY OF GASTON

Before me, the undersigned, a Notary Public in and for said County and State on this 18th day of December, 1997 A.D., personally appeared John G. O'Rourke, known to be the Senior Vice President, Treasurer and Chief Financial Officer of Wackenhut Corrections Corporation (the "Lessee"), who being by me duly sworn, says he works at 4200 Wackenhut Drive, Suite #100, Palm Beach Gardens, Florida 33410-4243, and that by authority duly given by, and as the act of, the Lessee, the foregoing and annexed Amended and Restated Lease Agreement dated as of June 19, 1997, was executed by him as said Senior Vice President, Treasurer and Chief Financial Officer on behalf of the Lessee, in the aforesaid State and County.

Witness my hand and official seal this ____ day of December, 1997.

Notary Public

(SEAL)

My commission expires: _____

AFFIDAVIT OF C. SCOTT NIELSEN

The undersigned, being first duly sworn, deposes and says that:

1. He is a Vice President of First Security Bank, National Association, and works at 79 South Main Street, Salt Lake City, Utah, 84111.

2. Reference is made to the Amended and Restated Lease Agreement (the "Lease") dated as of June 19, 1997, of First Security Bank, National Association, as Owner Trustee for the Wackenhut Corrections Trust 1997-1 (the "Lessor") and Wackenhut Corrections Corporation (the "Lessee").

3. The Lease was executed by the undersigned on behalf of the Lessor and delivered by the Lessor to NationsBank, National Association as collateral assignee of the Lease, both execution and delivery occurring in Charlotte, North Carolina as of June 19, 1997.

This the ____ day of December, 1997.

Name: C. Scott Nielsen
Title: Vice President

Acknowledgment of Execution

STATE OF NORTH CAROLINA

COUNTY OF GASTON

Before me, the undersigned, a Notary Public in and for said County and State on this 18th day of December, 1997 A.D., personally appeared C. Scott Nielsen who before me affixed his signature to the above Affidavit.

Witness my hand and official seal this ____ day of December, 1997.

Notary Public

(SEAL)

My Commission Expires: _____

AFFIDAVIT OF JOHN G. O'ROURKE

The undersigned, being first duly sworn, deposes and says that:

1. He is a Senior Vice President, Treasurer and Chief Financial Officer of Wackenhut Corrections Corporation, and works at 4200 Wackenhut Drive, Suite #100, Palm Beach Gardens, Florida 33410-4243.

2. Reference is made to the Amended and Restated Lease Agreement (the "Lease") dated as of June 19, 1997, of First Security Bank, National Association, as Owner Trustee for the Wackenhut Corrections Trust 1997-1 (the "Lessor") and Wackenhut Corrections Corporation (the "Lessee").

3. The Lease was executed by the undersigned on behalf of the Lessee and delivered by the Lessee to the Lessor, both execution and delivery occurring in Charlotte, North Carolina as of June 19, 1997.

This the ____ day of December, 1997.

Name: John G. O'Rourke
Title: Senior Vice President/Treasurer/
Chief Financial Officer

Acknowledgment of Execution

STATE OF NORTH CAROLINA

COUNTY OF GASTON

Before me, the undersigned, a Notary Public in and for said County and State on this 18th day of December, 1997 A.D., personally appeared John G. O'Rourke who before me affixed his signature to the above Affidavit.

Witness my hand and official seal this ____ day of December, 1997.

Notary Public

(SEAL)
My Commission Expires: _____

GUARANTY AND SURETYSHIP AGREEMENT

THIS GUARANTY AND SURETYSHIP AGREEMENT (this "Guaranty Agreement" or this "Guaranty"), dated as of December 18, 1997, is made by each of the undersigned (each a "Guarantor" and collectively the "Guarantors") to NATIONSBANK, NATIONAL ASSOCIATION, a national banking association, as a Lender ("NationsBank"), and NATIONSBANK, NATIONAL ASSOCIATION, a national banking association, in its capacity as agent for the Lenders (in such capacity, and together with any successors in such capacity, the "Agent") party to the Amended and Restated Credit Agreement (as defined below).

W I T N E S S E T H:

WHEREAS, the Agent and the Lenders have agreed to provide Wackenhut Corrections Corporation, a Florida corporation (the "Borrower"), revolving credit and letter of credit facilities pursuant to the terms of that certain Amended and Restated Credit Agreement dated as of December 18, 1997 among the Borrower and the Agent (as from time to time amended, supplemented or restated, the "Credit Agreement"); and

WHEREAS, each Guarantor is a Subsidiary of the Borrower and will materially benefit from the Loans to be made and the Letters of Credit to be issued under the Credit Agreement, and each Guarantor is willing to enter into this Guaranty Agreement to provide an inducement for the Lenders to make Loans and issue Letters of Credit thereunder;

NOW, THEREFORE, in order to induce the Agent and the Lenders to enter into the Credit Agreement and the other Loan Documents and in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

1. DEFINITIONS. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

2. GUARANTY. Each Guarantor hereby jointly and severally, unconditionally, absolutely, continually and irrevocably guarantees to the Agent and the Lenders the payment in full of the Borrower's Liabilities (as defined below). For all purposes of this Guaranty Agreement, "Borrower's Liabilities" means: (a) the Borrower's prompt payment in full, when due or declared due and at all such times, of all Obligations and all other amounts pursuant to the terms of the Credit Agreement, the Notes, and all other Loan Documents executed in connection with the Credit Agreement heretofore, now or at any time or times hereafter owing, arising, due or payable from the Borrower to any one or more of the Lenders, including without limitation principal, interest, premium or fee (including, but not limited to, loan fees and attorneys' fees and expenses). Each Guarantor agrees that it is jointly and severally, directly and primarily liable for the Borrower's Liabilities. The Guarantors' obligations to the Agent and the Lenders under this Guaranty Agreement are hereinafter collectively referred to as the "Guarantors' Obligations".

3. LIMIT OF LIABILITY. The obligations of the Guarantor hereunder shall be limited to an aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of any applicable state law.

4. PAYMENT. If the Borrower shall default in payment or performance of any Borrower's Liabilities when and as the same shall become due, whether according to the terms of the Credit Agreement, by acceleration, or otherwise, or upon the occurrence of any other Event of Default under the Credit Agreement that has not been cured or waived, then each Guarantor, upon demand thereof by the Agent or its successors or assigns, will, as of the date of the Agent's demand, fully pay to the Agent, for the benefit of itself and the Lenders, subject to any restriction set forth in Section 3 hereof, an amount equal to all Guarantor's Obligations then due and owing.

5. UNCONDITIONAL OBLIGATIONS. This is a guaranty of payment and not of collection. The Guarantors' Obligations under this Guaranty Agreement shall be joint and several, absolute and unconditional irrespective of the validity, legality or enforceability of the Credit Agreement, the Notes or any other Loan Document or any other guaranty of the Borrower's Liabilities, and shall not be affected by any action taken under the Credit Agreement, the Notes or any other Loan Document, any other guaranty of the Borrower's Liabilities, or any other agreement between the Agent or the Lenders and the Borrower or any other person, in the exercise of any right or power therein conferred, or by any failure or omission to enforce any right conferred thereby, or by any waiver of any covenant or condition therein provided, or by any acceleration of the maturity of any of the Borrower's Liabilities, or by the release or other disposal of any Collateral or other security for any of the Borrower's Liabilities, or by the dissolution of the Borrower or the combination or consolidation of the Borrower into or with another entity or any transfer or disposition of any assets of the Borrower or by any extension or renewal of the Credit Agreement, any of the Notes or any other Loan Document, in whole or in part, or by any modification, alteration, amendment or addition of or to the Credit Agreement, any of the Notes or any other Loan Document, any other guaranty of the Borrower's Liabilities, or any other agreement between the Agent or the Lenders and the Borrower or any other Person, or by any other circumstance whatsoever (with or without notice to or knowledge of any Guarantor) which may or might in any manner or to any extent vary the risks of any Guarantor, or might otherwise constitute a legal or equitable discharge of a surety or guarantor; it being the purpose and intent of the parties hereto that this Guaranty Agreement and the Guarantors' Obligations hereunder shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein provided.

6. CURRENCY AND FUNDS OF PAYMENT. Each Guarantor hereby guarantees that the Guarantors' Obligations will be paid in (i) the same Alternative Currency in the case of Loans made and Letters of Credit drawn in Alternative Currencies, and (ii) in Dollars in all other cases and in immediately available funds, regardless of any law, regulation or decree now or hereafter in effect that might in any manner affect the Borrower's Liabilities, or the rights of the Agent or any Lender with respect thereto as against the Borrower, or cause or permit to be invoked any alteration in the time, amount or manner of payment by the Borrower of any or all of the Borrower's Liabilities.

7. EVENTS OF DEFAULT. In the event that (a) any Guarantor shall file a petition to take advantage of any insolvency statute; (b) any Guarantor shall commence or suffer to exist a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or substantially all of its property; (c) any Guarantor shall file a petition or answer seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state or similar law of any other country; (d) a court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of any Guarantor or of the whole or substantially all of its properties, or approve a petition filed against any Guarantor seeking reorganization or arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state or similar law of any other country, or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of any Guarantor or of the whole or substantially all of its properties and such order, judgment, decree, approval or assumption remains unstayed or undismissed for a period of thirty (30) consecutive days; (e) there is commenced against any Guarantor any proceeding or petition seeking reorganization, arrangement or similar relief under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which proceeding or petition remains unstayed or undismissed for a period of thirty (30) consecutive days; (f) there shall occur an Event of Default under the Credit Agreement; (g) any default shall occur in the payment of amounts due hereunder; or (h) any other default in compliance with the terms hereof shall occur which remains uncured or unwaived for a period of thirty (30) days after the earlier of notice of such default from the Agent or an officer of a Guarantor becomes aware of such default (each of the foregoing an "Event of Default" hereunder), then notwithstanding any Collateral or other security that the Agent or any Lender may process from Borrower or any Guarantor or any other guarantor of the Borrower's Liabilities, or any other party, at the Agent's election and without notice thereof or demand therefor, so long as such Event of Default shall be continuing, the Guarantors' Obligations shall immediately become due and payable.

8. SUITS. Each Guarantor from time to time shall pay to the Agent for the benefit of itself and the Lenders, on demand, at the Agent's place of business set forth in the Credit Agreement, the Guarantors' Obligations as they become or are declared due, and in the event such payment is not made forthwith, the Agent or any Lender or any of them may proceed to suit against any one or more or all of the Guarantors. At the Agent's election, one or more and successive or concurrent suits may be brought hereon by the Agent against any one or more or all of the Guarantors, whether or not suit has been commenced against the Borrower, any other guarantor of the Borrower's Liabilities, or any other Person and whether or not the Agent or Lender has taken or failed to take any other action to collect all or any portion of the Borrower's Liabilities.

9. SET-OFF AND WAIVER. Each Guarantor waives any right to assert against the Agent or Lender as a defense, counterclaim, set-off or cross claim, any defense (legal or equitable) or other claim which such Guarantor may now or at any time hereafter have against the Borrower, the Agent or the Lenders, without waiving any additional defenses, set-offs, counterclaims or other claims otherwise available to such Guarantor. If at any time hereafter the Agent or any Lender employs counsel for advice or other representation to enforce the Guarantors' Obligations that arise out of an Event of Default, then, in any of the foregoing events, all of the reasonable attorneys' fees arising

from such services and all expenses, costs and charges in any way or respect arising in connection therewith or relating thereto shall be jointly and severally paid by the Guarantors to the Agent, for the benefit of itself and the Lenders, on demand.

