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 31, 2000

OR

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

For the transition period fromto
Commission file number: 1-14260

WACKENHUT CORRECTIONS CORPORATION
(Exact name of registrant as specified in its charter)

FLORIDA	65-0043078
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(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:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $0.01 Par Value	New York Stock Exchange

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 March 7, 2001, the aggregate market value of the 9,013,024 shares of Common Stock held by non-affiliates of the registrant was $88,778,286. At March 7, 2001, there were outstanding 21,013,024 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Registrant's Proxy Statement for its 2001 Annual Meeting of Shareholders are incorporated by reference in Part III of this report.

Parts of the Registrant's Annual Report to Shareholders for the fiscal year ended December 31, 2000 are incorporated by reference into Parts II and IV of this report.

EXHIBIT INDEX IS LOCATED ON PAGE 30

PART I

ITEM 1. BUSINESS

THE COMPANY

Wackenhut Corrections Corporation ("the Company"), a 57% owned subsidiary of The Wackenhut Corporation ("TWC"), is an industry leader in the privatization of correctional facilities throughout the world. The Company was founded in 1984 as a division of 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. As of December 31, 2000, the Company had 57 correctional, detention and healthcare facilities either under contract or award with an aggregate design capacity of 39,944 beds. At December 31, 2000, of these 57 facilities, 51 are currently in operation, and six are being developed by the Company. Of the facilities being developed, three are expected to commence operations during 2001 (two in the first quarter and one in the third quarter). In addition, at December 31, 2000, the Company had outstanding written responses to Requests for Proposal ("RFPs") for five projects with an aggregate design capacity of 4,755 beds.

The Company offers governmental agencies a comprehensive range of correctional and related institutional services to federal, state, local and overseas government agencies. Correctional services include the management of a broad spectrum of facilities, including male and female adult facilities; juvenile facilities; community corrections; work programs; prison industries; substance abuse treatment facilities; and mental health, geriatric and other special purpose institutions. Other management contracts include psychiatric health care, electronic home monitoring, prisoner transportation, correctional health services, and facility maintenance. The Company has an in-house capability for the design and construction of new facilities, and offers a full privatization package to government agencies, to include financing. The Company believes that its experience in delivering governmental agencies high quality, cost-effective correctional and related institutional services provides such agencies strong incentive to select the Company when renewing and awarding contracts.

On November 1, 1998, the Company began management of the 350-bed South Florida State Psychiatric Hospital, representing a historic milestone for public sector mental health services and a significant diversification of the Company's service offerings. In December 2000, the Company completed construction at the site of the new South Florida State Psychiatric Hospital and successfully moved all operations to the new facility.

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 Europe, Australia and New Zealand. Through its wholly-owned subsidiary in Australia, Wackenhut Corrections Corporation Australia Pty Limited ("WCCA"), the Company manages five correctional centres, six immigration detention centres and one correctional Health Care Services entity. In the United Kingdom, the Company formed two joint ventures to pursue construction and management contracts for privatized correctional and detention facilities. Premier Custodial Group Limited ("PCG"), a joint venture with Serco Limited, currently manages five correctional facilities, two court escort contracts and two electronic monitoring services contracts and will commence management of one additional correctional facility in 2001. 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. Electronic monitoring services involve the electronic tagging of offenders

sentenced to home incarceration. 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 Skanska Construction UK Limited (formerly Kvaerner Construction Limited, formerly Trafalgar House Construction Special Projects Limited) for the design and construction of new detention facilities and prisons. The Company expects that PCD will bid with PCG for the design, construction management and finance of new correctional and detention facilities in the United Kingdom.

In the majority of contracts, 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) borrowings 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 F12 through F15 and Note 9 of Notes to Consolidated Financial Statements on pages F22 and F23 of the Company's 2000 Annual Report to Shareholders for financial information regarding domestic and international operations.

CERTAIN FACTORS THAT MAY AFFECT FUTURE RESULTS

Prospective investors should carefully consider the following factors that may affect future results, together with the other information contained in this Annual Report on Form 10-K, in evaluating the Company and its business before purchasing its securities. In particular, prospective investors should note that this Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and that actual results could differ materially from those contemplated by such statements. See "Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995" below. The factors listed below represent certain important factors the Company believes could cause such results to differ. These factors are not intended to represent a complete list of the general or specific risks that may affect the Company. It should be recognized that other risks may be significant, presently or in the future, and the risks set forth below may affect the Company to a greater extent than indicated.

REVENUE AND PROFIT GROWTH DEPENDENT ON EXPANSION. The Company's growth will depend to a significant degree upon its ability to obtain additional construction and management contracts and to retain existing management contracts. The Company's growth is generally dependent on the construction and management of new correctional and detention facilities, since contracts to manage existing public facilities are not typically offered to private operators. The rate of construction of new facilities and, therefore, the Company's potential for growth will depend on a number of factors, including crime rates and sentencing patterns in countries in which the Company operates, governmental and public acceptance of the concept of privatization, the number of facilities available for privatization, and the Company's ability to obtain awards for contracts and to integrate new facilities into its management structure on a profitable basis. The Company anticipates that there will be significant competition among operators of correctional and detention facilities for construction and management contracts for new facilities and for the renewal of contracts upon expiration. Accordingly, there can be no assurance that the Company will be able to obtain additional contracts to construct or manage new facilities or to retain its existing contracts upon expiration thereof.

POSSIBLE FLUCTUATIONS IN OCCUPANCY LEVELS. A substantial portion of the Company's revenues are generated under facility management contracts that specify per diem payments based upon occupancy rates (some of which provide guaranteed minimum occupancy levels), while a substantial portion of the Company's cost structure is fixed. Under a per diem rate structure, a decrease in occupancy rates could cause a decrease in revenue and profitability. Average facility occupancy rates in Fiscal 2000 and Fiscal 1999 were 97%; however, there can be no assurance that occupancy rates will not decrease below these percentages in the future. See Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company's 2000 Annual Report to Shareholders.

LIMITED CONTRACT DURATION. Correctional and detention facility operating agreements typically have terms ranging from one to five years and generally contain one or more renewal options for terms ranging from one to two years. Only the contracting governmental agency may exercise a renewal option and no assurance can be given that any agency will exercise a renewal option in the future.

RELIANCE UPON GOVERNMENT APPROPRIATIONS FOR PAYMENT UNDER AWARDED CONTRACTS. The Company's facility management contracts are subject to either annual or bi-annual appropriations. A failure by a governmental agency to receive such appropriations could result in termination of the contract by such agency or a reduction of the management fee payable to the Company. In addition, even if funds are appropriated, delays in payments may occur which could negatively affect the Company's cash flow. In addition, in certain cases the development and construction of facilities to be managed by the Company are also subject to obtaining construction financing. Such financing may be obtained through a variety of means, including without limitation, sale of tax-exempt or taxable bonds or other obligations or direct governmental appropriation. The sale of tax-exempt or taxable bonds or other obligations may be adversely affected by changes in applicable tax laws or adverse changes in the market for tax-exempt or taxable bonds or other obligations. See "Business - Facilities."

GOVERNMENTAL REGULATION. The Company's business is highly regulated by a variety of governmental authorities with oversight occurring continuously. For example, the contracting agency typically assigns full-time, on-site personnel to a facility to monitor the Company's compliance with contract terms and applicable regulations. Failure by the Company to comply with such contract terms or regulations could expose it to substantial penalties. In addition, changes in existing regulations could require the Company to substantially modify the manner in which it conducts business and, therefore, could have a material adverse effect on the Company. See "Business - Business Regulations and Legal Considerations."

LIMITED ACCEPTANCE OF PRIVATE PRISON OPERATION. Management of correctional and detention facilities by private entities has not achieved complete acceptance by either governments or the public. Some governmental agencies have limitations on their right to delegate their traditional management responsibilities for correctional and detention facilities to private companies and further legislative changes or prohibitions could occur that further impact these limits. The operation of correctional and detention facilities by private entities is a relatively new concept and is not widely understood by the public and has encountered resistance from certain groups, such as labor unions, local sheriffs' departments, and groups that believe that correctional and detention facility operations should only be conducted by governmental agencies. Moreover, changes in dominant political parties in any of the markets in which the Company operates could result in significant changes to previously established views of privatization in such markets. See "Business - Marketing."

COMMUNITY OPPOSITION TO FACILITY LOCATION. The Company's success in obtaining new awards and contracts sometimes depends, in part, upon its ability to locate land that can be leased or acquired, on economically favorable terms, by the Company or other entities working with the Company in conjunction with the Company's proposal to construct and/or manage a facility. Some locations may be in or near populous areas and, therefore, may generate legal action or other forms of opposition from residents in areas surrounding a proposed site. To avoid such incidents, the Company attempts to conduct business in communities where local community leaders and residents generally support establishment of a privatized correctional or detention facility in their community.

POTENTIAL LEGAL LIABILITY. The Company's management of correctional and detention facilities exposes it to potential third-party claims or litigation by prisoners or other persons for personal injury or other damage resulting from contact with Company-managed facilities, programs, personnel or prisoners, including damages arising from a prisoner's escape or from a disturbance or riot at a Company-managed facility. In addition, the Company's management contracts generally require the Company to indemnify the governmental agency against any damages to which the governmental agency may be subject in connection with such claims or litigation. The Company participates in an insurance program maintained by TWC that provides coverage for certain liability risks faced by the Company, including accident and personal injury and bodily injury or property damage to a third party where the Company is found to be negligent. There can be no assurance, however, that the Company's insurance will be adequate to cover all potential third-party claims. See "Business - Insurance."

INSURANCE COSTS. Workers' compensation and general liability insurance represent significant costs to the Company. The Company continues to incur increasing insurance costs due to adverse claims experience. The Company is developing a strategy to improve the management of its future loss claims but can provide no assurances that this strategy will be successful. Unanticipated additional insurance costs could adversely impact the Company's results of operations and cash flows.

ADVERSE PUBLICITY. The Company's business is subject to public scrutiny. An escape, riot or other disturbance at a Company-managed facility or another privately-managed facility may result in publicity adverse to the Company and the industry in which it operates, which could materially adversely affect the Company's business.