10. WAIVER; SUBROGATION; SUBORDINATION.

(a) Each Guarantor hereby waives notice of the following events or occurrences: (i) the Agent's acceptance of this Guaranty Agreement; (ii) the Lenders' heretofore, now or from time to time hereafter loaning monies or giving or extending credit to or for the benefit of the Borrower, whether pursuant to the Credit Agreement or the Notes or any amendments, modifications, or supplements thereto, or replacements or extensions thereof; (iii) the Agent or the Lenders or the Borrower heretofore, now or at any time hereafter, obtaining, amending, substituting for, releasing, waiving or modifying the Credit Agreement, the Notes or any other Loan Documents; (iv) presentment, demand, notices of default, non-payment, partial payment and protest; (v) the Agent or the Lenders heretofore, now or at any time hereafter granting to the Borrower (or any other party liable to the Lenders on account of the Borrower's Liabilities) any indulgence or extensions of time of payment of the Borrower's Liabilities; and (vi) the Agent or the Lenders heretofore, now or at any time hereafter accepting from the Borrower or any other person, any partial payment or payments on account of the Borrower's Liabilities or any collateral securing the payment thereof or the Agent settling, subordinating, compromising, discharging or releasing the same. Each Guarantor agrees that the Agent and each Lender may heretofore, now or at any time hereafter do any or all of the foregoing in such manner, upon such terms and at such times as Agent or such Lender, in its sole and absolute discretion, deems advisable, without in any way or respect impairing, affecting, reducing or releasing such Guarantor from the Guarantors' Obligations, and each Guarantor hereby consents to each and all of the foregoing events or occurrences.

(b) Each Guarantor hereby agrees that payment or performance by such Guarantor of the Guarantors' Obligations under this Guaranty Agreement may be enforced by the Agent on behalf of itself and the Lenders upon demand by the Agent to such Guarantor without the Agent being required, each Guarantor expressly waiving any right it may have to require the Agent, to (i) prosecute collection or seek to enforce or resort to any remedies against the Borrower or any other Guarantor or any other guarantor of the Borrower's Liabilities, IT BEING EXPRESSLY UNDERSTOOD, ACKNOWLEDGED AND AGREED TO BY EACH GUARANTOR THAT DEMAND UNDER THIS GUARANTY AGREEMENT MAY BE MADE BY THE AGENT, AND THE PROVISIONS HEREOF ENFORCED BY THE AGENT, EFFECTIVE AS OF THE FIRST DATE ANY EVENT OF DEFAULT OCCURS AND IS CONTINUING UNDER THE CREDIT AGREEMENT, or (ii) seek to enforce or resort to any remedies with respect to any, Liens or encumbrances granted to the Agent by the Borrower or any other Person on account of the Borrower's Liabilities or any guaranty thereof. Neither the Agent nor any Lender shall have any obligation to protect, secure or insure any of the foregoing security interests, Liens or encumbrances on the properties or interests in properties subject thereto. The Guarantors' Obligations shall in no way be impaired, affected, reduced, or released by reason of the Agent's or any Lender's failure or delay to do or take any of the acts, actions or things described in this Guaranty Agreement including, without limiting the generality of the foregoing, those acts, actions and things described in this Section 10.

(c) Each Guarantor further agrees with respect to this Guaranty Agreement that it shall have no right of subrogation, reimbursement or indemnity, nor any right of recourse to security for the Borrower's Liabilities in each case until after all the Borrower's Liabilities have been paid in full. This waiver is expressly intended to prevent the existence of any claim in respect to such reimbursement by the Guarantor against the estate of Borrower within the meaning of Section 101 of the Bankruptcy Code, and to prevent the Guarantor from constituting a creditor of Borrower in respect of such reimbursement within the meaning of Section 547(b) of the Bankruptcy Code in the event of a subsequent case involving the Borrower.

(d) Until the Guarantors' Obligations are paid in full and the Lenders are under no further obligation to lend or extend funds or credit which would constitute Guarantors' Obligations, each Guarantor hereby unconditionally subordinates all present and future debts, liabilities or obligations of the Borrower to the Guarantor to the Guarantors' Obligations, and all amounts due under such debts, liabilities, or obligations shall, upon the occurrence and during the continuance of an Event of Default, be collected and paid over forthwith to the Lenders on account of the Guarantors' Obligations and, pending such payment, shall be held by each Guarantor as agent and bailee of the Lenders separate and apart from all other funds, property and accounts of the Guarantor. Each Guarantor, at the reasonable request of the Lenders, shall execute such further documents in favor of the Lenders to further evidence and support the purpose of this Section 10(d).

11. EFFECTIVENESS; ENFORCEABILITY. This Guaranty Agreement shall be effective as of the date of the initial Advance under the Credit Agreement and shall continue in full force and effect until the Borrower's Obligations are fully paid and the Credit Agreement has terminated. The Agent shall give each Guarantor written notice of such termination at each Guarantor's address set forth below such Guarantor's execution hereof on the signature pages of this Guaranty or such other address for the Guarantor as such Guarantor shall give notice to the Agent in the manner provided for the giving of notices under the Credit Agreement (the "Guarantor's Address"). This Guaranty Agreement shall be binding upon and inure to the benefit of each Guarantor, the Agent and the Lenders and their respective successors and assigns. Notwithstanding the foregoing, no Guarantor may, without the prior written consent of the Agent, assign any rights, powers, duties or obligations hereunder. Any claim or claims that the Agent and the Lenders may at any time hereafter have against any Guarantor under this Guaranty Agreement may be asserted by the Agent or any Lender by written notice directed to any one or more or all of the Guarantors at the applicable Guarantor's Address.

12. REPRESENTATIONS AND WARRANTIES. Each Guarantor represents and warrants to the Agent for the benefit of itself and the Lenders that it is duly authorized to execute, deliver and perform this Guaranty Agreement, that this Guaranty Agreement is legal, valid, binding and enforceable against such Guarantor in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles; and that such Guarantor's execution, delivery and performance of this Guaranty Agreement do not violate or constitute a breach of its certificate of incorporation or charter or governance documents or any agreement to which such Guarantor is a party, or any applicable laws.

13. EXPENSES. Each Guarantor agrees to be jointly and severally liable for the payment of all reasonable fees and expenses, including attorney's fees, incurred by the Agent in connection with the enforcement of this Guaranty Agreement.

14. REINSTATEMENT. Each Guarantor agrees that this Guaranty Agreement shall continue to be effective or be reinstated, as the case may be, at any time payment received by the Agent under the Credit Agreement or this Guaranty Agreement is rescinded or must be restored for any reason.

15. COUNTERPARTS. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall constitute one and the same instrument.

16. RELIANCE. Each Guarantor represents and warrants to the Agent, for the benefit of the Agent and the Lenders, that: (a) such Guarantor has adequate means to obtain from Borrower, on a continuing basis, information concerning Borrower and Borrower's financial condition and affairs and has full and complete access to Borrower's books and records; (b) such Guarantor is not relying on the Agent or any Lender, its or their employees, agents or other representatives, to provide such information, now or in the future; (c) such Guarantor is executing this Guaranty Agreement freely and deliberately, and understands the obligations and financial risk undertaken by providing this Guaranty; (d) such Guarantor has relied solely on the Guarantor's own independent investigation, appraisal and analysis of Borrower and Borrower's financial condition and affairs in deciding to provide this Guaranty and is fully aware of the same; and (e) such Guarantor has not depended or relied on the Agent or any Lender, its or their employees, agents or representatives, for any information whatsoever concerning Borrower or Borrower's financial condition and affairs or other matters material to such Guarantor's decision to provide this Guaranty or for any counseling, guidance, or special consideration or any promise therefor with respect to such decision. Each Guarantor agrees that neither the Agent nor any Lender has any duty or responsibility whatsoever, now or in the future, to provide to any Guarantor any information concerning Borrower or Borrower's financial condition and affairs, other than as expressly provided herein, and that, if such Guarantor receives any such information from the Agent or any Lender, its or their employees, agents or other representatives, such Guarantor will independently verify the information and will not rely on the Agent or any Lender, its or their employees, agents or other representatives, with respect to such information.

17. NOTICES. Any notice shall be conclusively deemed to have been received by any party hereto and be effective (i) on the day on which delivered (including hand delivery by commercial courier service) to such party (against receipt therefor), (ii) on the date of receipt at such telefacsimile number for such party and the receipt of such message is verified by the sender's telefacsimile machine, (iii) on the fifth Business Day after the day on which mailed, if sent prepaid by certified or registered mail, return receipt requested, in each case delivered, transmitted or mailed, as the case may be, to the Guarantor's Address or telefacsimile number, as appropriate.

18. TERMINATION. This Guaranty Agreement and all obligations of the Guarantors hereunder shall terminate without delivery of any instrument or performance of any act by any party

on the date when all of the Obligations have been fully paid and the Credit Agreement has terminated.

19. GOVERNING LAW; WAIVERS OF TRIAL BY JURY, ETC.

(A) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF FLORIDA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

(B) EACH PARTY HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF BROWARD, STATE OF FLORIDA, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY HAVE NOW OR HEREAFTER TO THE LAYING OF THE VENUE OR TO THE JURISDICTION OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(C) EACH PARTY AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE GUARANTOR'S ADDRESS (AS HEREIN DEFINED) OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE APPLICABLE LAWS IN EFFECT IN THE STATE OF FLORIDA.

(D) NOTHING CONTAINED IN SUBSECTIONS (B) OR (C) HEREOF SHALL PRECLUDE ANY PARTY FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS IN THE COURTS OF ANY PLACE WHERE ANY OTHER PARTY OR ANY OF SUCH PARTY'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, THE JURISDICTION OF ANY OTHER COURT OR COURTS WHICH NOW OR HEREAFTER, BY REASON OF ITS PRESENT OR FUTURE DOMICILE, OR OTHERWISE, MAY BE AVAILABLE TO IT.

(E) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO THIS AGREEMENT OR

ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION WITH THE FOREGOING, EACH PARTY HEREBY AGREES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND EACH PARTY HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY HAVE THAT EACH ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Guaranty Agreement on the day and year first written above.

GUARANTOR:

WCC RE HOLDINGS, INC.

WITNESS:

By: _____
Name: John G. O'Rourke
Title: Senior Vice President

Address for Notices:

4200 Wackenhut Drive, #100
Palm Beach Gardens, Florida 33410

Telefacsimile: (561) 691-6740

WITNESS:

NATIONSBANK, NATIONAL ASSOCIATION, as Agent

By: _____
Name: Maria Conroy
Title: Senior Vice President

THIRD AMENDED AND RESTATED TRUST AGREEMENT

dated as of June 19, 1997

among

NATIONS BANK, NATIONAL ASSOCIATION,

and the other financial institutions parties thereto,
as Holders,

and

FIRST SECURITY BANK, NATIONAL ASSOCIATION, as Owner Trustee

WACKENHUT CORRECTIONS TRUST 1997-1

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THIRD AMENDED AND RESTATED TRUST AGREEMENT

THIS THIRD AMENDED AND RESTATED TRUST AGREEMENT, dated as of June 19, 1997, is among the Beneficiaries and Holders party hereto from time to time parties hereto (each a "Beneficiary" or a "Holder"), and FIRST SECURITY BANK, NATIONAL ASSOCIATION, in its individual capacity ("Trust Company"), and in its capacity as trustee hereunder, together with its successors and assigns (the "Owner Trustee").

WHEREAS, in order to provide a portion of the funds for the acquisition or leasing of the Properties and for carrying out the other transactions contemplated by the Operative Agreements, each Holder will make its respective Holder Fundings pursuant to this Trust Agreement and the Participation Agreement (as defined below); and

WHEREAS, the Holders desire to provide for the Trust to exist for the purpose of purchasing the Properties and leasing such Properties to the Lessee, and carrying out certain transactions contemplated by the Indemnification Agreement (as defined below) and the Operative Agreements; and

WHEREAS, Trust Company is willing to act as trustee hereunder and to accept the trust created hereby (the "Trust").