RELIANCE OF COMPANY ON TWC FOR CERTAIN SERVICES. The Company has historically been reliant upon TWC for various services including payroll, tax, legal, data processing, auditing, treasury, cash management, insurance, information technology and human resource services. From time to time the Company has borrowed funds from TWC for working capital and general corporate purposes. The Company and TWC have an agreement, which is renewed annually, under which TWC has agreed to continue to provide certain of these services, as deemed necessary, to the Company for payment by the Company of a fixed annual fee. In addition, the Company is named insured under an insurance program maintained by TWC that includes general comprehensive liability, automobile liability and workers compensation coverage. The Company has agreed to reimburse TWC for direct and indirect costs associated with such coverage. See "Business - Insurance."

INFLATION. The Company's largest facility management expense is personnel costs. Most of the Company's facility management contracts provide for payments to the Company of either fixed management fees or fees that increase by only small amounts during their terms. If, due to inflation or other causes, the Company must increase the wages and salaries of its employees at rates faster than increases, if any, in management fees, then the Company's profitability would be adversely affected. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Inflation of the Company's 2000 Annual Report to Shareholders.

ECONOMIC RISKS ASSOCIATED WITH DEVELOPMENT ACTIVITIES. When the Company is engaged to perform construction and design services for a facility, the Company typically acts as the primary contractor and subcontracts with other developers who act as the general contractors. As primary contractor, the Company is subject to the various risks of construction (including, without limitation, shortages of labor and materials, work stoppages, labor disputes and weather interference) which could cause construction delays, and the Company is subject to the risk that the general contractor will be unable to complete construction at the budgeted costs or be unable to fund any excess construction costs, despite the fact that the Company requires its general contractor to post construction bonds and insurance. Under such contracts the Company is ultimately liable for all late delivery penalties and cost overruns. See Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company's 2000 Annual Report to Shareholders.

FACILITY LEASE LIABILITY. The Company currently leases nineteen of the facilities that it manages. The leases for such facilities do not terminate upon the completion of the management contracts for such facilities. If a management contract for such a facility is completed or terminated, the Company would be obligated to continue to make lease payments until expiration of the facility lease, even though it no longer would receive management fees under such contract and may be unable to obtain an additional contract for the use of the facility. Under such leases, the Company may have no contractual remedy to obtain reimbursement.

CONTROL OF COMPANY. George R. Wackenhut and his wife, Ruth J. Wackenhut, jointly own approximately 50.1% of the issued and outstanding voting common stock of TWC. TWC owns approximately 57% of the issued and outstanding shares of Common Stock of the Company. As a result, through TWC, George R. Wackenhut and Ruth J. Wackenhut will be able to control virtually all matters requiring approval of the shareholders of the Company, including the election of all of the directors. TWC intends to maintain a controlling interest in the Company and has no present plans to distribute or otherwise dispose of its shares in the Company.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report and the documents incorporated by referenced herein contain "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. "Forward-looking" statements are any statements that are not based on historical information. Such statements involve risks and uncertainties, 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 other factors discussed elsewhere in this report and the documents filed by the Company with the Securities and Exchange Commission. These risks and uncertainties may cause the Company's results to differ materially from the statements made in this report or otherwise made by or on behalf of the Company.

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 December 31, 2000.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CURRENT CONTRACT	TERM	RENEWAL OPTION
CORRECTIONAL FACILITIES							
FEDERAL GOVERNMENT CONTRACTS:							
Aurora INS Processing Center, Aurora, Colorado (6)	Construction/ Management	300	INS Detention Facility	Minimum/ Medium	May 2000	1 year	Two, One-year
Queens Private Correctional Facility, Queens, New York (6)	Construction/ Management	200	INS Detention Facility	Minimum/ Medium	June 2000	1 year	Four, One-year
Rivers Correctional Institution, Winton, North Carolina	Construction/ Management	1,200	Federal Prison	Low/ Minimum	1st Quarter 2001	3 years	Seven, One-year
Taft Correctional Institution Taft, California	Management	2,048	Federal Prison	Low/ Minimum	August 2000	1 year	Six, One-year
STATE GOVERNMENT CONTRACTS:							
Allen Correctional Center Kinder, Louisiana	Management	1,538	State Prison	Medium/ Maximum	December 2000	3 years	Two, One-Year
Bayamon Correctional Facility Bayamon, Puerto Rico	Design/ Construction/ Consultation/ Management	500	State Prison	Medium	March 1997	5 years	One, Five-year
Bridgeport Correctional Center Bridgeport, Texas	Construction/ Management	520	Pre-Release Center	Minimum	September 2000	3 years	Two, One-Year
Central Texas Parole Violator Facility San Antonio, Texas	Renovation/ Management	623	Parole Violator Facility/U.S. Marshal and INS Detention Facility	All levels	September 1999	Varies (1)	Varies (1)
Central Valley Community Correctional Facility McFarland, California (6)	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	To Be Determined	(2)	(2)
Cleveland Correctional Center Cleveland, Texas	Management	520	State Prison	Medium	January 2000	1 year	Three, One-year

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CURRENT CONTRACT	TERM	RENEWAL OPTION
Coke County Juvenile Justice Facility Coke County, Texas	Design/ Construction/ Management	200	Juvenile Offender Facility	Medium/ Maximum	March 1999	2 years	Unlimited, Two-year
Desert View Community Correctional Facility Adelanto, California (6)	Design/ Construction/ Management	568	State Community Correctional Facility	Medium	December 1997	10 years	None
East Mississippi Correctional Facility Meridian , Mississippi	Design/ Construction/ Management	500	State Prison	Mental Health	April 1999	5 years	One, Two-year
Golden State Community Correctional Facility McFarland, California (6)	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	Medium	January 1999	3 years	Annual
John R. Lindsey Correctional Facility Jack County, Texas	Design/ Consultation/ Management	1,031	State Jail Facility	Minimum/ Medium	September 1998	3 years	Two, One-year
Karnes County Correctional Center Karnes City, Texas (6)	Management	579	County Jail	All levels	January 1998	Varies (1)	Varies (1)
Kyle Correctional Facility (New Vision) Kyle, Texas (3)	Construction/ Management/ Chemical Dependency Treatment	520	State Prison/ In-Prison Chemical Dependency Treatment Center	Minimum	September 2000	1 year	One, One-Year
Lawton Correctional Facility Lawton, Oklahoma (6)	Design/ Construction/ Management	1,800	State Prison	Medium	July 2000	1 year	Two, One-Year
Lea County Correctional Facility Hobbs, New Mexico (6)	Design/ Construction/ Management	1,200	County Jail	All levels	May 1998	3 years	Annual
Lockhart Renaissance Facility Lockhart, Texas	Design/ Construction/ Management	500	Work Program Facility	Minimum	September 2000	2 years	Unlimited, Two-year
Lockhart Secure Work Program Facility Lockhart, Texas	Design/ Construction/ Management	500	Work Program Facility	Minimum	September 2000	2 years	Unlimited, Two-year
Marshall County Correctional Facility Holly Springs, Mississippi	Design/ Construction/ Management	1,000	State Prison	Medium	June 1996	5 years	Unlimited, Two-year
McFarland Community Correctional Facility McFarland, California (6)	Construction/ Management	224	State Community Correctional Facility	Minimum	February 1999	21/2years	None
Michigan Youth Correctional Facility Baldwin, Michigan	Design/ Construction/ Management	480	State Prison	Maximum	July 1999	4 years	Unlimited, Four-year

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CURRENT CONTRACT	TERM	RENEWAL OPTION
Moore Haven Correctional Facility Moore Haven, Florida	Design/ Construction/ Management	750	State Prison	Medium	July 2000	2 years	Unlimited, Two-year
North Texas Intermediate Sanction Facility Fort Worth, Texas	Renovation/ Management	400	Intermediate Sanction Facility	Minimum	September 2000	2 years	Unlimited, Two-year
Ronald McPherson Correctional Facility Newport, Arkansas	Design/ Construction/ Management	685	State Prison	All levels	January 2000	2 years	Unlimited, Two-year
Scott Grimes Correctional Facility Newport, Arkansas	Design/ Construction/ Management	600	State Prison	Minimum/ Medium	January 2000	2 years	Unlimited, Two-year
South Bay Correctional Facility South Bay, Florida	Design/ Construction/ Management	1,436	State Prison (9)	Medium/ Close Custody	February 2000	2 years	Unlimited, Two-year
Willacy County Unit Raymondville, Texas	Design/ Consultation/ Management	1,000	State Jail Facility	Minimum	September 1998	3 years	Two, One-year
Val Verde Correctional Facility Del Rio, Texas	Design/ Construction/ Management	784	Local Detention Facility/County Jail	All levels	1st Quarter 2001	20 years	One, Five-year
LOCAL GOVERNMENT CONTRACTS:							
Broward County Work Release Center Broward County, Florida (6)	Design/ Construction/ Management	300	Community Work Release Center	Non-secure	February 1998	5 years	Unlimited, Two-year
George W. Hill Correctional Facility Thornton, Pennsylvania	Design/ Construction/ Management	1,562	County Jail	All levels	July 1998	5 years	Unlimited, Two-year
Western Region Detention Facility at San Diego San Diego, California	Renovation/ Management	876	Local Detention Facility	Maximum	July 2000	15 years	None
INTERNATIONAL CONTRACTS:							
Arthur Gorrie Correctional Centre Wacol, Australia	Management	945	Reception and Remand Centre	All levels	July 1992	10 years	None
H.M Prison Pucklechurch Pucklechurch, UK	Design/ Construction/ Management	400	National Prison	Medium	November 1999	25 years	None
Auckland Central Remand Prison Auckland, New Zealand	Management	383	National Prison	Medium/ Maximum	July 2000	5 years	None

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CURRENT CONTRACT	TERM	RENEWAL OPTION
Court Escort & Custody Service West Midlands, England	Management	N/A	Court Custody/ Transport-Escort	All levels	June 1996	6 1/2 years	None
Court Escort & Custody Service South East Area, England	Management	N/A	Court Custody/ Transport-Escort	All levels	May 1996	6 1/2 years	None
Curtin Immigration Reception & Processing Centre Derby, Western Australia	Management	600	Immigration Detention	All levels	October 1999	3 years (7)	Two, Three-year
Hassockfield Secure Training Centre Medomsley, England	Design/ Construction/ Management	40	National Prison	Medium	September 1999	15 years	None
H.M. Prison and Youth Offender Institution Doncaster Doncaster, England	Management	1,111	National Prison	All levels	October 1999	10 years	None
Fulham Correctional Centre Victoria, Australia	Design/ Consultation/ Management	660	State Prison	Minimum/ Medium	March 1997	5 years	Five, Three-year
Junee Correctional Centre Junee, Australia	Construction/ Management	600	State Prison	Minimum/ Medium	April 1999	2 years	None
H.M. Prison Kilmarnock Kilmarnock, Scotland	Design/ Construction/ Management	548	National Prison	All levels	March 1999	25 years	None
H.M. Prison Lowdham Grange Nottinghamshire, England	Management	524	National Prison	All levels	February 1998	25 years	None
Louis Trichardt Maximum Security Prison Northern Province, Republic of South Africa	Design/ Construction/ Management	3,024	National Prison	Maximum	1st Quarter 2002 (Estimated)	25 years	None
Maribyrnong Immigration Detention Centre Melbourne, Australia	Management	80	Immigration Detention	All levels	December 2000	3 years	One, Three-year
Melbourne Custody Centre, Melbourne, Australia	Management	80	City Jail	All levels	March 1999	3 years	Two, One-year
H.M. Prison Dovegate Marchington, England	Design/ Construction/ Management	800	National Prison and Therapeutic Community	Medium	3rd Quarter 2001 (Estimated)	25 years	None
New Brunswick Youth Centre (4) New Brunswick, Canada	Design/ Consultation/ Maintenance	N/A	Province Juvenile Facility	All levels	October 1997	25 years	None
Pacific Shores Healthcare Victoria, Australia (8)	Management	N/A	Health Care Services	N/A	January 1998	3 years	Two, One-year
Perth Immigration Detention Centre Perth, Australia	Management	40	Immigration Detention	All levels	December 2000	3 years	One, Three-year
Port Hedland Immigration Reception & Processing Centre Port Hedland, Australia	Management	700	Immigration Detention	All levels	December 2000	3 years	One, Three-year

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CURRENT CONTRACT	TERM	RENEWAL OPTION
Premier Monitoring Services Limited Norfolk, England	Management	N/A	Home Detention Services	Non-secure	January 1999	5 years	None
Villawood Immigration Detention Centre Sydney, Australia	Management	300	Immigration Detention	All levels	November 2000	3 Years	One, Three- year
Woomera Immigration Reception & Processing Centre Woomera, South Australia	Management	800	Immigration Detention	All levels	November 1999	3 years (7)	Two, Three-year
OTHER FACILITIES							
South Florida State Hospital Pembroke Pines, Florida	Design/ Construction/ Management	350	State Psychiatric Hospital	N/A	November 1998	5 years	Three, Five-year
Atlantic Shores Hospital Fort Lauderdale, Florida	Management	72	Psychiatric Hospital	N/A	(5)	(5)	(5)

(1) 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.

(2) Contract terms have yet to be negotiated.

(3) 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 August 31, 2001.

(4) The Company holds a contract for maintenance only of this facility.

(5) The Company purchased this facility and provides services on an individual patient basis, therefore, there are no contracts with government agencies subject to terms and/or renewals.

(6) The Company leases these facilities from Correctional Properties Trust.

(7) This facility represents additional services under the current detention services contractual agreement with the Department of Immigration and Multicultural Affairs ("DIMA"), and is subject to a six-week termination clause depending on client needs.

(8) The Company provides comprehensive healthcare services to 9 government-operated prisons under this contract.

(9) The Company provides detention services to 152 detainees being held under the provisions of Florida's "Jimmy Ryce Act" at the South Bay Facility in South Bay, Florida.

In April 1998, the Company sold three facilities owned by it and the rights to acquire four other facilities to Correctional Properties Trust ("CPV"), a Maryland real estate investment trust. CPV purchased an eighth facility directly from a government entity. In October, 1998 the Company sold the completed portion of a ninth facility to CPV. During Fiscal 1999, CPV acquired a 600-bed expansion of the ninth facility and the right to acquire a tenth facility. During Fiscal 2000, CPV purchased an eleventh facility that the Company had the right to acquire. The facilities were then leased to the Company under operating leases. See Item 2 - "Properties."

The Company offers services that go beyond simply housing offenders. 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. This program is being expanded to the Company's correctional facilities in South Bay and Moore Haven, Florida. The Company also offers counseling, education and/or treatment to inmates with alcohol and drug abuse problems at thirty-three of the domestic 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 twenty-three of the facilities it manages.

Contracts to design and construct or to redesign and renovate facilities may be financed in a variety of ways. See also "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 2000, 1999, and 1998.

CUSTOMER	2000	1999	1998
State of Florida Correctional Privatization Committee................................	19%	19%	11%
Various agencies of the State of Texas...	15%	19%	25%
Department of Immigration and Multicultural Affairs (Australia)........	11%	6%	4%

Except for its contract for the Taft Correctional Institution, Rivers Correctional Institution, South Florida State Hospital, and the facilities in the United Kingdom, Australia and New Zealand, all of which provide for fixed monthly rates, the Company's facility management contracts provide that the Company is compensated at an inmate or patient per diem rate based upon actual or guaranteed occupancy levels. Such compensation is invoiced in accordance with applicable laws and 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. The following table summarizes the number of the Company's contracts expiring each year:

EXPIRATION	NUMBER OF CONTRACTS
2001	18
2002	9
2003	12
2004	1
2005	1
Thereafter	13
	54

Refer to the table in "Business - Facilities" for detail of the renewal options for these contracts. The remainder of the Company's contracts are either in negotiation currently or have varied renewal options that are dependent upon the agency contracted with, the type of inmate, and other factors. 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 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. Three contracts have been terminated prior to the end of the contract term. On June 30, 2000, the cooperative agreement for the management of the Jena Juvenile Justice Center between the Company and the Louisiana Department of Public Safety and Corrections was terminated. Additionally, the

contract for the management of the Travis County Community Justice Center was discontinued in 1999 based on the mutual decision between the Company, the Texas Department of Criminal Justice State Jail Division and Travis County, Texas. The Company also had a contract that did not extend for the full term, which 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 the Company is required 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. As of December 31, 2000, the Company has provided service for the design and construction of twenty-nine facilities and for the redesign and renovation of three facilities and has contracts to design and construct four facilities. 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. See table in "Business - Facilities."

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 correctional officers 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. 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.

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 57 facilities managed or contracted to be managed by the Company, 38 are funded using one of the above-described financing vehicles, and 18 are or will be directly leased. Additionally, one facility is directly leased for which the Company does not currently have an operating contract. 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

Currently, the Company views governmental agencies responsible for federal 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 state 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, if permitted by the procurement, 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 $50,000 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 December 31, 2000, the Company had outstanding written responses to RFPs for five projects with a total of 4,755 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 a 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 $50 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 paid by the Company to TWC for coverage under the Insurance Program in 2000 was approximately $13.6 million, representing premiums paid to a captive reinsurance company that is wholly owned by TWC. 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 $1 million of expenses and losses per occurrence were reinsured by TWC's wholly-owned captive reinsurance company during Fiscal 2000.

EMPLOYEES AND EMPLOYEE TRAINING

At December 31, 2000, the Company had 10,094 full-time employees. Of such full-time employees, 70 were employed at the Company's headquarters and 10,024 were employed at facilities and regional offices. The Company employs management, administrative and clerical, security, educational services, health services and general maintenance personnel. The Company's correctional officer employees at George W. Hill Correctional Facility (Pennsylvania), Queens Private Correctional Facility (New York), Junee Correctional Centre (Australia), Arthur Gorrie Correctional Centre (Australia), Fulham Correctional Centre (Australia), Melbourne Custody Centre (Australia), Auckland Central Remand Prison (New Zealand) and Immigration Detention Services (Australia) are members of unions. The Company has entered into a contract with the union for the correctional officers at each of these facilities. In addition, the employees of PCG in the United Kingdom are covered by a national collective bargaining agreement with the Prison Service Union. 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 correction 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; Securicor Group; Sodexho and Management and Training 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 a substantial capital investment or experience in management of correctional or detention facilities. 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.

A summary of domestic and international operations is presented below:

(000'S)	2000	1999	1998
REVENUES			
Domestic operations..................	$ 426,510	$ 371,333	$ 264,642
International operations.............	109,047	67,151	48,117
Total revenues....................	$ 535,557	$ 438,484	$ 312,759
OPERATING INCOME			
Domestic operations..................	$ 9,620	$ 21,660	$ 20,933
International operations.............	9,292	4,381	1,568
Total operating income............	$ 18,912	$ 26,041	$ 22,501
LONG-LIVED ASSETS			
Domestic operations..................	$ 48,274	$ 39,005	$ 28,944
International operations.............	6,346	4,355	4,061
Total long-lived assets...........	$ 54,620	$ 43,360	$ 33,005

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

(000'S)	2000	1999	1998
STATEMENT OF OPERATIONS DATA			
Revenues	$ 139,137	$ 147,274	$ 91,071
Operating income	14,950	11,048	7,032
Net income	8,980	6,618	4,163
BALANCE SHEET DATA			
Current assets	$ 66,382	$ 44,213	$ 25,274
Noncurrent assets	286,049	230,581	145,433
Current liabilities	39,451	26,774	17,769
Noncurrent liabilities	286,526	232,961	141,165
Shareholders' equity	26,454	15,059	11,773

The South Africa affiliates have not incurred any material results. The following table summarizes certain financial information pertaining to the South Africa unconsolidated foreign affiliates, on a combined basis, for the most recent fiscal year.

(000'S)	2000
BALANCE SHEET DATA	
Current assets	$ 6,561
Noncurrent assets	14,357
Current liabilities	32
Noncurrent liabilities	13,968
Shareholders' equity	6,917

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, South Africa, New Zealand 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.