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; AMENDED AND
RESTATED AGREEMENT

SECTION 1.1 DEFINITIONS. For purposes of this Trust Agreement (including the "WHEREAS" clauses set forth above), capitalized terms used in this Trust Agreement and not otherwise defined herein shall have the meanings assigned to them in that certain Amended and Restated Participation Agreement dated as of the date hereof (as such agreement may be amended, modified, supplemented or restated from time to time in accordance with the terms thereof, "Participation Agreement") among Wackenhut Corrections Corporation, as Construction Agent and as Lessee, the Owner Trustee, the Holders party thereto, the Lenders party thereto, and NationsBank, National Association, (successor by merger to NationsBank, N.A. (South); "NationsBank") as Administrative Agent. Unless otherwise indicated, references in this Trust Agreement to articles, sections, paragraphs, clauses, appendices, schedules and exhibits are to the same contained in this Trust Agreement.

ARTICLE II

AUTHORITY TO EXECUTE AND PERFORM VARIOUS DOCUMENTS;
DECLARATION OF TRUST BY TRUST COMPANY

SECTION 2.1 AUTHORITY TO EXECUTE AND PERFORM VARIOUS DOCUMENTS. Each Holder hereby authorizes and directs the Owner Trustee (i) to execute and deliver, as trustee for and on behalf of each such Holder, the Indemnification Agreement dated as of March 14, 1997 by and among Owner Trustee, Guarantor and NationsBank (as amended, modified, supplemented or restated, the "Indemnification Agreement"), the Promissory Note dated as of March 14, 1997 in the face principal amount of \$10,000,000 executed by Owner Trustee in favor of NationsBank (as amended, modified, supplemented or restated, the "Bridge Note"), each Operative Agreement to which the Owner Trustee is a party and any other agreements, instruments, certificates or documents related to the transactions contemplated hereby or thereby to which the Owner Trustee is a party, (ii) to take whatever action shall be required to be taken by the Owner Trustee by the terms of, and exercise its rights and perform its duties under, each of the documents, agreements, instruments and certificates referred to in clause (i) above as set forth in such documents, agreements and certificates, and (iii) subject to the terms of this Trust Agreement, to take such other action in connection with the foregoing as the Holders may from time to time direct.

SECTION 2.2 DECLARATION OF TRUST BY TRUST COMPANY.

(a) Trust Company hereby declares that it will hold all estate, right, title and interest of the Owner Trustee in and to the Properties, the Indemnification Agreement, each Holder Funding, the Operative Agreements and any other property contributed by any Holder, including, without limitation, all amounts of Rent, insurance proceeds and condemnation awards, indemnity or other payments of any kind (collectively, the "Trust Estate") as Owner Trustee upon the trusts set forth herein and for the use and benefit of each Holder, subject, however, to the provisions of the Credit Agreement and the Security Documents. The name of the Trust shall be Wackenhut Corrections Trust 1997-1.

(b) The purpose of the Trust is to hold title to the Trust Estate for the benefit of the Holders and to engage in activities ancillary and incidental thereto as the Holders shall determine to be desirable. Except in connection with the foregoing, the Owner Trustee shall not (i) engage in any business activity, (ii) have any property, rights or interest, whether real or personal, tangible or intangible, (iii) incur any legal liability or obligation, whether fixed or contingent, matured or unmatured, other than in the normal course of the administration of the Trust or (iv) subject any of its property or assets for any mortgage, Lien, security interest or other claim or encumbrance, other than in favor of the Lenders or the Holders pursuant to the provisions of the Operative Agreements and this Trust Agreement. THIS TRUST IS NOT A BUSINESS TRUST. THE SOLE PURPOSE OF THE TRUST IS TO ACQUIRE AND HOLD TITLE TO THE TRUST ESTATE, SUBJECT TO THE RIGHTS OF THE LENDERS, FOR THE BENEFIT OF THE HOLDERS. THE OWNER TRUSTEE MAY NOT TRANSACT BUSINESS OF ANY

KIND WITH RESPECT TO THE PROPERTY COMPRISING THE TRUST ESTATE NOR SHALL THIS AGREEMENT BE DEEMED TO BE, OR CREATE OR EVIDENCE THE EXISTENCE OF A CORPORATION DE FACTO OR DE JURE, OR A MASSACHUSETTS TRUST, OR ANY OTHER TYPE OF BUSINESS TRUST, ASSOCIATION OR JOINT VENTURE AMONG THE OWNER TRUSTEE, THE HOLDERS, THE ADMINISTRATIVE AGENT AND THE LENDERS.

ARTICLE III

CONTRIBUTIONS AND PAYMENTS

SECTION 3.1 PROCEDURE FOR HOLDER FUNDINGS; CERTIFICATES.

(a) Upon receipt from the Construction Agent by the Owner Trustee and the Administrative Agent of the Requisition specified in Section 5.2 of the Participation Agreement, and subject to the terms and conditions of the Participation Agreement, the Owner Trustee shall request from each Holder an advance and each Holder shall make an advance under the Holder Commitment of such Holder on each date Fundings are made pursuant to Section 5 of the Participation Agreement provided that, after giving effect to any Holder Funding (i) the outstanding amount of all Holder Fundings by such Holder shall not exceed its Holder Commitment, and (ii) the aggregate outstanding amount of Holder Fundings by all Holders shall not exceed the Total Holder Funding Commitment. The Owner Trustee may request an advance under the Holder Commitments during the Commitment Period on any date that an Advance may be requested pursuant to the terms of Section 5.2(a) of the Participation Agreement, provided that the Owner Trustee shall give each Holder irrevocable notice (which notice must be received by each Holder (i) prior to 11:00 A.M., Charlotte, North Carolina time, three Business Days prior to the requested date of advance if all or any part of the requested advance is to be a Eurodollar Holder Funding or (ii) prior to 11:00 A.M., Charlotte, North Carolina time one Business Day prior to the requested date of advance with respect to any advance that is to be a Base Rate Holder Funding), specifying (A) the amount to be advanced, (B) the requested date of advance, (C) whether the advance is to be a Eurodollar Holder Funding or a Base Rate Holder Funding or a combination thereof, and (D) if the advance is to be a combination of Eurodollar Holder Fundings and Base Rate Holder Fundings, the respective amounts of each type of advance; provided, however, that prior to the Completion Date for any specified Property (1) there shall be only two (2) Interest Periods in effect at any specified date, which Interest Periods shall apply to all Eurodollar Holder Fundings then outstanding with respect to such Property, and which Interest Periods shall be one month in length (subject to the adjustments set forth in the definition of "Interest Period"), (2) the first Interest Period shall commence on the date that the first Eurodollar Holder Advance is made hereunder, (3) each succeeding Interest Period shall begin on the last day of one of the two (2) permitted Interest Periods, and (4) any amounts advanced or converted hereunder which are to bear Holder Yield based on the Eurodollar Rate may only be advanced or converted on the first day of a permitted Interest Period. Pursuant to the terms of Section 5.2 and Section 11.2 of the Participation Agreement, the Owner

Trustee shall be deemed to have delivered such notice upon the delivery of a notice by the Lessee or the Construction Agent containing such required information.

(b) Upon receipt of the Requisition and the notice delivered pursuant to Section 3.1(a), each Holder shall make the amount of its Holder Funding available to the Owner Trustee at the office of the Owner Trustee referred to in Section 11.4 prior to 2:00 P.M., Charlotte, North Carolina time on the date requested by the Lessee in funds immediately available to the Owner Trustee.

(c) The Eurodollar Holder Funding shall have an Interest Period of one, two, three, six or nine months, as specified in the definition of "Interest Period," subject only to the limitations specified in such definition and to the provisions of Sections 3.1(a), 3.7(c), 3.8 and 3.9. Any Holder Funding other than a Eurodollar Holder Funding shall constitute a Base Rate Holder Funding.

(d) On each date which is three Business Days prior to any Scheduled Interest Payment Date, the Owner Trustee shall be deemed to have requested a Eurodollar Holder Funding pursuant to Section 3.1(a) in an amount equal to the aggregate amount of Allocated Return due and payable on such date with respect to the Construction Period Properties. The date such Holder Funding shall be made with respect to any such request shall be the relevant Scheduled Interest Payment Date and the proceeds of such Holder Funding shall be applied to pay such Allocated Return. On each such date, the Holder Property Cost and Holder Construction Property Cost of each Construction Period Property shall be increased by an amount equal to the Allocated Return paid on such date with the proceeds of such Holder Funding.

(e) The Holder Fundings made by each Holder to the Trust Estate shall be evidenced by a Certificate of the Owner Trustee, substantially in the form of Exhibit A hereto, issued in the name of the Holder and in an amount equal to the Holder Commitment of such Holder. Each Certificate shall (i) be dated as of the Initial Closing Date and (ii) bear a yield on the unpaid Holder Amount thereof from time to time outstanding at the Holder Yield.

SECTION 3.2 CERTIFICATE YIELD. The Owner Trustee shall pay to each Holder, from the Trust Estate, its pro rata portion of Holder Yield on Holder Fundings made hereunder. Payment of Holder Yield on each Holder Funding shall be made in arrears on each Payment Date. If the date on which such payment of Holder Yield shall be due shall not be a Business Day, such payment shall be made on the next succeeding Business Day.

SECTION 3.3 SCHEDULED RETURN OF HOLDER FUNDINGS. Except in the case of early return of advances as set forth in Section 3.4 below or upon default, no return of the principal amount of the Holder Fundings shall be due prior to the Maturity Date. On the Maturity Date, subject to the terms of the Credit Agreement, the Owner Trustee shall pay to each Holder its aggregate unpaid Holder Amount together with all accrued but unpaid Holder Yield

and all other amounts due the Holders from the Owner Trustee hereunder or under the Operative Agreements.

SECTION 3.4 EARLY RETURN OF HOLDER FUNDINGS. As contemplated by and pursuant to the terms of the Lease, the Lessee shall be required or may elect under certain circumstances as described in the Lease to pay the Termination Value with respect to one or more Properties or purchase one or more Properties and upon such purchase or payment the amounts paid by the Lessee in connection therewith shall be distributed in accordance with the terms of Section 8 of the Credit Agreement. Any such amounts received by the Owner Trustee shall be paid over by the Owner Trustee to each Holder in an amount equal to such Holder's pro rata portion of the Holder Amount relating to the applicable Property or Properties. Notwithstanding the provisions set forth in this Section 3.4, any prepayment of the Certificates shall be in accordance with the provisions of Sections 2.6 and 8.1(b)(i) of the Credit Agreement so that so long as any amount of the Loans is outstanding the aggregate amount of the outstanding Holder Fundings as evidenced by the Certificates shall be equal to or greater than three percent (3%) of the Property Cost. Any amounts of any Holder Funding which are repaid to the Holders may be readvanced hereunder at any time prior to the Construction Period Termination Date subject to any conditions on Holder Fundings (and the limit on the aggregate number of Properties) set forth herein and in the other Operative Agreements.

SECTION 3.5 PAYMENTS FROM TRUST ESTATE ONLY. All payments to be made by the Owner Trustee under this Trust Agreement (including, without limitation, any payments pursuant to Section 3.10) shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Owner Trustee shall have received income or proceeds from the Trust Estate to make such payments in accordance with the terms hereof, except as specifically provided in Section 6.1. Each Holder agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for payment as herein provided and that, except as specifically provided herein, Trust Company shall not be liable to any Holder for any amounts payable under this Trust Agreement and shall not be subject to any liability under this Trust Agreement.

SECTION 3.6 METHOD OF PAYMENT. All amounts payable to a Holder pursuant to this Trust Agreement shall be paid or caused to be paid by the Owner Trustee to, or for the account of, such Holder, or its nominee, by transferring such amount in immediately available funds to a bank institution or banking institutions with bank wire transfer facilities for the account of such Holder or as otherwise instructed in writing from time to time by such Holder.

SECTION 3.7 COMPUTATION OF YIELD.

(a) Holder Yield shall be calculated on the basis established in Section 14.16 of the Participation Agreement, with respect to length of a "year" and number of days for which interest is accrued. Any change in the Holder Yield resulting from a change in the Base Rate, Eurodollar Reserve Percentage, or otherwise, shall become effective as of the opening of business on the day on which such change would become effective under the Existing Wackenhut Corrections Credit Agreement.