COMMITMENTS AND CONTINGENCIES

The Company's contract to manage the Jena Juvenile Justice Center in Jena, Louisiana was terminated by the Louisiana Department of Public Safety and Corrections on June 30, 2000. The Company has a ten-year non-cancelable operating lease for the facility with Correctional Properties Trust ("CPV") which expires in January, 2010. The Company has recorded an operating charge of $3.8 million ($2.3 million after tax) that represents the expected losses to be incurred on the lease with CPV. See Note 7 of the "Notes to Consolidated Financial Statements."

The Company has a contract with the State of Florida Department of Children and Families ("DCF") to design and construct a new 350-bed South Florida State Psychiatric Hospital for approximately $35 million. The construction is complete. The Company incurred additional costs in excess of $2 million beyond the initial scope of the construction contract through December 31, 2000. The Company is in the process of negotiating with DCF to recover these additional costs. There can be no assurances that the Company will be successful in negotiating for additional funding of this project. Accordingly, the Company has recognized these additional costs as incurred and has not recorded revenue on the pending claim.

The Company has experienced adverse claims and settlements which directly impact the Company's insurance premiums. If the insurance premiums continue to increase through 2001, the Company's results of operations may be significantly impacted.

ITEM 2. PROPERTIES

The Company leases its corporate headquarters office space in Palm Beach Gardens, Florida, from TWC and a third party. In addition, the Company leases office space for its regional offices in Austin, Texas; Irvine, California; Lake Charles, Louisiana; and Sydney, Australia.

The Company also leases the space for the following facilities it manages under operating leases: (i) Aurora INS Processing Center; (ii) Broward County Work Release Center; (iii) Central Texas Parole Violator Facility; (iv) Central Valley Community Correctional Facility; (v) Coke County Juvenile Justice Facility; (vi) Desert View Community Correctional Facility; (vii) Golden State Community Correctional Facility; (viii) Guadalupe County Correctional Facility; (ix) Jena Juvenile Justice Center; (x) Karnes County Correctional Center; (xi) Lawton Correctional Facility; (xii) Lea County Correctional Facility; (xiii) McFarland Community Correctional Facility; (xiv) Michigan Youth Correctional Facility; (xv) North Texas Intermediate Sanction Facility; (xvi) Queens Private Correctional Facility; (xvii) Western Region Detention Facility at San Diego and (xviii) Val Verde Correctional Facility.

The Company owns a 72-bed psychiatric hospital in Fort Lauderdale, Florida which it purchased and renovated in 1997.

In December 1997, the Company entered into a $220 million operating lease facility that was 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,

N.A., a party to the aforementioned operating lease facility. As of December 31, 2000, approximately $142.7 million of this operating lease facility was utilized for properties in operation or under development.

ITEM 3. LEGAL PROCEEDINGS

In December 1999, a Travis County, Texas grand jury indicted twelve of the Company's former facility employees for various types of sexual misconduct. Management believes these indictments are not expected to have any material financial impact on the Company. Eleven of the twelve indicted former employees already resigned from or had been terminated by the Company as a result of Company-initiated investigations over the course of the prior three years. The Company is not providing counsel to assist in the defense of these twelve individuals. The District Attorney in Travis County continues to review Company documents at the Travis County Facility. At this time the Company cannot predict the outcome of this investigation.

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. 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 if the outcome of the proceedings to which it is currently a party is unfavorable, the Company could have a material adverse effect upon its operations or financial condition.

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.

PART II

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

The information required by this item is incorporated by reference from Page F1 of the Registrant's 2000 Annual Report to Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference from Pages F2 and F3 of the Registrant's 2000 Annual Report to Shareholders.

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by these items is incorporated by reference from Pages F4 through F11 of the Registrant's 2000 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference from Pages F12 through F28 of the Registrant's 2000 Annual Report to Shareholders except for the Financial Statement and Schedule listed in Item 14 (a)(2) of this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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 below) 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 2000 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.

ITEM 10.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are as follows:

NAME	AGE	POSITION
George R. Wackenhut	81	Chairman of the Board and Director
George C. Zoley	51	Vice Chairman of the Board, Chief Executive Officer, and Director
Wayne H. Calabrese	50	President and Chief Operating Officer
John G. O'Rourke	50	Senior Vice President, Chief Financial Officer, and Treasurer
Carol M. Brown	46	Senior Vice President, Health Services
John J. Bulfin	47	Senior Vice President and General Counsel
John M. Hurley	53	Senior Vice President, Operations
Donald H. Keens	57	Senior Vice President, International Services
David N.T. Watson	35	Vice President - Finance, Chief Accounting Officer, Assistant Secretary and Assistant Treasurer

GEORGE R. WACKENHUT is the Chairman of the Board. He was the Chief Executive Officer of The Wackenhut Corporation ("TWC") from the time it was founded until February 18, 2000. He was President of TWC from the time it was founded until April 26, 1986. He formerly was a Special Agent of the Federal Bureau of Investigation. He is a former member of the Board of Directors of SSJ Medical Development, Inc., Miami, Florida, a member of the Board of Trustees of Correctional Properties Trust ("CPV"), and is on the Dean's Advisory Board of the University of Miami School of Business. He is on the National Council of Trustees, Freedoms Foundation at Valley Forge and the President's Advisory Council for the Small Business Administration, Region IV. He is a past participant in the Florida Governor's War on Crime and a past member of the Law Enforcement Council, National Council on Crime and Delinquency, and the Board of

Visitors of the U.S. Army Military Police School. He is also a member of the American Society for Industrial Security. He was a recipient in 1990 of the Labor Order of Merit, First Class, from the government of Venezuela and in 1999 was awarded the distinguished Ellis Island Medal of Honor by the National Ethnic Coalition of Organizations. Also in 1999, he was inducted into the West Chester University Hall of Fame and the Athlete's Hall of Fame in Delaware County, Pennsylvania. Mr. Wackenhut received his B.S. degree from the University of Hawaii and his M.Ed. degree from John Hopkins University.

GEORGE C. ZOLEY has served as Vice Chairman of the Board since January 1997. Previously he had served as President and 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 and a Trustee of CPV. From 1981 through 1988, as manager, director, and then Vice President of Government Services of Wackenhut Services, Inc. ("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 The Wackenhut Corporation. Prior to joining WSI, Dr. Zoley held various administrative and management positions for city and county governments in South Florida. Dr. Zoley holds Masters and Doctorate degrees in Public Administration.

WAYNE H. CALABRESE has served as President since January 1997, Chief Operating Officer since January 1996, a director of the Company since April, 1998, 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 in the Office of the Secretary of the Air Force, where he was responsible for acquisitions and procurement matters for new strategic bomber aircraft.

CAROL M. BROWN has served as Senior Vice President, Health Services of the Company since August, 1990, and as President of the Company's healthcare subsidiary, Atlantic Shores Healthcare, Inc., since April 1997. 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.

JOHN J. BULFIN was appointed Senior Vice President and General Counsel on January 1, 2000. Prior to joining the Company, Mr. Bulfin was a founding partner of the law firm Wiederhold, Moses, Bulfin & Rubin. Mr. Bulfin earned his law degree from Loyola (Chicago) University and his bachelor's degree from Regis College. Mr. Bulfin is a member of the American Bar Association, the Palm Beach County Bar Association, the Association of Trial Lawyers of America, the American Board of Trial Advocates, the Florida Defense Lawyers Association, and is currently on the Personal Injury and Wrongful Death Committee of the Palm Beach County Bar Association.

JOHN M. HURLEY was appointed Senior Vice President, Operations on January 1, 2000, and has been with the Company since 1998 when he became the Facility Administrator (warden) of the company's 1,318-bed correctional facility in South Bay, Florida. Mr. Hurley completed 25 years of distinguished service in the Federal Bureau of Prisons (BOP) prior to joining the Company. While with the BOP, he served as the warden of several major correctional institutions, including a maximum security penitentiary, and earlier, at the BOP's largest correctional facility. His staff assignments in the BOP included Director of the Staff Training Academy; Deputy Assistant Director, Community Corrections and Detention Division; and Correctional Programs Administrator of the Correctional Programs Division. He has a B.A. in Sociology from the University of Iowa, and a Certificate in Public Administration from the University of Southern California.

DONALD H. KEENS was appointed Senior Vice President, International Services on January 1, 2000 and has been with the Company since 1994. Prior to the appointment to his present position he served as the Managing Director of Australasian Correctional Management, Pty Ltd., a subsidiary of the Company; and from 1994 to 1997 as Managing Director of Premier Prison Services, Ltd., a United Kingdom joint venture of the Company. Mr. Keens followed a law enforcement career in Zimbabwe from 1962 to 1980, with the final rank of police superintendent; and was Director and General Manager for a prison and court services company in the United Kingdom from 1980 to 1993. He is a graduate of Crosby College of Quality; and is qualified as a Professional Member SA of the Institute of Management Services (PMS), and a Senior Member of the Institute of Organization and Methods (SIOM).

DAVID N.T. WATSON has served as Vice President - Finance since July, 1999, as Assistant Secretary since April, 2000 and as Assistant Treasurer and Chief Accounting Officer of the Company since November, 1994. 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 has a B.A. in Economics from the University of Virginia and an M.B.A. from Rutgers, the State University of New Jersey. Mr. Watson is a member of the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

PART IV

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

(a) 1. Report of Independent Certified Public Accountants - This item is incorporated by reference from Page F29 of the Registrant's 2000 Annual Report to Shareholders.