(b) Pursuant to Section 14.14 of the Participation Agreement, the calculation of Holder Yield under this Section 3.7 shall be made by the Administrative Agent. Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Owner Trustee and the Holders in the absence of manifest error.

(c) If the Eurodollar Rate cannot be determined by the Administrative Agent in the manner specified in the definition of the term "Eurodollar Rate", the Owner Trustee shall give telecopy or telephonic notice thereof to the Holders as soon as practicable after receipt of same from the Administrative Agent. Until such time as the Eurodollar Rate can be determined by the Administrative Agent in the manner specified in the definition of such term, no further Eurodollar Holder Fundings shall be made or continue as such at the end of the then current Interest Period and all Holder Fundings shall continue as Base Rate Holder Fundings.

SECTION 3.8 CONVERSION AND CONTINUATION OPTIONS.

(a) Subject to the restrictions set forth in Sections 3.1, 3.7(c) and 3.9, the Owner Trustee may elect from time to time to convert Base Rate Holder Fundings to Eurodollar Holder Fundings by giving each Holder at least three Business Days' prior irrevocable notice of such election. All or any part of outstanding Holder Fundings may be converted as provided herein, provided that (i) no Base Rate Holder Funding may be converted into a Eurodollar Holder Funding when any Event of Default has occurred and is continuing, (ii) no Base Rate Holder Funding may be converted into a Eurodollar Holder Funding which matures after the Maturity Date, (iii) during the Commitment Period such conversion may only occur on the first day of an Interest Period permitted pursuant to the terms of Section 3.1 hereof and (iv) such notice of conversion shall contain an election by the Owner Trustee of an Interest Period for such Eurodollar Holder Funding to be created by such conversion and such Interest Period shall satisfy the conditions of the definition of the term "Interest Period" as set forth in Appendix A to the Participation Agreement.

(b) Subject to the restrictions set forth in Sections 3.1, 3.7(c) and 3.9 hereof, any Eurodollar Holder Funding may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Owner Trustee giving irrevocable notice to each Holder in accordance with the applicable provisions of the definition of the term "Interest Period" as set forth in Appendix A to the Participation Agreement; provided that no Eurodollar Holder Funding may be continued as such (i) when any Event of Default has occurred and is continuing or (ii) if such Eurodollar Holder Funding would mature after the Maturity Date and provided, further, that if the Owner Trustee shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding provision, such Holder Funding shall be automatically converted to a Base Rate Holder Funding on the last day of such then expiring Interest Period.

SECTION 3.9 INCREASED COSTS, ILLEGALITY, ETC.

(a) If, due to either (i) the introduction of or any change (other than any change by way of imposition or increase of reserve requirements that are expressly included in the calculation of the Eurodollar Reserve Rate) in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request hereafter adopted, promulgated or made, by any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to any Holder of agreeing to make or making, funding or maintaining Holder Fundings, then the Owner Trustee shall from time to time, upon demand by such Holder, pay to such Holder additional amounts sufficient to compensate such Holder for such increased cost. A certificate as to the amount of such increased cost, submitted to the Owner Trustee by such Holder, shall be conclusive and binding for all purposes, absent manifest error.

(b) If any Holder determines that compliance with any law or regulation or any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law, but in each case promulgated or made after the date hereof) affects or would affect the amount of capital required or expected to be maintained by such Holder or any corporation controlling such Holder and that the amount of such capital is increased by or based upon the existence of such Holder's commitment to make Holder Fundings hereunder and other commitments of this type, then, upon demand by such Holder, the Owner Trustee shall immediately pay to such Holder, from time to time as specified by such Holder, additional amounts sufficient to compensate such Holder or such corporation in the light of such circumstances, to the extent that such Holder reasonably determines such increase in capital to be allocable to the existence of such Holder's commitment to make Holder Fundings hereunder. A certificate as to such amounts submitted to the Owner Trustee by such Holder shall be conclusive and binding for all purposes, absent manifest error.

(c) Without affecting its rights under Section 3.9(a) or 3.9(b) or any other provision of this Trust Agreement, each Holder agrees that if there is any increase in any cost to or reduction in any amount receivable by such Holder with respect to which the Owner Trustee would be obligated to compensate such Holder pursuant to Section 3.9(a) or 3.9(b) or 2.10(b), such Holder shall use reasonable efforts to select an alternative office from which to fund Holder Fundings which would not result in any such increase in any cost to or reduction in any amount receivable by such Holder; provided, however, that no Holder shall be obligated to select such an alternate office if such Holder determines that (i) as a result of such selection such Holder would be in violation of any applicable law, regulation, treaty, or guideline, or would incur additional costs or expenses or (ii) such selection would be inadvisable for regulatory reasons or would impose an unreasonable burden or additional costs on such Holder.

(d) Notwithstanding any other provision of this Trust Agreement, if any Holder shall notify the Owner Trustee that the introduction of or any change in any law or regulation, or in the interpretation of any law or regulation makes it unlawful, or any

central bank or other Governmental Authority asserts that it is unlawful, for any Holder to perform its obligations hereunder to make or maintain Eurodollar Holder Fundings then (i) each Eurodollar Holder Funding will automatically, at the end of the Interest Period for such Eurodollar Holder Funding, convert into a Base Rate Holder Funding and (ii) the obligation of the Holders to make, convert or continue Eurodollar Holder Fundings shall be suspended until such Holder shall notify the Owner Trustee that such Holder has determined that the circumstances causing such suspension no longer exist.

SECTION 3.10 CONTRIBUTION INDEMNITY. Subject to the provisions of Section 3.11, the Owner Trustee agrees to indemnify each Holder and to hold each Holder harmless from any loss or reasonable expense which such Holder may sustain or incur as a consequence of (a) failure of the Owner Trustee to accept any Holder Funding hereunder after the Owner Trustee has given a notice requesting the same in accordance with the provisions of this Trust Agreement (other than by reason of the failure of a Holder or Holders to make funds available without cause), (b) failure of the Owner Trustee to make any prepayment of a Holder Funding after the Owner Trustee has given a notice thereof in accordance with the provisions of this Trust Agreement, or (c) the making of a voluntary or involuntary prepayment of a Eurodollar Holder Funding on a day which is not the last day of an Interest Period with respect thereto. Such indemnification shall be in an amount equal to the excess, if any, of (i) the amount of Holder Yield which would have accrued on the amount so prepaid, or not accepted, converted or continued for the period from the date of such prepayment or of such failure to accept, convert or continue to the last day of such Interest Period (or, in the case of a failure to accept, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable Holder Yield rate for such Holder Fundings provided for herein over (ii) the amount of yield (as determined by such Holder) which would have accrued to such Holder on such amount by placing such amount on deposit for a comparable period with leading banks in the relevant interest rate market. This covenant shall survive the termination of this Trust Agreement and the payment of all other amounts payable hereunder.

SECTION 3.11 NOTICE OF AMOUNTS PAYABLE; MANDATORY ASSIGNMENT.

(a) Notice. In the event that any Holder becomes aware that any amounts are or will be owed to it pursuant to Section 3.9, 3.10 or 3.12 or that it is unable to make Holder Fundings which bear a yield based on the Eurodollar Rate, then it shall promptly notify the Owner Trustee thereof and, as soon as possible thereafter, such Holder shall submit to the Owner Trustee a certificate indicating the amount owing to it and the calculation thereof. The amounts set forth in such certificate shall be prima facie evidence of the obligations of the Owner Trustee hereunder.

(b) Mandatory Assignment. In the event that any Holder delivers to the Owner Trustee a certificate pursuant to Section 3.11(a) in connection with amounts payable pursuant to Section 3.9 or Section 3.10, or such Holder is required to make Holder Fundings as Base Rate Holder Fundings in accordance with Section 3.9(d) then the Owner Trustee may, at its own expense and in its sole discretion, (i) require such Holder

to transfer or assign, in whole or in part, without recourse (in accordance with Section 12.1 of the Participation Agreement), all or part of its interests, rights (except for rights to be indemnified for actions taken while a party hereunder) and obligations under this Agreement to a replacement bank or institution if the Owner Trustee, with the full cooperation of such Holder, can identify a Person who is ready, willing and able to be such replacement bank or institution with respect thereto and such replacement bank or institution (which may be another Holder) shall assume such assigned obligations, or (ii) during such time as no Default or Event of Default has occurred and is continuing, terminate the Holder Commitment of such Holder and prepay all outstanding Holder Fundings of such Holder; provided, however, that (x) the Owner Trustee or such replacement bank or institution, as the case may be, shall have paid to such Holder in immediately available funds the principal amount of and Holder Yield accrued to the date of such payment on the Holder Fundings made by it hereunder and all other amounts owed to it hereunder (and, if such Holder is also a Lender, the principal amount of all Loans and all interest accrued and unpaid thereon), (y) any termination of Holder Commitments shall be accompanied by a pro rata reduction of Commitments for Loans subject to the terms of Section 2.5(a) of the Credit Agreement and (z) such assignment or termination of the Holder Commitment of such Holder and prepayment of Holder Fundings does not conflict with any law, rule or regulation or order of any court or other Governmental Authority.

SECTION 3.12 TAXES.

(a) All payments made by the Owner Trustee under this Trust Agreement and the Certificates shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, documentary stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on any Holder as a result of a present or former connection between such Holder and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Holder having executed, delivered or performed its obligations or received a payment under, or enforced, this Trust Agreement, any Certificate or any other Operative Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") are required to be withheld from any amounts payable to any Holder hereunder or under the Certificates, the amounts so payable to such Lender shall be increased to the extent necessary to yield to such Holder (after payment of all Non-Excluded Taxes) Holder Yield or any such other amounts payable hereunder at the rates or in the amounts specified in this Trust Agreement and the Certificates, provided, however, that the Owner Trustee shall not be required to increase any such amounts payable to any Holder that is not organized under the laws of the U.S. or a state thereof if such Holder fails to comply with the requirements of paragraph (b) of

this Section 3.12. Whenever any Non-Excluded Taxes are payable by the Owner Trustee, then as promptly as possible thereafter the Owner Trustee shall send to such Holder a certified copy of an original official receipt received by the Owner Trustee showing payment thereof. If the Owner Trustee fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to such Holder the required receipts or other required documentary evidence, the Owner Trustee shall indemnify the Holder for any incremental taxes, interest, costs or penalties that may become payable by any Holder as a result of any such failure. The agreements in this Section 3.12(a) shall survive the termination of this Trust Agreement and the payment of the Certificates and all other amounts payable hereunder.

(b) Each Holder that is not incorporated under the laws of the U.S. or a state thereof shall:

(i) deliver to the Owner Trustee and the Administrative Agent (A) the duly completed copies of IRS Form 1001 or 4224, or successor applicable form, as the case may be, and (B) an IRS Form W-8 or W-9, or successor applicable form, as the case may be;

(ii) deliver to the Owner Trustee and the Administrative Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Owner Trustee; and

(iii) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by Owner Trustee or the Administrative Agent;

unless in any such case an event (including, without limitation, any change in treaty, law or regulation or administrative or judicial interpretation of any of the foregoing) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Holder from duly completing and delivering any such form with respect to it and such Holder so advises the Owner Trustee and the Administrative Agent. Such Holder shall certify (i) in the case of a Form 1001 or 4224, that it is entitled to receive payments under this Trust Agreement without deduction or withholding of any U.S. federal income taxes and (ii) in the case of a Form W-8 or W-9, that it is entitled to an exemption from U.S. backup withholding tax.