The following consolidated financial statements of the Company, included in the Registrant's 2000 Annual Report to its Shareholders for the fiscal year ended December 31, 2000, are incorporated by reference in Part II, Item 8:

Consolidated Balance Sheets - December 31, 2000 and January 2, 2000 - Page F13

Consolidated Statements of Income - Fiscal years ended December 31, 2000, January 2, 2000, and January 3, 1999 - Page F12

Consolidated Statements of Cash Flows - Fiscal years ended December 31,2000, January 2, 2000, and January 3, 1999 - Page F14

Consolidated Statements of Shareholders' Equity and Comprehensive Income - Fiscal years ended December 31, 2000, January 2, 2000, and January 3, 1999 - Page F15

Notes to Consolidated Financial Statements - Pages F16 through F28

2. FINANCIAL STATEMENT SCHEDULES.

Schedule II - Valuation and Qualifying Accounts - Page 29

All other 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, NationsBank, National Association, Scotia Banc, Inc. and the Lenders 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 NationsBank, 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 NationsBank, National Association.
4.5	Third Amended and Restated Trust Agreement, dated as of June 19, 1997, among, NationsBank, National Association, and other financial institutions parties thereto and First Security Bank, National Association.
4.6	Amended and Restated Credit Agreement, dated December 3, 1999, by and among Wackenhut Corrections Corporation, Bank of America, N.A., ScotiaBanc, Inc. and the Lenders Party thereto from time to time.
10.1o**	Wackenhut Corrections Corporation Stock Option Plan.
10.2o**	Wackenhut Corrections Corporation 1994 Stock Option Plan.
10.3o**	Form of Indemnification Agreement between the Company and its Officers and Directors.
10.4o***	Wackenhut Corrections Corporation Senior Officer Retirement Plan.
10.5o***	Wackenhut Corrections Corporation Director Deferral Plan.
10.6o***	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).

10.11**** Form of Master Agreement to Lease between CPT Operating Partnership L.P. and Wackenhut Corrections Corporation; Form of Lease Agreement between CPT Operating Partnership L.P. and Wackenhut Corrections Corporation; Form Right to Purchase Agreement between Wackenhut Corrections Corporation and CPT Operating Partnership L.P.; and, Form of Option agreement between Wackenhut Corrections Corporation and CPT Operating Partnership L.P.

10.12o Wackenhut Corrections Corporation 1999 Stock Option Plan.

13.0* Annual Report to Shareholders for the year ended December 31, 2000, beginning with page F1 (to be filed only to the extent required by the instructions to exhibits for reports on this Form 10-K).

21.1* Subsidiaries of the Company.

23.1* Consent of Independent Certified Public Accountants.

24.1* Powers of Attorney (included as part of the signature page hereto).

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* 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).

**** Incorporated by reference to Exhibits 10.2, 10.3, 10.4, and 10.5 of the Company's Registration Statement on Form S-3 (Registration Number 333-46681).

o 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 2000.

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: March 26, 2001

/s/ JOHN G. O'Rourke

JOHN G. O'ROURKE
Senior Vice President of Finance, Treasurer &
Chief Financial Officer

Each person whose signature appears below hereby constitutes and appoints John G. O'Rourke, Senior Vice President of Finance, Treasurer and Chief Financial Officer; David N.T. Watson, Vice President of Finance, Chief Accounting Officer, Assistant Secretary, and Assistant Treasurer; and John J. Bulfin, Senior Vice President and General Counsel; and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power 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 thereof.

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: March 26, 2001

/s/ GEORGE C. ZOLEY

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

(principal executive officer)

Date: March 26, 2001

/s/ JOHN G. O'ROURKE

JOHN G. O'ROURKE
Senior Vice President of Finance, Treasurer &
Chief Financial Officer

(principal financial officer)

Date: March 26, 2001

/s/ DAVID N.T. WATSON

DAVID N.T. WATSON
Vice President of Finance, Chief Accounting Officer, Assistant Secretary & Assistant Treasurer

(principal accounting officer)

Date:	March 26, 2001	/s/ GEORGE R. WACKENHUT ----------------------------------- GEORGE R. WACKENHUT Director
Date:	March 26, 2001	/s/ RICHARD R. WACKENHUT ----------------------------------- RICHARD R. WACKENHUT Director
Date:	March 26, 2001	/s/ WAYNE H. CALABRESE ----------------------------------- WAYNE H. CALABRESE Director
Date:	March 26, 2001	/s/ NORMAN A. CARLSON ----------------------------------- NORMAN A. CARLSON Director
Date:	March 26, 2001	/s/ BENJAMIN R. CIVILETTI ----------------------------------- BENJAMIN R. CIVILETTI Director
Date:	March 26, 2001	/s/ MANUEL J. JUSTIZ ----------------------------------- MANUEL J. JUSTIZ Director
Date:	March 26, 2001	/s/ JOHN F. RUFFLE ----------------------------------- JOHN F. RUFFLE Director
Date:	March 26, 2001	/s/ RICHARD H. GLANTON ----------------------------------- RICHARD H. GLANTON Director

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Wackenhut Corrections Corporation:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements included in Wackenhut Corrections Corporation's 2000 Annual Report to Shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 8, 2001. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedule listed above in item 14(a)2 of the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

West Palm Beach, Florida,
February 8, 2001.

SCHEDULE II

WACKENHUT CORRECTIONS CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEARS ENDED DECEMBER 31, 2000,
JANUARY 2, 2000, AND JANUARY 3, 1999

(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 31, 2000:					
Allowance for doubtful accounts	$ 1,499	$ 1,755	$ --	$ (1,992)	$ 1,262
YEAR ENDED JANUARY 2, 2000:					
Allowance for doubtful accounts	$ 401	$ 1,474	$ --	$ (376)	$ 1,499
YEAR ENDED JANUARY 3, 1999:					
Allowance for doubtful accounts	$ --	$ 401	$ --	$ --	$ 401

EXHIBIT INDEX

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10.12	Wackenhut Corrections Corporation 1999 Stock Option Plan.
13.0	Annual Report to shareholders for the year ended December 31, 2000, beginning with page F1 (to be deemed filed only to the extent required by the instructions to exhibits for reports on this Form 10-K).
21.1	Subsidiaries of the Company.
23.1	Consent of Independent Certified Public Accounts.
24.1	Powers of Attorney (included as part of the signature page hereto).

FINANCIAL REVIEW

WACKENHUT CORRECTIONS CORPORATION

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

The ensuing table shows the high and low prices for Wackenhut Corrections Corporation's ("the Company") common stock, as reported by the New York Stock Exchange, for each of the four quarters of fiscal 2000 and 1999. The prices shown have been rounded to the nearest $1/16th. The approximate number of shareholders of record as of March 16, 2001, was 200.

	2000		1999	
Quarter	High	Low	High	Low
First	$ 11-3/8	$ 8-3/8	$ 28-1/16	$ 18-5/8
Second	9-3/8	6-1/4	21-3/16	15-7/8
Third	9-11/16	7-3/16	20-13/16	13-3/16
Fourth	7-3/4	6	14-3/16	9-11/16

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.

The Company actively pursued its stock buy-back program in open market and block purchases. During fiscal 2000 and 1999, the Company purchased 500,000 and 424,500 shares, respectively, of its common stock at an average price of $9.87 and $18.72 per share, respectively.

FORWARD-LOOKING STATEMENTS

Certain statements included in this document may contain forward-looking statements regarding future events and future performance of the Company that involve risks and uncertainties that could materially affect actual results, including statements regarding estimated earnings, revenues and costs and estimated openings of new facilities and new global business development opportunities. For further discussion of these statements, refer to the inside back cover of this document.

SELECTED FINANCIAL DATA
(U.S. dollars in thousands, except per share and operational data)

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

FISCAL YEAR ENDED:(1)	2000		1999	
RESULTS OF OPERATIONS:				
Revenues	$ 535,557	100.0%	$ 438,484	100.0%
Operating income	18,912	3.5%	26,041	5.9%
Income before cumulative effect of change in accounting for start-up costs	16,994	3.2%	21,940	5.0%
Cumulative effect of change in accounting for start-up costs	--	0.0%	--	0.0%
Net income	$ 16,994	3.2%	$ 21,940	5.0%
EARNINGS PER SHARE - BASIC:				
Income before cumulative effect of change in accounting for start-up costs	$ 0.81		$ 1.01	
Cumulative effect of change in accounting for start-up costs	--		--	
Net income	$ 0.81		$ 1.01	
EARNINGS PER SHARE - DILUTED:				
Income before cumulative effect of change in accounting for start-up costs	$ 0.80		$ 1.00	
Cumulative effect of change in accounting change for start-up costs	--		--	
Net income	$ 0.80		$ 1.00	
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	21,110		21,652	
Diluted	21,251		22,015	
FINANCIAL CONDITION:				
Current assets	$ 129,637		$ 134,893	
Current liabilities	73,636		55,516	
Total assets	223,571		204,425	
Total debt	10,000		15,000	
Shareholders' equity	127,164		118,684	
OPERATIONS DATA:				
Contracts/award	57		56	
Facilities in operation	51		50	
Design capacity of contracts	39,944		39,930	
Design capacity of facilities in operation	32,536		32,110	
Compensated resident days(2)	10,572,093		9,636,099	

(1) The Company's fiscal year ends on the Sunday closest to the calendar year end. Fiscal 1998 included 53 weeks. Fiscal 2000, 1999, 1997, 1996 and 1995 each included 52 weeks.

(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 United Kingdom facilities.

1998		1997		1996		1995	
$ 312,759	100.0%	$ 206,930	100.0%	$ 137,784	100.0%	$ 99,431	100.0%
22,501	7.2%	16,545	8.0%	9,731	7.1%	7,229	7.3%
16,828	5.4%	11,875	5.7%	8,261	6.0%	4,440	4.5%
(11,528)	(3.7)%	--	0.0%	--	0.0%	--	0.0%
$ 5,300	1.7%	$ 11,875	5.7%	$ 8,261	6.0%	$ 4,440	4.5%
$ 0.76		$ 0.54		$ 0.39		$ 0.26	
(0.52)		--		--		--	
$ 0.24		$ 0.54		$ 0.39		$ 0.26	
$ 0.74		$ 0.52		$ 0.37		$ 0.25	
(0.51)		--		--		--	
$ 0.23		$ 0.52		$ 0.37		$ 0.25	
22,119		22,015		21,361		16,850	
22,683		22,697		22,128		17,708	
$ 94,464		$ 75,172		$ 75,313		$ 22,353	
28,145		23,946		13,183		8,898	
148,008		139,203		106,811		38,840	
213		225		237		991	
102,940		102,295		87,969		25,229	
52		46		34		24	
40		32		19		16	
35,707		30,144		24,371		16,054	
26,651		20,720		12,235		9,135	
7,678,858		5,192,614		3,585,100		2,350,843	

WACKENHUT CORRECTIONS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the consolidated financial statements and notes thereto.