SECTION 3.13 HOLDER OVERDUE RATE. If all or a portion of (i) the principal amount of any Holder Funding, (ii) any Holder Yield payable on any Holder Funding, or (iii) any other amount payable hereunder shall not be paid when due (subject to applicable grace periods) (whether at the stated maturity, by acceleration or otherwise), such amount shall bear interest at a rate per occurrence which is the lesser of (x) the Holder Yield applicable to such Holder Funding

plus 2% (or in the case of clause (iii) above, the Base Rate plus 3%) and (y) the highest interest rate permitted by applicable law, in each case from the date of such non-payment until such amount is paid in full (whether after or before judgment).

ARTICLE IV

COLLECTIONS AND DISTRIBUTIONS

SECTION 4.1 COLLECTIONS AND REMITTANCES BY THE OWNER TRUSTEE. The Owner Trustee agrees that, subject to the provisions of this Trust Agreement, it will during the term of this Trust administer the Trust Estate and, at the direction of the Holders (or, so long as the Credit Agreement shall continue, subject to the provisions of the Credit Agreement and the Security Documents), take steps to collect all Rent and other sums payable to the Owner Trustee by the Lessee under the Lease. The Owner Trustee agrees to distribute all proceeds received from the Trust Estate in accordance with Article III and Sections 4.2 and 4.3. The Owner Trustee shall make such distribution promptly upon receipt of such proceeds (provided such proceeds are available for distribution) by the Owner Trustee, it being understood and agreed that the Owner Trustee shall not be obligated to make such distribution until the funds for such distribution have been received by the Owner Trustee in cash or its equivalent reasonably acceptable to the Owner Trustee.

SECTION 4.2 PRIORITY OF DISTRIBUTIONS. Subject to the terms and requirements of the Operative Agreements, all payments and amounts received by Trust Company as Owner Trustee or on its behalf shall be distributed to the Administrative Agent for allocation by the Administrative Agent in accordance with the terms of Section 8 of the Credit Agreement or, if such payments or amounts are received by the Owner Trustee from the Administrative Agent, then they shall be distributed forthwith upon receipt in the following order of priority: first, in accordance with the Holder Yield protection provisions set forth in Article III; and, second, the balance, if any, of such payment or amount remaining thereafter shall be distributed to the Holders pro rata.

SECTION 4.3 EXCEPTED PAYMENTS. Anything in this Article IV, or elsewhere in this Trust Agreement to the contrary notwithstanding, any Excepted Payment received at any time by the Owner Trustee shall be distributed promptly to the Person entitled to receive such Excepted Payment.

SECTION 4.4 DISTRIBUTIONS AFTER DEFAULT. Subject to the terms of Section 5.1 hereof, the proceeds received by the Owner Trustee from the exercise of any remedy under the Lease shall be distributed pursuant to Section 4.2 above. This Trust shall cease and terminate in accordance with the terms set forth in Section 8.1 and upon the final disposition by the Owner Trustee of all of the Trust Estate pursuant to this Section 4.4.

ARTICLE V

DUTIES OF THE OWNER TRUSTEE

SECTION 5.1 NOTICE OF CERTAIN EVENTS. In the event the Owner Trustee shall have knowledge of any default under the terms of the Indemnification Agreement or the Bridge Note, or any Lease Default, Lease Event of Default, Credit Agreement Default, Credit Agreement Event of Default, Agency Agreement Default or Agency Agreement Event of Default, the Owner Trustee shall give written notice thereof within five (5) Business Days to each Holder, the Lessee and the Administrative Agent unless such Default or Event of Default no longer exists before the giving of such notice. Subject to the provisions of Section 5.3, the Owner Trustee shall take or refrain from taking such action as the Administrative Agent shall direct so long as the Credit Agreement is in effect (and as more specifically provided in Section 10.2(j) of the Participation Agreement) and thereafter as the Holders shall jointly direct, in each case by written instructions to the Owner Trustee. If the Owner Trustee shall have given the Administrative Agent and the Holders notice of any event and shall not have received written instructions as above provided within 30 days after mailing notice of such event to the Administrative Agent and the Holders, the Owner Trustee may, but shall be under no duty to, and shall have no liability for its failure or refusal to, take or refrain from taking any action with respect thereto, not inconsistent with the provisions of the Bridge Note, the Indemnification Agreement or the Operative Agreements, as the Owner Trustee shall deem advisable and in the best interests of the Holders. Lenders and the Holders. For all purposes of this Trust Agreement, in the absence of actual knowledge of a Responsible Officer in the Corporate Trust Department of Trust Company, the Owner Trustee shall be deemed not to have knowledge of any Default or Event of Default unless a Responsible Officer of the Corporate Trust Department of Trust Company receives notice thereof given by or on behalf of a Holder, the Lessee or the Administrative Agent.

SECTION 5.2 ACTION UPON INSTRUCTIONS. Subject to the provisions of Sections 5.1 and 5.3, upon the written instructions of the Administrative Agent or the Holders (as applicable) or, as permitted expressly by the Operative Agreements, the Lessee, as the case may be, the Owner Trustee will take or refrain from taking such action or actions as may be specified in such instructions.

SECTION 5.3 INDEMNIFICATION. The Owner Trustee shall not be required to take or refrain from taking any action under this Trust Agreement, the Bridge Note, the Indemnification Agreement or any Operative Agreement (other than the actions specified in the first sentence of Section 5.1 and in the last sentence of Section 5.4) unless Trust Company shall have been indemnified by the Lessee or, if Trust Company reasonably believes such indemnity to be inadequate, by either the Lenders or the Holders in manner and form reasonably satisfactory to Trust Company, against any liability, fee, cost or expense (including reasonable attorneys' fees and expenses) that may be incurred or charged in connection therewith, other than such as may result from the willful misconduct or gross negligence of the Owner Trustee; and, if the Administrative Agent or the Holders shall have directed the Owner Trustee to take or refrain from taking any action under the Bridge Note, the Indemnification Agreement or any Operative Agreement, the Lenders or the Holders, as applicable, agree to furnish such indemnity by a

written undertaking of indemnification and, in addition, to pay the reasonable compensation of Trust Company for the services performed or to be performed by the Owner Trustee pursuant to such direction. The Owner Trustee shall not be required to take any action under the Bridge Note, the Indemnification Agreement or any Operative Agreement if Trust Company shall reasonably determine, or shall have been advised by counsel, that such action (a) is likely to result in personal liability for which Trust Company has not been and will not be adequately indemnified, (b) is contrary to the terms hereof, the Bridge Note, the Indemnification Agreement or of any Operative Agreement to which the Owner Trustee is a party, or (c) is otherwise contrary to law. The Owner Trustee shall be under no liability with respect to any action taken or omitted to be taken by the Owner Trustee in accordance with instructions of the Administrative Agent or the Holders pursuant to Section 5.2 hereof.

SECTION 5.4 NO DUTIES EXCEPT AS SPECIFIED IN TRUST AGREEMENT OR INSTRUCTIONS. The Owner Trustee shall not have any duty or obligation to manage, control, use, make any payment in respect of, register, record, insure, inspect, sell, dispose of or otherwise deal with the Properties or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under or in connection with the Bridge Note, the Indemnification Agreement or any Operative Agreement to which the Owner Trustee is a party, except as expressly provided by the terms of this Trust Agreement or in written instructions from the Administrative Agent or the Holders, as applicable, received pursuant to Section 5.1, 5.2 or 8.4; and no implied duties or obligations shall be read into this Trust Agreement against the Owner Trustee. The Owner Trustee shall have no duty or obligation to supervise or monitor the performance of the Construction Agent pursuant to the Agency Agreement, which Construction Agent for all purposes shall be an independent contractor. Trust Company nevertheless agrees that it will, at its own cost and expense, promptly take all action as may be necessary to discharge any liens arising by or through the Trust Company or the Owner Trustee on any part of the Trust Estate.

SECTION 5.5 NO ACTION EXCEPT UNDER SPECIFIED DOCUMENTS OR INSTRUCTIONS. The Owner Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with the Properties or any other part of the Trust Estate except (i) as required by the terms of the Bridge Note, the Indemnification Agreement or the Operative Agreements, (ii) in accordance with the powers granted to, or the authority conferred upon, it pursuant to this Trust Agreement or (iii) in accordance with the express terms hereof or with written instructions from the Administrative Agent or the Holders, as applicable, pursuant to Section 5.1, 5.2 or 8.4.

SECTION 5.6 ABSENCE OF DUTIES.

(a) Except in accordance with written instructions furnished pursuant to Section 5.1, 5.2 or 8.4, and without limitation of the generality of Section 5.4, the Owner Trustee shall not have any duty to (i) file, record or deposit any Operative Agreement or any other document, or to maintain any such filing, recording or deposit or to refile, rerecord or redeposit any such document; (ii) obtain insurance on the Properties or effect or maintain any such insurance, other than to receive and forward to each Holder any notices, policies, certificates or binders furnished to the Owner Trustee pursuant to the Lease; (iii) maintain the Properties; (iv) pay or discharge any Tax or any Lien owing with

respect to or assessed or levied against any part of the Trust Estate, except as provided in the last sentence of Section 5.4, other than to forward notice of such Tax or Lien received by the Owner Trustee to each Holder and the Administrative Agent; (v) confirm, verify, investigate or inquire into the failure to receive any reports or financial statements of the Lessee; (vi) inspect the Properties at any time or ascertain or inquire as to the performance or observance of any of the covenants of the Lessee or any other Person under the Bridge Note, the Indemnification Agreement or any Operative Agreement with respect to the Properties; or (vii) manage, control, use, sell, dispose of or otherwise deal with the Properties or any part thereof or any other part of the Trust Estate, except as provided in Section 5.5.

(b) The Owner Trustee, in the exercise or administration of the trusts and powers hereunder, including its obligations under Section 5.2 hereof, may, at the expense of the Lessee, employ agents, attorneys, accountants, and auditors and enter into agreements with any of them, and Trust Company shall not be liable, either in its individual capacity or in its capacity as Owner Trustee, for the default or misconduct of any such agents, attorneys, accountants or auditors if such agents, attorneys, accountants or auditors shall have been selected by it in good faith.

SECTION 5.7 OWNER TRUSTEE'S ANNUAL CERTIFICATION.

The Owner Trustee, upon written request of the Lessee received not less than thirty (30) days nor more than sixty (60) days prior to each December 31st during the Term of the Lease, shall provide to the Lessee a certification to the effect that (i) the character of the Holder Fundings as evidenced by the Certificates has not changed from the nature of the same as provided in this Trust Agreement and the Participation Agreement as of the Initial Closing Date and (ii) the Holder Fundings as evidenced by the Certificates equal or exceed three percent (3%) of the Property Cost. With respect to the representation provided for in clause (ii) of the immediately preceding sentence, Owner Trustee shall be entitled to rely upon the representation of the Agent respecting the amount of the Property Cost and the Loans.

ARTICLE VI

THE OWNER TRUSTEE

SECTION 6.1 ACCEPTANCE OF TRUST AND DUTIES. Trust Company accepts the trust hereby created and agrees to perform the same, but only upon the terms of this Trust Agreement. Trust Company agrees to receive, manage and disburse all moneys constituting part of the Trust Estate actually received by it as Owner Trustee in accordance with the terms of this Trust Agreement. Trust Company shall not be answerable or accountable under any circumstances, except for (i) its own willful misconduct or gross negligence, (ii) the inaccuracy of any of its representations or warranties contained in Section 6.3 of this Trust Agreement or Section 7.2 of the Participation Agreement, (iii) its failure to perform obligations expressly undertaken by it in the last sentence of Section 5.4 of this Trust Agreement or in Section 10.2(a) of the Participation Agreement, (iv) Taxes based on or measured by any fees, commissions or compensation received by it for acting as Owner Trustee in connection with any of the

transactions contemplated by the Bridge Note, the Indemnification Agreement or the Operative Agreements, or (v) its failure to use ordinary care to receive, manage and disburse moneys actually received by it in accordance with the terms hereof.

SECTION 6.2 FURNISHING OF DOCUMENTS. The Owner Trustee will furnish to each Holder and to the Administrative Agent, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, opinions, certificates, financial statements and any other instruments or writings furnished to the Owner Trustee hereunder or under the Indemnification Agreement or the Operative Agreements, unless by the express terms of the Indemnification Agreement or any Operative Agreement a copy of the same is required to be furnished by some other Person directly to the Holders or the Administrative Agent, or the Owner Trustee shall have determined that the same has already been furnished to the Holders and the Administrative Agent.

SECTION 6.3 NO REPRESENTATIONS OR WARRANTIES AS TO THE PROPERTIES OR OPERATIVE AGREEMENTS. TRUST COMPANY MAKES (i) NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE TITLE, VALUE, USE, CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS FOR USE OF ANY PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PROPERTY (OR ANY PART THEREOF) AND TRUST COMPANY SHALL NOT BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR THE FAILURE OF ANY PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY LEGAL REQUIREMENT except that Trust Company hereby represents, warrants and covenants to each Holder that it will comply with the last sentence of Section 5.4, and (ii) no representation or warranty as to the validity or enforceability of the Bridge Note, the Indemnification Agreement or any Operative Agreement or as to the correctness of any statement made by a Person other than Trust Company or the Owner Trustee contained in any thereof, except that Trust Company represents, warrants and covenants to each Holder that this Trust Agreement has been and each of the Bridge Note, the Indemnification Agreement and the other Operative Agreements which contemplates execution thereof by the Owner Trustee has been or will be executed and delivered by its officers who are, or will be, duly authorized to execute and deliver documents on its behalf.

SECTION 6.4 NO SEGREGATION OF MONEYS; NO INTEREST.

Except as otherwise provided herein or in any of the other Operative Agreements, moneys received by the Owner Trustee hereunder need not be segregated in any manner except to the extent required by law, and may be deposited under such general conditions as may be prescribed by law, and neither Trust Company nor the Owner Trustee shall be liable for any interest thereon, except as may be agreed to in writing by Trust Company or the Owner Trustee.

SECTION 6.5 RELIANCE; ADVICE OF COUNSEL. Trust Company shall not incur any liability to any Person in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it in good faith to be signed by the proper party or parties. Trust Company may accept and rely upon, a certified copy of a resolution of the board of directors or

other governing body of any corporate party as conclusive evidence that each resolution has been duly adopted by such body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically prescribed herein, Trust Company may for all purposes hereof rely on an Officers' Certificate of the relevant party, as to such fact or matter, and such certificate shall constitute full protection to Trust Company for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Owner Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may consult with counsel, accountants and other skilled Persons to be selected and employed by it, and Trust Company shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled Persons and not contrary to this Trust Agreement.

SECTION 6.6 LIABILITY WITH RESPECT TO DOCUMENTS. The Owner Trustee, either in its trust or individual capacities, shall not incur any liability to any Person for or in respect of (a) the recitals herein, (b) the validity or sufficiency of this Trust Agreement, (c) the due execution hereof by any Holder, (d) the form, character, genuineness, sufficiency, value or validity of the Properties, or (e) the validity or sufficiency of the Bridge Note, the Indemnification Agreement or any of the Operative Agreements; and the Owner Trustee, either in its trust or individual capacities, shall in no event assume or incur any liability, duty or obligation to any Person or to any Holder, other than as expressly provided for herein or in the Bridge Note, the Indemnification Agreement or any of the other Operative Agreements.

SECTION 6.7 NOT ACTING IN INDIVIDUAL CAPACITY. All Persons having any claim against Trust Company by reason of the transactions contemplated by the Operative Agreements shall look only to the Trust Estate (or a part thereof, as the case may be) for payment or satisfaction thereof, except as specifically provided in this Article VI and except to the extent that Trust Company shall otherwise expressly agree in the Bridge Note, the Indemnification Agreement or any Operative Agreement to which it is a party.

SECTION 6.8 BOOKS AND RECORDS; TAX RETURNS.

(a) The Owner Trustee shall be responsible for the keeping of all appropriate books and records relating to the receipt and disbursement of all moneys that it may receive hereunder, or under the Bridge Note, the Indemnification Agreement or any other Operative Agreement. The Owner Trustee shall, at the expense of the Owner Trustee, file an application with the Internal Revenue Service for a taxpayer identification number with respect to the trust created hereby. The Owner Trustee shall, at the expense of the Owner Trustee, prepare or cause to be prepared and the Owner Trustee shall sign or file the federal fiduciary tax return with respect to Taxes due and payable by the trust created hereby in connection with the transactions contemplated hereby and by the Bridge Note, the Indemnification Agreement or any other Operative Agreement. Each Holder shall furnish the Owner Trustee with all such information as may be reasonably required from such Holder in connection with the preparation of such tax returns. The Owner Trustee shall keep copies of all returns delivered to or filed by it.

(b) The Owner Trustee, either in its trust or individual capacities, shall be under no obligation to appear in, prosecute or defend any action, which in its opinion may require it to incur any out-of-pocket expense or any liability unless it shall be furnished with such reasonable security and indemnity against such expense or liability as it may require. The Owner Trustee may, but shall be under no duty to, undertake such action as it may deem necessary at any and all times, without any further action by the Administrative Agent or any Holder to protect the Properties and the rights and interests of the Holders pursuant to the terms of this Trust Agreement; provided, however, that Trust Company may obtain reimbursement for the out-of-pocket expenses and costs of such actions, undertakings or proceedings from the Lessee.

SECTION 6.9 SUBSTITUTE OWNER TRUSTEE; OWNER TRUSTEE ADVISOR. First Security Bank, National Association, has entered into this Trust Agreement and the other Operative Agreements not individually, except as expressly stated herein or therein (as the case may be), but solely as Owner Trustee under the Trust; provided, notwithstanding the foregoing provisions of this Section 6.9, solely to the extent that the Louisiana Trust Code (L.A. R.S. 9:1721 et seq.) is deemed to apply to the Trust, then (a) Mr. Val T. Orton, a resident of Davis County, Utah shall be deemed to be a Co-owner Trustee (as defined in Section 9.2 hereof) with First Security Bank, National Association with respect to the Trust and (b) First Security Bank, National Association (and any replacement or successor thereto appointed by the Holder with the consent of the Majority Lenders) shall be deemed to a Co-Owner Trustee and the Owner Trustee Advisor. To the extent not prohibited by the relevant provisions of the Louisiana Trust Code, in his capacity as Co-owner Trustee, Mr. Val T. Orton shall act in accordance with the express, written directions of the Owner Trustee Advisor and any actions not in accordance with such directions shall be deemed null and void and of no force or effect under this Trust Agreement and the other Operative Agreements. In its capacity as Owner Trustee Advisor, First Security Bank, National Association shall act (x) in accordance with the directions, limitations, terms and provisions of this Trust Agreement and the other Operative Agreements applicable to the Owner Trustee and (y) to the extent this Trust Agreement and the other Operative Agreements do not contain any direction, limitation, term or provision with regard to any particular situation, in accordance with the written instructions of the Holders. Actions taken by the Owner Trustee Advisor which are not in accordance with the requirements of the immediately preceding sentence shall be deemed null and void and of no force or effect under this Trust Agreement and the other Operative Agreements. In the event Mr. Val T. Orton shall become a Co-owner Trustee, he shall not be required to post a bond of any kind. To the extent the Louisiana Trust Code is deemed to apply to the Trust, Mr. Val T. Orton hereby accepts the trust and duties hereby created and agrees to perform the same, but only upon the terms of this Trust Agreement.

SECTION 6.10 MAINTAIN CHARACTER OF HOLDER FUNDINGS. The Owner Trustee shall at all times maintain the character of the Holder Fundings as evidenced by the Certificates and as provided in this Trust Agreement and the Participation Agreement to the end that the Holder Fundings shall at all times be "at-risk" and shall not permit the same to be replaced by nonrecourse debt.

ARTICLE VII

INDEMNIFICATION OF THE OWNER TRUSTEE

SECTION 7.1 INDEMNIFICATION GENERALLY. The Owner Trustee and Trust Company are indemnified for matters related to the transactions described herein by the Lessee pursuant to the Indemnification Agreement and Section 13 of the Participation Agreement. Except as may be specifically provided from time to time hereafter in writing by the Holders, neither the Owner Trustee nor Trust Company shall have any right of indemnification from any Holder with respect to the transactions described herein or in the Bridge Note, the Indemnification Agreement or any of the other Operative Agreements.

SECTION 7.2 COMPENSATION AND EXPENSES. Pursuant to the Guaranty, the Guarantor has guaranteed, among other things, the payment of various fees, costs and expenses of the Owner Trustee and Trust Company as provided in Section 9.3 of the Indemnification Agreement. Additionally, the Lessee has agreed to pay the fees and reasonable expenses of the Owner Trustee and Trust Company as provided in Section 9.3 of the Participation Agreement.

ARTICLE VIII

TERMINATION OF TRUST AGREEMENT

SECTION 8.1 TERMINATION OF TRUST AGREEMENT. This Trust Agreement and the trusts created hereby shall terminate, and the Trust Estate shall, subject to the provisions of the Participation Agreement, the other Operative Agreements and Article IV hereof, be distributed pro rata to the Holders, and this Trust Agreement shall be of no further force or effect, upon the earliest to occur of (i) the joint written request of the Holders following the sale or other final disposition by the Owner Trustee of all property constituting part of the Trust Estate and the final distribution by the Owner Trustee of all moneys or other property or proceeds constituting part of the Trust Estate in accordance with the terms of Article IV; or (ii) the sale or other final disposition by the Owner Trustee of all property constituting the Trust Estate and the final disposition by the Owner Trustee of all moneys or other property or proceeds constituting part of the Trust Estate in accordance with the terms hereof; provided, however, that the Trust Estate shall not be subject to sale or other final disposition by the Owner Trustee prior to the payment in full and discharge of the Loans and all other indebtedness secured by the Credit Documents, the release of the Credit Documents and the liens and security interest granted thereby and the payment in full of the Holder Amount and Holder Yield thereon and all other amounts owing to the Holders under any of the Operative Agreements; and (iii) 50 years after the date hereof.

SECTION 8.2 TERMINATION AT OPTION OF THE HOLDERS. Notwithstanding Section 8.1, this Trust Agreement and the trusts created hereby shall terminate and the Trust Estate shall be distributed pro rata to the Holders, and this Trust Agreement shall be of no further force and effect, upon the joint election of the Holders by notice to the Owner Trustee, if such notice shall be accompanied by the written agreement of each Holder assuming all the obligations of the Owner Trustee under or contemplated by the Operative Agreements and all other obligations of

the Owner Trustee incurred by it as trustee hereunder; provided, however, that each Holder agrees for the express benefit of the Administrative Agent and the Lenders, that without the consent of the Administrative Agent, no such election shall be effective until the Liens and security interests of the Security Documents on the Collateral shall have been released and until full payment of the principal of, and interest on the Loans and all other sums due to the, Lenders shall have been made. Such written agreement shall be reasonably satisfactory in form and substance to the Owner Trustee and shall release the Owner Trustee from all further obligations of the Owner Trustee hereunder and under the agreements and other instruments mentioned in the preceding sentence.

SECTION 8.3 TERMINATION AT OPTION OF THE OWNER TRUSTEE. Notwithstanding any other section hereof, at any time that the Lease shall no longer be in full force and effect, and the Administrative Agent shall have confirmed in writing to the Owner Trustee that the Lenders have received payment in full of the principal of and interest on the Loans and that all other sums due to the Administrative Agent and the Lenders under the Operative Documents shall have been paid, and the Holders shall have received payment in full of all Holder Yield and other amounts due to the Holders under the Operative Documents, then the Holders hereby authorize the Owner Trustee to: (a) terminate this Trust Agreement and the trusts created hereby and (b) distribute and convey the Trust Estate pro rata to the Holders by executing the necessary transfer documents as contemplated by Section 8.4 hereof. The exercise of such option by the Owner Trustee shall cause this Trust Agreement to be of no further force and effect and shall release the Owner Trustee from all further obligations of the Owner Trustee hereunder and under the agreements and other instruments mentioned in the preceding sentence.