FORWARD-LOOKING STATEMENTS

Certain statements included in this document may contain forward-looking statements regarding future events and future performance of the Company that involve risks and uncertainties that could materially affect actual results, including statements regarding estimated earnings, revenues and costs and estimated openings of new facilities and new global business development opportunities. For further discussion of these statements, refer to the inside back cover of this document.

OVERVIEW

The Company, a 57% owned subsidiary of The Wackenhut Corporation ("TWC", NYSE: WAK and WAKB), is a leader in offering government agencies a turnkey approach to developing new correctional institutions that includes design, construction, financing and operations. It provides a broad spectrum of correctional services, which include adult corrections, juvenile facilities, community corrections and special purpose institutions. Additionally, the Company is a leading developer and manager of public sector mental health facilities.

The company has contracts/awards to manage 55 facilities in the United States, the United Kingdom, Australia, South Africa, and New Zealand with a total of 39,522 beds, and additional contracts for prisoner transportation, correctional health care services, mental health services, and facility design and construction.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of liquidity are from operations, borrowings under its credit facilities, and sale of its rights to acquire prison facilities. Cash and equivalents totaled $33.8 million at December 31, 2000, compared to $41.0 million at January 2, 2000.

One of the Company's sources of liquidity is a $30 million multi-currency revolving credit facility, which includes $5.0 million for the issuance of letters of credit. At December 31, 2000, $10.0 million was outstanding under this facility. In addition, at December 31, 2000 the Company had six letters of credit outstanding in an aggregate amount of approximately $2.8 million. The unused portion of the revolving credit facility at December 31, 2000 was $20.0 million. At December 31, 2000, the Company also had outstanding twelve letters of guarantee totaling approximately $13.3 million under separate international facilities.

The Company also has a $220 million operating lease facility established to acquire and develop new correctional institutions used in its business. As of December 31, 2000, approximately $142.7 million of this operating lease facility was utilized for properties in operation or under development.

Cash provided by operating activities amounted to $25.9 million in fiscal 2000 versus cash provided by operating activities of $22.2 million in fiscal 1999, primarily reflecting a lower balance in accounts

receivable and other current assets offset by higher balances in accounts payable and accrued expenses.

Cash used in investing activities increased by $11.8 million to $20.9 million in fiscal 2000 as compared to fiscal 1999. This change is primarily due to the Company receiving net proceeds of $23.9 million for the sale of the 600-bed expansion of Lea County Correctional Facility and the right to acquire the Lawton Correctional Facility to Correctional Properties Trust ("CPV") in fiscal 1999 offset by lower capital expenditures. In 2000 the Company exercised the right to acquire the Jena Juvenile Justice Center from the trust of the Company's operating facility and simultaneously sold it to CPV. The Company recognized no net proceeds from the sale. The Company also received $10.0 million in proceeds from the sale of approximately one-half of the Company's loans to overseas affiliates in fiscal 1999 as compared to $2.5 million in fiscal 2000.

Cash used in financing activities increased by $17.0 million to $9.9 million in fiscal 2000 as compared to fiscal 1999. This change is primarily due to the increase in payments made by the Company related to its long-term debt and a decrease in proceeds received by the Company in 2000 as compared to 1999.

Current cash requirements consist of amounts needed 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 as a component of the "per diem" rates or monthly fixed fees to the contracting agency over the original term of the contract.

The accumulated other comprehensive loss component of shareholders' equity increased from a deficit of $1.9 million at January 2, 2000 to a deficit of $5.5 million at December 31, 2000, primarily due to the decrease in the value of the Australian dollar relative to the United States dollar in connection with our Australian and New Zealand operations.

Management believes that cash on hand, cash funds from operations and available lines of credit will be adequate to support currently planned business expansion and various obligations incurred in the operation of the Company's business, both on a near and long-term basis.

The Company's access to capital and ability to compete for future capital intensive projects is dependent upon, among other things, its ability to meet certain financial covenants included in the $220 million operating lease facility and the Company's $30 million revolving credit facility. A substantial decline in the Company's financial performance as a result of an increase in operational expenses relative to revenue could negatively impact the Company's ability to meet these covenants, and could therefore, limit the Company's access to capital.

INFLATION

Management believes that inflation, in general, did not have a material effect on the Company's results of operations during 1999 and 1998. However, in 2000, the Company experienced increased wage pressures due to tight labor markets in certain key geographic areas. In addition, the Company was negatively impacted by significant increases in utilities costs in 2000, particularly in the western United States. While some of the Company's contracts include provisions for inflationary indexing, inflation could have a substantial adverse effect on the Company's results of operations in the future to the extent that wages and salaries, which represent the largest expense to the Company, increase at a faster rate than the per diem or fixed rates received by the Company for its management services.

MARKET RISK

The Company is exposed to market risks, including changes in interest rates and currency exchange rates.

These exposures primarily relate to changes in interest rates with respect to a $220 million operating lease facility and a $30 million revolving credit facility. Monthly payments under these facilities are indexed to a variable interest rate. Based upon the Company's interest rate and foreign currency exchange rate exposure at December 31, 2000, a 100 basis point change in the current interest rate or a 10 percent increase in historical currency rates would have approximately a $1.5 million effect on the Company's financial position and results of operations 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.

FISCAL 2000 COMPARED WITH FISCAL 1999

Revenues increased $97.1 million, or 22.1% to $535.6 million in 2000 from $438.5 million in 1999. Approximately $68.7 million of the increase in revenues in 2000 compared with 1999 is primarily attributable to increased compensated resident days resulting from the opening of two new facilities in 2000 and increased compensated resident days at six facilities that opened in 1999 offset by the loss of the Jena, Louisiana and Travis County, Texas contracts (see Table 1 on page F10). Approximately $27.8 million of the increase in revenues represents project revenue for the development of the South Florida State Hospital and Curacao projects. The balance of the increase in revenues was attributable to facilities open during all of both periods. The Company expects to open two facilities in the first quarter of 2001, a 784-bed facility in Del Rio, Texas and 1,200-bed facility in Winton, North Carolina. When opening a new facility the Company incurs significant costs for payroll and training of new personnel. However, the Company does not receive occupants until the contracting agency has certified the facility as being complete and ready for use. The Company believes it will meet all the necessary requirements and intake inmates in accordance with its planned schedule. However there can be no assurances that the contracting agency will certify the facility and as a result that the facility will open as scheduled. Any delays in opening could significantly impact the Company's first quarter 2001 results of operations.

The number of compensated resident days in domestic facilities increased to 8.8 million in 2000 from 8.5 million in 1999. Average facility occupancy in domestic facilities remained constant at 97.4% for 2000 and 1999. Compensated resident days in Australian facilities increased to 1.8 million from 1.1 million in 1999 primarily due to higher compensated resident days at the immigration detention facilities. Average facility occupancy in Australian facilities increased to 99.1% in 2000 from 96.6% in 1999.

Operating expenses increased by 24.1% to $483.0 million in 2000 compared to $389.3 million in 1999. As a percentage of revenues, operating expenses increased to 90.2% in 2000 from 88.8% in 1999. This increase primarily reflects the eight facilities that were opened in 2000 and 1999, as described above. Additionally, there are a number of secondary factors contributing to the increase which include the following: lease expense for payments made to CPV of $21.6 million, excluding the Jena lease payments included in the one-time special charge, offset by $1.9 million in amortization of the deferred revenue from the sale of properties to CPV; expenses related to the construction of new facilities for the South Florida State Hospital and the government of the Netherlands Antilles; and additional expenses related to operations at the Jena Juvenile Justice Center (Louisiana), Lea County Correctional Facility (New Mexico), Ronald McPherson Correctional Facility (Arkansas), Scott Grimes Correctional Facility (Arkansas), Michigan Youth Correctional Facility (Michigan), and North

Texas Intermediate Sanction Facility (Texas). The Company has developed strategies to improve the operational performance of these facilities, however, there can be no assurances that these strategies will be successful. Additionally, the Company has informed the Arkansas Board of Correction and Community Punishment and the Arkansas Department of Correction that the Company would not consider a third extension of its management service contract for the Grimes and McPherson Correctional Facilities under the contracts' current terms and conditions. The existing contracts are set to expire on June 30, 2001. The Company does not expect the expiration of the current management contracts to have any material impact on the Company's financial guidance for the fiscal year 2001. Both Arkansas prisons are owned by the State. However, there can be no assurance that the Company will be able to exit these facilities with out negative financial impact. The Company continues to incur increasing insurance costs due to adverse claims experience. Based on the Company's experience, 2000 insurance rates (based on payroll) increased over 1999 resulting in approximately $2.4 million of additional expense. Unanticipated additional insurance costs could adversely impact results of operations and the Company's financial guidance for 2001. The Company is developing a strategy to improve the management of its future loss claims but can provide no assurances that this strategy will be successful. As previously discussed the Company also incurred significant unanticipated wage increases in 2000 due to tight labor markets. Additionally, during 2000, the Company experienced increased medical costs for offsite hospitalizations and treatment of serious illnesses of certain residents, which were beyond the treatment capabilities of the Company's facilities.

In 2000, the Company reported an operating charge of $3.8 million ($2.3 million after tax, or $0.11 per share), related to the de-activation of the Jena, Louisiana facility. The Company estimates the facility will remain inactive through the end of 2001.

Depreciation and amortization increased by 61.3% to $8.6 million in 2000 from $5.4 million in 1999 due to the increase in operational assets during 2000 as compared with 1999 as well as increased leasehold improvements at the New Mexico, Oklahoma, and San Diego facilities. As a percentage of revenues, depreciation and amortization increased to 1.6% from 1.2% in 1999.

Contribution from operations decreased 8.6% to $40.0 million in 2000 from $43.8 million in 1999. As discussed above, this decrease is primarily attributable to the special operating charge related to the Jena Juvenile Justice Center as well as the eight new facilities that opened in 2000 and 1999. As a percentage of revenue, contribution from operations decreased to 7.5% in 2000 from 10.0% in 1999.

General and administrative expenses increased 18.9% to $21.1 million in 2000 from $17.8 million in 1999. The increase reflects costs related to additional personnel and infrastructure, as well as $1.1 million of additional costs related to the Company's service agreement with TWC. As a percentage of revenue, general and administrative expenses decreased to 3.9% in 2000 from 4.1% in 1999.

Operating income decreased by 27.4% to $18.9 million in 2000 from $26.0 million in 1999. As a percentage of revenue, operating income decreased to 3.5% in 2000 from 5.9% in 1999 due to the factors impacting contribution from operations.

Interest income decreased 26.2% to $2.6 million in 2000 from $3.6 million in 1999. This decrease is primarily due to lower invested cash balances and the sale of approximately one-half of the Company's loans to overseas affiliates.

Interest expense increased 19.7% to $1.3 million in 2000 from $1.1 million in 1999. This increase is due to increased interest rates.

Other income decreased 75.4% to $0.6 million in 2000 from $2.6 million in 1999. This decrease is due to a $2.6 million gain from the sale of approximately one-

half of the Company's loans to overseas affiliates in 1999 as compared with the $0.6 million gain recorded in 2000. These loans were previously included in "Investments in and advances to affiliates" in the accompanying consolidated balance sheets.

Income before income taxes and equity in earnings of affiliates, decreased to $20.9 million in 2000 from $31.1 million in 1999 due to the factors described previously.

Provision for income taxes decreased to $8.4 million in 2000 from $12.5 million in 1999 due to the decrease in income before income taxes and the decrease in the effective rate to 40.0% in 2000 from 40.1% in 1999.

Equity in earnings of affiliates, net of income tax provision, increased 35.7% to $4.5 million in 2000 from $3.3 million in 1999 due to the commencement of home monitoring contracts in January 1999 and the opening of H.M. Prison Kilmarnock in March 1999, the Hassockfield Secure Training Centre in Medomsley, England in September 1999 and H.M. Prison Pucklechurch in Pucklechurch, England in November 1999.

Net income decreased 22.5% to $17.0 million in 2000 from $21.9 million in 1999 as a result of the factors described above.

FISCAL 1999 COMPARED WITH FISCAL 1998

Revenues increased $125.7 million, or 40.2% to $438.5 million in 1999 from $312.8 million in 1998. Approximately $110.6 million of the increase in revenues is attributable to increased compensated resident days resulting from the opening of six new facilities in 1999 and increased compensated resident days at ten facilities that opened in 1998 (see Table 1 on page F10). Approximately $8.9 million of the increase in revenues represents project revenue for the development of the South Florida State Hospital. The balance of the increase in revenues was attributable to facilities open during all of both periods.

The number of compensated resident days in domestic facilities increased to 8.5 million in 1999 from 6.8 million in 1998. Average facility occupancy in domestic facilities increased slightly to approximately 97.4% of capacity compared to 95.4% in 1998. Compensated resident days in Australian facilities increased to 1.1 million from 0.9 million in 1998 primarily due to higher compensated resident days at the immigration detention facilities. Average facility occupancy in Australian facilities decreased slightly to 96.6% in 1999 from 98.2% in 1998.

Operating expenses increased by 43.2% to $389.3 million in 1999 compared to $271.8 million in 1998. As a percentage of revenues, operating expenses increased to 88.8% in 1999 from 86.9% in 1998. This increase primarily reflects the sixteen facilities that were opened in 1999 and 1998, as described above. Additionally, there are a number of secondary factors contributing to the increase which include the following: lease payments to CPV of $20.6 million offset by $1.7 million in amortization of the deferred revenue from the sale of properties to CPV; expenses related to the development of the South Florida State Hospital; and additional expenses related to operations at the East Mississippi Correctional Facility (Mississippi), George W. Hill Correctional Facility (Pennsylvania), Jena Juvenile Justice Center (Louisiana), Lea County Correctional Facility (New Mexico), Guadalupe County Correctional Facility (New Mexico), Ronald McPherson Correctional Facility (Arkansas), and Taft Correctional Facility (California). The Company has developed strategies to improve the operational performance of these facilities, however, there can be no assurances that these strategies will be successful.

Depreciation and amortization increased by 50.1% to $5.4 million in 1999 from $3.6 million in 1998 due to the increase in operational assets during 1999 as compared to 1998. As a percentage of revenues, depreciation and amortization slightly increased to 1.2% from 1.1% in 1998.

Contribution from operations increased 17.3% to $43.8 million in 1999 from $37.4 million in 1998. As discussed above, this increase is primarily attributable

to sixteen new facilities that opened in 1999 and 1998. As a percentage of revenue, contribution from operations decreased to 10.0% in 1999 from 11.9% in 1998. This decrease is primarily due to the factors impacting the increase in operating expenses as discussed previously.

General and administrative expenses increased 19.6% to $17.8 million in 1999 from $14.9 million in 1998. The increase reflects costs related to additional personnel and infrastructure, continued growth in the Company's business development efforts, as well as additional costs related to the Company's service agreement with TWC. As a percentage of revenue, general and administrative expenses decreased to 4.1% in 1999 from 4.7% in 1998.

Operating income increased by 15.7% to $26.0 million in 1999 from $22.5 million in 1998. As a percentage of revenue, operating income decreased to 5.9% in 1999 from 7.2% in 1998 due to the factors impacting contribution from operations offset by leveraging of general and administrative expenses.

Interest income increased 45.1% to $3.6 million in 1999 from $2.5 million in 1998. This increase is due to higher invested cash balances.

Interest expense increased to $1.1 million in 1999 from $0.0 million in 1998. This increase is due to the increase in long-term debt.

Other income increased 100.0% to $2.6 million in 1999 from $0.0 million in 1998. This increase is due to a $2.6 million gain from the sale of approximately one-half of the Company's loans to overseas affiliates. These loans were previously included in "Investments in and advances to affiliates" in the accompanying consolidated balance sheets.

Income before income taxes, equity in earnings of affiliates, and cumulative effect of change in accounting for start-up costs increased to $31.1 million in 1999 from $24.9 million in 1998 due to the factors described previously.

Provision for income taxes increased to $12.5 million in 1999 from $10.2 million in 1998 due to the increase in income before income taxes, offset by the decrease in the effective rate to 40.1% in 1999 from 40.8% in 1998.

Equity in earnings of affiliates, net of income tax provision, increased 59.0% to $3.3 million in 1999 from $2.1 million in 1998 due to the commencement of home monitoring contracts in January 1999 and the opening of H.M. Prison Kilmarnock in March 1999, the Hassockfield Secure Training Centre in Medomsley, England in September 1999 and H.M. Prison Pucklechurch in Pucklechurch, England in November 1999.

Cumulative effect of change in accounting for start-up costs, net of tax decreased to zero in 1999 from $11.5 million in 1998 due to the implementation of Statement of Position 98-5 in 1998.

Net income increased 314.0% to $21.9 million in 1999 from $5.3 million in 1998 as a result of the factors described above.

Table 1

The following table summarizes certain information with respect to facilities opened by the Company (or a subsidiary or joint venture of the Company) during Fiscal years 2000, 1999, and 1998.

FACILITY NAME	LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	OPENING DATE	TERM	RENEWAL OPTION
FACILITIES OPENED IN 2000:								
Auckland Central Remand Prison	Auckland, New Zealand	Management	383	National Prison	Med/Max	Jul `00	5 yrs	None
South Florida State Hospital (new construction)	Pembroke Pines, FL	Design/ Construction/ Management	350	State Psychiatric Hospital	Non-Secure	Dec `00	5 yrs	3-Five-year
Western Region Detention Facility at San Diego	San Diego, CA	Renovation/ Management	616	Detention	Med/Max	Jul `00	15 yrs	4-One-year options
FACILITIES OPENED IN 1999:								
Guadalupe County Correctional Facility	Santa Rosa, NM	Design/ Construction/ Management	600	State Prison	Medium	Jan `99	3 yrs	Annual
H.M. Prison Kilmarnock	Kilmarnock, Scotland	Design/ Construction/ Management	548	National Prison	All levels	Mar `99	25 yrs	None
Melbourne Custody Centre	Melbourne, Australia	Management	80	City Jail	All levels	Mar `99	3 yrs	2- One-year options
East Mississippi Correctional Facility	Meridian, MS	Design/ Construction/ Management	500	State Prison	Mental Health	Apr `99	5 yrs	1-Two-year Option
Michigan Youth Correctional Facility	Baldwin, MI	Design/ Construction/ Management	480	State Prison	Maximum	Jul `99	4 yrs	Unlimited, Four-year terms
Hassockfield Secure Training Centre	Medomsley, England	Design/ Construction Management	40	National Prison	Medium	Sep `99	15 yrs	None
Curtin Immigration Reception & Processing Centre	Derby, Western Australia	Management	600	Immigration Detention	All levels	Oct `99	3 yrs(3)	2-Three-year
H.M. Prison Pucklechurch	Pucklechurch, England	Design/ Construction/ Management	400	National Prison	Medium	Nov `99	25 yrs	None
Woomera Immigration Reception & Processing Centre	Woomera, South Australia	Management	800	Immigration Detention	All levels	Nov `99	3 yrs(3)	2-Three-year

FACILITY NAME	LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	OPENING DATE	TERM	RENEWAL OPTION
FACILITIES OPENED IN 1998:								
Scott Grimes Correctional Facility	Newport, AR	Design/ Construction/ Management	600	State Prison	Min/Med	Jan `98	2 yrs	Unlimited, Two-year
Ronald McPherson Correctional Facility	Newport, AR	Design/ Construction/ Management	685	State Prison	All levels	Jan `98	2 yrs	Unlimited, Two-year
Karnes County Correctional Center	Karnes City, TX	Management	579	County Jail	All levels	Jan `98	Varies(1)	Varies(1)
Broward County Work Release Center	Broward County, FL	Design/ Construction/ Management	300	Community Work Release Center	Non-Secure	Feb `98	5 yrs	Unlimited, Two-year
H.M. Prison Lowdham Grange	Nottinghamshire, England	Management	524	National Prison	All levels	Feb `98	25 yrs	None
Lea County Correctional Facility	Hobbs, NM	Design/ Construction/ Management	1,200	County Jail	All levels	May `98	3 yrs	Annual
Lawton Correctional Facility	Lawton, OK	Design/ Construction/ Management	1,800	State Prison	Medium	Jul `98	1 yr	4-One-year
George W. Hill Correctional Facility	Thornton, PA	Design/ Construction/ Management	1,562(2)	County Jail	All levels	Jul `98	5 yrs	Unlimited, Two-year
South Florida State Hospital	Pembroke Pines, FL	Assume Management of Existing	350	State Psychiatric Hospital	Non-Secure	Nov `98	5 yrs	3-Five-year
Jena Juvenile Justice Center	Jena, LA	Design/ Construction/ Management	276	Juvenile Center	All levels	Dec `98	N/A(4)	None
Cleveland Correctional Center	Cleveland, TX	Management	520	State Prison	Medium	Jan 1999	1 yr	4-One-year

(1) 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.