SECTION 8.4 ACTIONS BY THE OWNER TRUSTEE UPON TERMINATION. Upon termination of this Trust Agreement and the trusts created hereby pursuant to Section 8.1, Section 8.2 or Section 8.3, the Owner Trustee shall upon notice of such event take such action as may be necessary or as may be requested by the Holders to transfer the Trust Estate pro rata to the Holders, including, without limitation, the execution of instruments of transfer or assignment with respect to any of the Operative Agreements to which the Owner Trustee is a party.

ARTICLE IX

SUCCESSOR OWNER TRUSTEES, CO-OWNER TRUSTEES AND SEPARATE OWNER TRUSTEES

SECTION 9.1 RESIGNATION OF THE OWNER TRUSTEE; APPOINTMENT OF SUCCESSOR.

(a) The Owner Trustee may resign at any time without cause by giving at least 30 days' prior written notice to each Holder, the Administrative Agent and the Lessee; provided, however that such resignation shall not be effective until the acceptance of appointment by a successor Owner Trustee under Section 9.1(b). The Owner Trustee may be removed with or without cause at any time by the Holders upon consent to such removal by the Administrative Agent and with 60 days' prior written notice to the Owner Trustee, a copy of which notice shall be concurrently delivered by the Holders to the

Administrative Agent and the Lessee. Any such removal shall be effective upon the acceptance of appointment by a successor Owner Trustee under Section 9.1(b). In case of the resignation or removal of the Owner Trustee, the Holders may appoint a successor Owner Trustee by an instrument signed by each Holder; provided, however, that such successor Owner Trustee must be approved by the Administrative Agent. If a successor Owner Trustee shall not have been appointed within 30 days after the giving of written notice of such resignation or the delivery of the written instrument with respect to such removal, the Owner Trustee or any Holder may apply to any court of competent jurisdiction to appoint a successor Owner Trustee to act until such time, if any, as a successor shall have been appointed and shall have accepted its appointment as above provided. Any successor Owner Trustee so appointed by such court shall immediately and without further act be superseded by any successor Owner Trustee appointed as above provided within one year from the date of the appointment by such court.

(b) Any successor Owner Trustee, however appointed, shall execute and deliver to the predecessor Owner Trustee an instrument accepting such appointment, and thereupon such successor Owner Trustee, without further act shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Owner Trustee in the trusts hereunder with like effect as if originally named an Owner Trustee herein; but, the foregoing notwithstanding, upon the written request of such successor Owner Trustee, such predecessor Owner Trustee shall execute and deliver an instrument transferring to such successor Owner Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers, duties and trusts of such predecessor Owner Trustee, and such predecessor Owner Trustee shall duly assign, transfer, deliver and pay over to such successor Owner Trustee all moneys or other property then held by such predecessor Owner Trustee upon the trusts herein expressed.

(c) Any successor Owner Trustee, however appointed, shall, to the extent the provisions of the Louisiana Trust Code shall then be deemed to apply to the Trust, be an individual, and otherwise a bank or trust company incorporated and doing business within the United States of America and having a combined capital and surplus of at least \$50,000,000, if there be such an institution willing, able and legally qualified to perform the duties of Owner Trustee hereunder upon reasonable or customary terms.

(d) Any corporation into which the Owner Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Owner Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Owner Trustee may be transferred, shall, subject to the terms of Section 9.1(c), be the Owner Trustee under this Trust Agreement without further act.

SECTION 9.2 CO-TRUSTEES AND SEPARATE TRUSTEES. Whenever (a) the Owner Trustee or the Holders (i) shall deem it necessary or prudent in order to conform to any law of any jurisdiction in which all or any part of the Trust Estate shall be situated or to which it may be subject, or to make any claim or bring any suit with respect to the Trust Estate or any Operative

Agreement, or (ii) shall be advised by counsel satisfactory to the Trustee or the Holders, as the case may be, that it is so necessary or prudent, or (b) the Owner Trustee shall have been directed to do so by the Holders and the Administrative Agent, then the Owner Trustee and the Holders shall execute and deliver an agreement supplemental hereto and all other instruments and agreements, and shall take all other action, necessary or proper to constitute one or more Persons who need not meet the requirements of Section 9.1(c) (and the Owner Trustee may appoint one or more of its officers) either as co-trustee or co-trustees (the "Co-Owner Trustee"), jointly with the Owner Trustee, of all or any part of the Trust Estate, or as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such Persons, in such capacity, such title to the Trust Estate or any part thereof and such rights or duties as may be necessary or desirable, all for such period and under such terms and conditions as are satisfactory to the Owner Trustee and the Holders. In accordance with the foregoing:

(a) Trust Company shall appoint a Co-Owner Trustee hereunder in part so that if, under any present or future law of any State where the Properties are located or of any jurisdiction in which it may be necessary to perform any act in carrying out the trusts herein created, Trust Company or any of its successors may be incompetent or unqualified or incapacitated or unwilling to perform certain acts as such Owner Trustee, then upon the written request of Trust Company of any of its successors received by any Co-Owner Trustee, all of such acts required to be performed in such jurisdiction in the execution of the trust hereby created, shall and will be performed by such Co-Owner Trustee, or any of his successors, in trust acting alone, as if he or such successor had been specifically authorized to do so or had been the sole Owner Trustee hereunder. Any Co-Owner Trustee shall continue to perform such acts until otherwise directed in writing by Trust Company or any of its successors. Any request in writing by Trust Company or any of its successors to a Co-Owner Trustee shall be sufficient warrant for him to take such action as may be so requested.

(b) Except to the extent it may be deemed necessary for any Co-Owner Trustee or any of his successors solely or jointly to execute the trusts herein created, Trust Company or any of its successors shall alone possess and exercise the powers, and shall be solely charged with the performance of the duties herein declared to be possessed, exercised or performed by the Owner Trustee; and no Co-Owner Trustee shall be liable therefor. Any Co-Owner Trustee or any of his successors may delegate to Trust Company or its successor hereunder the exercise of any power or discretion conferred by any provision of this Trust Agreement.

(c) Any act of the Owner Trustee herein required or authorized shall and will be jointly or separately performed by Trust Company or its successors hereunder and by any Co-Owner Trustee or any of his successors appointed hereunder, if such joint performance or separate performance shall be necessary to the legality of such act and when so acting all references herein to "First Security Bank, National Association" shall be deemed to be references to such Co-Owner Trustee in its individual capacity and all references to "Owner Trustee" shall be deemed to be references to such Co-Owner Trustee, and such Co-Owner Trustee shall be entitled to all the protection,

indemnification, immunity and compensation herein provided to Trust Company acting singly in reference to such acts (subject to the limitations to such a protection, indemnification, immunity and compensation set forth herein).

(d) Trust Company or its successor in trust shall have and is hereby given the power at any time by an instrument in writing duly executed by a Vice President, and under its corporate seal, to remove any Co-Owner Trustee or his successor, from his position as Co-Owner Trustee hereunder. In the case of death, resignation, removal, incapacity or inability to act hereunder of the Co-Owner Trustee, or his successor as Co-Owner Trustee, (i) any adult citizen of the United States of America may be appointed Co-Owner Trustee hereunder by a person who shall at the time be a Vice President of the corporation then acting as Owner Trustee hereunder, by an instrument in writing duly executed, and (ii) subject to its right to revoke such appointment or to appoint another person, Trust Company shall appoint a successor Co-Owner Trustee, such appointment to be immediately effective. In the event a vacancy occurs in the office of the Co-Owner Trustee, either by reason of resignation, removal, incapacity or inability to act and no successor is appointed pursuant to the foregoing provisions within 30 days after such vacancy occurs, the Holders and the Administrative Agent may jointly appoint a successor to the Co-Owner Trustee in the same manner as is provided for the appointment of a successor to the Co-Owner Trustee hereunder.

(e) At any time or times, for the purposes of meeting the legal requirements of any jurisdiction in which any part of the Trust Estate hereunder may at the time be located, or to avoid any violation of law or imposition of taxes not otherwise imposed on the Owner Trustee, or if the Owner Trustee shall deem it desirable for its own protection, Trust Company shall have power to appoint one or more persons (who may be officers of Trust Company) either to act as an additional co-trustee, jointly with Trust Company, of all or any part of the Trust Estate hereunder, or of any property constituting part thereof, or to act as separate trustee of any part of the Trust Estate, in either case with such powers as may be provided in the instrument of appointment and are consistent with the terms hereof, and to vest in such person or persons (in such capacity as co-trustee or separate trustee), any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section 9.2.

(f) Notwithstanding any provision of this Trust Agreement to the contrary, any Co-Owner Trustee or co-trustee shall act upon and be subject to the following terms and conditions:

All rights, powers, duties and obligations conferred or imposed upon the Owner Trustee shall be conferred or imposed solely upon and solely exercised and performed by Trust Company except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed Trust Company or the Owner Trustee shall be incompetent or unqualified to perform such act or acts or to avoid any violation of law or imposition of taxes not otherwise imposed on the Owner Trustee, or if the Owner Trustee shall deem it desirable for its own

protection, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or Co-Owner Trustee.

(g) No power granted by this Trust Agreement to, or which this Trust Agreement provides may be exercised by, the Owner Trustee in respect of the custody, control and management of moneys may be exercised by any Co-Owner Trustee or any subsequently appointed co-trustee except jointly with, or with the consent in writing of, Trust Company for disbursement or application in accordance with the terms hereof.

(h) All moneys which may be received or collected by any Co-Owner Trustee or such subsequently appointed co-trustees shall be paid over to Trust Company to be distributed in accordance with this Trust Agreement and the other Operative Agreements.

(i) Any Co-Owner Trustee, or any subsequently appointed co-trustee to the extent permitted by law, does hereby constitute Trust Company or its successors hereunder his or her agent or attorney in fact, with full power and authority to do any and all acts and things and exercise any and all discretion authorized or permitted by the Co-Owner Trustee or such subsequently appointed co-trustee, in its behalf or in its name.

(j) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

SECTION 9.3 NOTICE. At all times that a successor Owner Trustee is appointed pursuant to Section 9.1, an Owner Trustee resigns pursuant to Section 9.1 or the Co-Owner Trustee, a co-trustee or separate trustee, is appointed pursuant to Section 9.2, the Holders shall give joint notice of such fact within 15 days of its occurrence to (x) the Lessee, if the Lease is then in effect and (y) the Administrative Agent, if the Credit Agreement is in effect.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS

SECTION 10.1 SUPPLEMENTS AND AMENDMENTS. Subject to Section 6 of the Indemnification Agreement, Section 10.2 of this Trust Agreement, and Section 10.2 of the Participation Agreement, at the written request of any Holder, this Trust Agreement shall be amended by a written instrument signed by Trust Company and each Holder, but if in the opinion of Trust Company or any non-requesting Holder, any instrument required to be so executed adversely affects any right, duty or liability of, or immunity or indemnity in favor of, such non-requesting Holder or the Owner Trustee under this Trust Agreement or any of the other Operative Agreements to which the Owner Trustee is a party, or would cause or result in any conflict with or breach of any terms, conditions or provisions of, or default under, the charter documents or by-laws of such non-requesting Holder or any document contemplated hereby to which it or the Owner Trustee is a party, then Trust Company or such other Holder, as the case may be, may in its sole discretion decline to execute such instrument, unless it shall have been provided an indemnity satisfactory to it by the Holder so requesting the amendment.

SECTION 10.2 LIMITATION ON AMENDMENTS. Notwithstanding Section 10.1, Trust Company shall not, without the consent of the Administrative Agent, execute any amendment (i) that might result in the trusts created hereunder being terminated prior to the satisfaction and discharge of the Lien and security interest of the Security Documents on the Collateral or prior to the payment in full of the principal of and interest on the Loans, and any other amounts due to the Administrative Agent or any Lender under any Credit Document, and (ii) other than in accordance with the terms of the Credit Agreement.

ARTICLE XI

MISCELLANEOUS

SECTION 11.1 NO LEGAL TITLE TO TRUST ESTATE IN THE HOLDERS. The Holders shall not have legal title to any part of the Trust Estate; provided, however, that each Holder has a pro rata beneficial interest in the Trust Estate. No transfer, by operation of law or otherwise, of any right, title or interest of a Holder in and to the Trust Estate or hereunder shall operate to terminate this Trust Agreement or the Trust or the trusts hereunder or entitle any successor or transferee to an accounting or to the transfer to it of legal title to any part of the Trust Estate.

SECTION 11.2 SALE OF PROPERTIES BY THE OWNER TRUSTEE IS BINDING. Any sale, transfer, or other conveyance of the Properties or any part thereof by the Owner Trustee made pursuant to the terms of this Trust Agreement, the Indemnification Agreement or any other Operative Agreement shall bind the Holders and shall be effective to sell, transfer and convey all right, title and interest of the Owner Trustee and the Holders in and to the Properties or any part thereof. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Owner Trustee.

SECTION 11.3 CERTIFICATION OF AUTHORIZATION. Third persons may conclusively rely on a statement signed by the Owner Trustee to establish the authenticity of any records of the Trust or the authority of any person to act on behalf of the Trust.

SECTION 11.4 LIMITATIONS ON RIGHTS OF OTHERS. Nothing in this Trust Agreement whether express or implied, shall be construed to give to any Person, other than Trust Company, the Owner Trustee and each Holder, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement, any covenants, conditions or provisions contained herein or in the Trust Estate; but this Trust Agreement shall be held for the sole and exclusive benefit of the Owner Trustee and the Holders. The Administrative Agent shall have the right to enforce the provisions of Sections 5.1, 5.2, 5.3, 5.4, 5.5, 6.2, 6.8, 8.1, 8.2, 8.3, 9.1, 9.2, 9.3, 10.1 and 10.2 hereof.

SECTION 11.5 NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices hereunder shall be given as provided in the Participation Agreement.

SECTION 11.6 SEVERABILITY. Any provision of this Trust Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.7 LIMITATION ON THE HOLDERS' LIABILITY. No Holder shall have any liability for the performance of this Trust Agreement except as expressly set forth herein.

SECTION 11.8 SEPARATE COUNTERPARTS. This Trust Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.9 SUCCESSORS AND ASSIGNS. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, Trust Company, the Owner Trustee and its successors and assigns and each Holder and its successors and assigns, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by a Holder shall bind the successors and assigns of such Holder.

SECTION 11.10 HEADINGS. The headings of the various articles and sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.11 GOVERNING LAW. THIS TRUST AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF FLORIDA, WITHOUT REGARD TO ANY OTHERWISE APPLICABLE PRINCIPLES OF CONFLICT OF LAWS.

SECTION 11.12 PERFORMANCE BY THE HOLDERS. Any obligation of the Owner Trustee hereunder or under the Bridge Note, the Indemnification Agreement or any Operative Agreement or other document contemplated herein may be performed by the Holders (or by one of them with the written consent of the other) and any such performance shall not be construed as a revocation of the trusts created hereby.

SECTION 11.13 CONFLICT WITH AGREEMENTS. If this Trust Agreement (or any instructions given by a Holder pursuant hereto) shall require that any action be taken with respect to any matter and the Bridge Note, the Indemnification Agreement or any other Operative Agreement (or any instructions duly given in accordance with the terms thereof) shall require that a different action be taken with respect to such matter, and such actions shall be mutually exclusive, the provisions of the Bridge Note, the Indemnification Agreement or such other Operative Agreement (as applicable) shall control in respect thereof.

SECTION 11.14 NO IMPLIED WAIVER. No term or provision of this Trust Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing entered into as provided in Section 10.1; and any such waiver of any term hereof shall be effective only in the specific instance and for the specific purpose given.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be duly executed by their respective officers hereunto duly authorized, as of the date set forth above.

OWNER TRUSTEE:

FIRST SECURITY BANK, NATIONAL ASSOCIATION

Witness By: _____
Name: Val T. Orton
Title: Vice President

Witness

AGREED TO:

Witness Val T. Orton, in his individual capacity

Witness

(Wackenhut Corrections Trust 1997-1)

NATIONSBANK, NATIONAL ASSOCIATION, as
a Holder

Witness

By: _____
Name: Maria P. Conroy
Title: Senior Vice President

Witness

Signature Page 2

SCOTIABANC INC., as a Holder

By: _____
Name: _____
Title: _____

Address for Notices:
600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

Wire Transfer Instructions:
The Bank of Nova Scotia
New York, New York
ABA #026002532
Attention: Further Credit #0735639
ScotiaBanc Inc.
Reference: Wackenhut Corrections Corporation

Signature Page 3

BARNETT BANK, N.A., as a Holder

By: _____
Name: _____
Title: _____

Address for Notices:
625 N. Flagler Drive
West Palm Beach, Florida 33401

Wire Transfer Instructions:
Barnett Bank, N.A.
ABA #063000047
Account #06000074838
Attention: Wire Wash Acct 1396-10231
(Participation)
Reference: Wackenhut Corrections Corporation

Signature Page 4

SUNTRUST BANK, SOUTH FLORIDA, N.A., as a
Holder

By: _____
Name: _____
Title: _____

Address for Notices:
222 Lakeview Avenue
Suite 305
West Palm Beach, Florida 33401

Wire Transfer Instructions:
SunTrust Bank, South Florida, N.A.
Fort Lauderdale, Florida
ABA #067-006-076
Attention: Jennifer Campbell
Reference: Wackenhut Corrections Corporation

Signature Page 5

EXHIBIT A
FORM OF HOLDER CERTIFICATE

FIRST SECURITY BANK, NATIONAL ASSOCIATION

TRUSTEE UNDER

SECOND AMENDED AND RESTATED TRUST AGREEMENT DATED AS OF JUNE 19,
1997

HOLDER CERTIFICATE

WACKENHUT CORRECTIONS TRUST 1997-1

\$ _____, 199_
Holder: _____

First Security Bank, National Association, as trustee (in such capacity the "Trustee") under that certain Third Amended and Restated Trust Agreement (the "Trust Agreement") dated as of June 19, 1997, between NationsBank, National Association and the other Holders party thereto, and the Trustee, hereby certifies as follows: (i) this Holder Certificate is the Holder Certificate referred to in the Section 3.1(d) of the Trust Agreement, which Holder Certificate has been issued to the Holder named herein by the Trustee pursuant to the Trust Agreement and (ii) subject to the prior payment of, and the assignment, pledge or mortgage of the Trust Estate to secure the Notes as set forth in the applicable Operative Agreements, the holder of this Holder Certificate has an undivided beneficial interest in properties of the Trustee constituting part of the Trust Estate and is entitled to receive as provided in the Trust Agreement, a portion of the Rent received or to be received by the Trustee for the Properties, as well as a portion of certain other payments which may be received by the Trustee pursuant to the terms of the Operative Agreements as more particularly set forth therein. (Capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Trust Agreement.)

All amounts payable hereunder and under the Trust Agreement shall be paid only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have received sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of the Trust Agreement, except as specifically provided in Section 6.1 of the Trust Agreement; and the holder hereof, by its acceptance of this Holder Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as provided in the Trust Agreement and the other Operative Agreements and that, except as specifically provided in the Trust Agreement and the other Operative Agreements, the Trustee is not personally liable to the holder hereof for any amount payable under this Holder Certificate or the Trust Agreement.

The amounts payable to the holder hereof pursuant to the Trust Agreement shall be paid or caused to be paid by the Owner Trustee to, or for the account of, such Holder, or its nominee, by transferring such amount in immediately available funds to one or more banking institutions with bank wire transfer facilities for the account of such Holder or as otherwise instructed in writing from time to time by such Holder.

This Holder Certificate shall mature, and all amounts payable to the holder hereof pursuant to the Trust Agreement shall be due on, the Maturity Date.

The Holder Fundings outstanding from time to time under this Holder Certificate shall bear a yield on the unpaid amount hereof at the Holder Yield as provided in the Trust Agreement. The Holder Yield on this Holder Certificate shall be computed as provided in the Trust Agreement and shall be payable at the rates, at the times and from the dates specified in the Trust Agreement.

From and after the execution of the Participation Agreement, the rights of the holder of this Holder Certificate under the Trust Agreement as well as the beneficial interest of the holder of this Holder Certificate in and to the properties of the Trustee constituting part of the Trust Estate, are subject and subordinate to the rights of the holders of the Notes to the extent provided in the applicable Operative Agreements. The Trust Estate has been or will be assigned, pledged and mortgaged to the Administrative Agent, on behalf of the Lenders, as security for the Notes. Reference is hereby made to the Trust Agreement, the Participation Agreement, the Credit Agreement, the Security Agreement and the Notes for statements of the rights of the holder of this Holder Certificate and of the rights of the holders of, and the nature and extent of the security for, the Notes, as well as for a statement of the terms and conditions of the trusts created by the Trust Agreement; and the holder hereof, by its acceptance of this Holder Certificate, agrees to all such terms and conditions.

The holder hereof, by its acceptance of this Holder Certificate, agrees not to transfer this Holder Certificate except in accordance with the terms of the Trust Agreement and the other Operative Agreements.

THIS HOLDER CERTIFICATE SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) AND DECISIONS OF THE STATE OF FLORIDA. WHENEVER POSSIBLE EACH PROVISION OF THIS HOLDER CERTIFICATE SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW, BUT IF ANY PROVISION OF THIS HOLDER CERTIFICATE SHALL BE PROHIBITED BY OR INVALID UNDER APPLICABLE LAW, SUCH PROVISION SHALL BE INEFFECTIVE TO THE EXTENT OF SUCH PROHIBITION OR INVALIDITY, WITHOUT INVALIDATING THE REMAINDER OF SUCH PROVISION OR THE REMAINING PROVISIONS OF THIS HOLDER CERTIFICATE.

IN WITNESS WHEREOF, the undersigned authorized officer of the Trustee has executed this Holder Certificate as of the date first set forth above.

FIRST SECURITY BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Name: _____
Title: _____

STATE OF NORTH CAROLINA

COUNTY OF _____

I, the undersigned, a Notary Public of said County and State, do hereby certify that _____ the _____ of NationsBank, National Association personally appeared before me this day and, with authority duly given, he signed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal or stamp, this the ___ day of _____, 1997.

Notary Public

My Commission Expires:

[SEAL or STAMP]

STATE OF NORTH CAROLINA

COUNTY OF _____

I, the undersigned, a Notary Public of said County and State, do hereby certify that _____ the _____ of First Security Bank, National Association personally appeared before me this day and, with authority duly given, he signed the foregoing instrument on behalf of the corporation.

WITNESS my hand and official seal or stamp, this the ____ day of _____, 1997.

Notary Public

My Commission Expires:

[SEAL or STAMP]

STATE OF NORTH CAROLINA

COUNTY OF _____

I, the undersigned, a Notary Public of said County and State, do hereby certify that Val T. Orton personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal or stamp, this the ____ day of _____, 1997.

Notary Public

My Commission Expires:

[SEAL or STAMP]

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT DECEMBER 28, 1997 AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE FISCAL YEAR ENDED DECEMBER 28, 1997, AND IS QUALIFIED IN ITS ENTIRETY BE REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR		
DEC-28-1997		
DEC-30-1996		
DEC-28-1997		
	28,960	
	0	
	36,755	
	0	
	0	
	75,172	
		43,727
	4,973	
	139,203	
26,596		
		225
0		
	0	
		222
	102,073	
139,203		
		0
	206,930	
		0
	178,334	
	0	
	0	
	0	
	17,996	
	7,226	
11,875		
	0	
	0	
		0
	11,875	
	.54	
	.52	