(2) The new 1,562-bed facility replaced the existing 1,000-bed facility managed by the Company.

(3) This facility represents additional work under the current Detention Services contractual agreement with the Department of Immigration & Multicultural Affairs (DIMA), and is subject to a six-week termination clause depending on client need.

(4) The contract for this facility was terminated in May 2000.

WACKENHUT CORRECTIONS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars in thousands, except per share data)

FISCAL YEARS ENDED DECEMBER 31, 2000, JANUARY 2, 2000, and JANUARY 3, 1999

	2000	1999	1998
REVENUES	$ 535,557	$ 438,484	$ 312,759
Operating Expenses (including amounts related to The Wackenhut Corporation (TWC) of $13,588, $9,454 and $8,182)	483,035	389,325	271,840
Jena Charge	3,849	--	--
Depreciation and amortization	8,639	5,355	3,567
Contribution from operations	40,034	43,804	37,352
General and administrative expenses (including amounts related to TWC of $3,783, $3,229 and $2,159)	21,122	17,763	14,851
Operating income	18,912	26,041	22,501
Interest income (including amounts related to TWC $8, $492, and $122)	2,625	3,558	2,452
Interest expense (including amounts related to TWC of ($73), $--, and $--)	(1,322)	(1,104)	(42)
Other income, net	641	2,608	--
Income before income taxes, equity in earnings of affiliates, and cumulative effect of change in accounting for start-up costs	20,856	31,103	24,911
Provision for income taxes	8,352	12,472	10,164
Income before equity in earnings of affiliates and cumulative effect of change in accounting for start-up costs	12,504	18,631	14,747
Equity in earnings of affiliates, (net of income tax provision of $2,985, $2,215, and $1,434)	4,490	3,309	2,081
Income before cumulative effect of change in accounting for start-up costs	16,994	21,940	16,828
Cumulative effect of change in accounting for start-up costs, net of tax	--	--	(11,528)
NET INCOME	$ 16,994	$ 21,940	$ 5,300
Earnings Per Share			
Basic			
Income before cumulative effect of change in accounting for start-up costs	$ 0.81	$ 1.01	$ 0.76
Cumulative effect of change in accounting for start-up costs	--	--	(0.52)
Net income	$ 0.81	$ 1.01	$ 0.24
Diluted			
Income before cumulative effect of change in accounting for start-up costs	$ 0.80	$ 1.00	$ 0.74
Cumulative effect of change in accounting for start-up costs	--	--	(0.51)
Net Income	$ 0.80	$ 1.00	$ 0.23
Basic weighted average shares outstanding	21,110	21,652	22,119
Diluted weighted average shares outstanding	21,251	22,015	22,683

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

WACKENHUT CORRECTIONS CORPORATION
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except per share data)

DECEMBER 31, 2000 and JANUARY 2, 2000

	2000	1999
ASSETS		
Current Assets		
Cash and cash equivalents	$ 33,821	$ 41,029
Accounts receivable, less allowance for doubtful accounts of $1,262 and $1,499	80,508	77,779
Deferred income tax asset	4,124	3,069
Other	11,184	13,016
Total Current Assets	129,637	134,893
Property and Equipment, net	54,620	43,360
Investments in and advances to affiliates	30,610	20,686
Goodwill, net	1,398	1,776
Deferred income tax asset	1,963	1,066
Other	5,343	2,644
	$ 223,571	$ 204,425
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 18,351	12,631
Accrued payroll and related taxes	12,744	11,305
Accrued expenses	39,548	28,553
Current portion of deferred revenue	2,993	3,027
Total Current Liabilities	73,636	55,516
Long-term debt	10,000	15,000
Deferred revenue	12,771	15,225
Commitments and contingencies (notes 6 and 7)		
SHAREHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000,000 shares authorized	--	--
Common stock, $.01 par value, 30,000,000 shares authorized, 21,013,024 and 21,508,922 shares issued and outstanding	210	215
Additional paid-in capital	61,992	66,908
Retained earnings	70,457	53,463
Accumulated other comprehensive loss	(5,495)	(1,902)
Total shareholders' equity	127,164	118,684
	$ 223,571	$ 204,425

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

WACKENHUT CORRECTIONS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

FISCAL YEARS ENDED DECEMBER 31, 2000, JANUARY 2, 2000, and JANUARY 3, 1999

	2000	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 16,994	$ 21,940	$ 5,300
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization expense	8,639	5,355	3,567
Deferred tax benefit	(1,952)	(842)	(4,304)
Provision for doubtful accounts	1,755	1,474	401
Gain on sale of loans receivable	(641)	(2,608)	--
Equity in earnings of affiliates, net of tax	(4,490)	(3,309)	(2,081)
Tax benefit related to employee stock options	--	321	3,231
Cumulative effect of change in accounting for start-up costs, net of tax	--	--	11,528
Changes in assets and liabilities			
(Increase) decrease in assets:			
Accounts receivable	(6,227)	(18,525)	(25,146)
Other current assets	204	(1,997)	(5,561)
Other assets	(3,325)	(276)	(1,053)
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	15,669	20,327	(2,278)
Accrued payroll and related taxes	1,768	1,228	1,740
Deferred revenue	(2,488)	(854)	694
Net cash provided by (used in) operating activities	25,906	22,234	(13,962)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in and advances to affiliates	(4,515)	(5,528)	(4,607)
Repayments of investments in and advances to affiliates	246	1,442	--
Proceeds from the sale of loans receivable	2,461	9,997	--
Capital expenditures	(19,138)	(38,966)	(24,516)
Proceeds from sales of facilities to CPV	--	23,881	41,768
Net cash (used in) provided by investing activities	(20,946)	(9,174)	12,645
CASH FLOW FROM FINANCING ACTIVITIES:			
Advances from (to) TWC	61,556	(23,102)	(175,091)
Repayments (to) from TWC	(61,556)	23,102	175,091
Proceeds from long-term debt	9,000	15,000	--
Payments on long-term debt	(14,000)	(213)	(12)
Proceeds from the exercise of stock options	12	215	1,928
Repurchase of common stock	(4,933)	(7,947)	(8,853)
Net cash provided by (used in) financing activities	(9,921)	7,055	(6,937)
Effect of exchange rate changes on cash and cash equivalents	(2,247)	674	(466)
Net (decrease) increase in cash and cash equivalents	(7,208)	20,789	(8,720)
Cash and cash equivalents, beginning of period	41,029	20,240	28,960
Cash and cash equivalents, end of period	$ 33,821	$ 41,029	$ 20,240
SUPPLEMENTAL DISCLOSURES:			
Cash paid during the year for:			
Income taxes	$ 6,140	$ 7,867	$ 16,849
Interest	$ 631	$ 62	$ 42

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

WACKENHUT CORRECTIONS CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(U.S. dollars in thousands)

FISCAL YEARS ENDED DECEMBER 31, 2000, JANUARY 2, 2000, and JANUARY 3, 1999

	Common Stock					
	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
BALANCE, DECEMBER 28, 1997	22,169	$ 222	$ 78,006	$ 26,223	$ (2,156)	$ 102,295
Proceeds from stock options exercised	179	1	1,927	--	--	1,928
Tax benefit related to employee stock options	--	--	3,231	--	--	3,231
Common stock repurchased and retired	(454)	(5)	(8,848)	--	--	(8,853)
Comprehensive income						
Net income	--	--	--	5,300	--	
Change in foreign currency translation, net of income tax benefit of $614	--	--	--	--	(961)	
Total comprehensive income	--	--	--	--	--	4,339
BALANCE, JANUARY 3, 1999	21,894	218	74,316	31,523	(3,117)	102,940
Proceeds from stock options exercised	39	1	214	--	--	215
Tax benefit related to employee stock options	--	--	321	--	--	321
Common stock repurchased and retired	(424)	(4)	(7,943)	--	--	(7,947)
Comprehensive income						
Net income	--	--	--	21,940	--	
Change in foreign currency translation, net of income tax expense of $813	--	--	--	--	1,215	
Total comprehensive income	--	--	--	--	--	23,155
BALANCE, JANUARY 2, 2000	21,509	215	66,908	53,463	(1,902)	118,684
Proceeds from stock options exercised	4	--	12	--	--	12
Common stock repurchased and retired	(500)	(5)	(4,928)	--	--	(4,933)
Comprehensive income						
Net income	--	--	--	16,994	--	
Change in foreign currency translation, net of income tax benefit of $2,395	--	--	--	--	(3,593)	
Total comprehensive income	--	--	--	--	--	13,401
BALANCE, DECEMBER 31, 2000	21,013	$ 210	$ 61,992	$ 70,457	$ (5,495)	$ 127,164

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

WACKENHUT CORRECTIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Fiscal Years Ended December 31, 2000, January 2, 2000, and January 3, 1999.

(1) GENERAL

Wackenhut Corrections Corporation, a Florida corporation, and subsidiaries (the "Company"), a majority owned subsidiary of The Wackenhut Corporation ("TWC"), is a leading developer and manager of privatized correctional, detention and public sector mental health services facilities located in the United States, the United Kingdom, Australia, South Africa and New Zealand.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FISCAL YEAR

The Company's fiscal year ends on the Sunday closest to the calendar year end. Fiscal 1998 included 53 weeks and fiscal 2000 and 1999 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 consolidated financial statements in conformity with accounting principles generally accepted in the United States 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. The Company's significant estimates include allowance for doubtful accounts, construction cost estimates, employee deferred compensation accruals and certain reserves required under its operating contracts.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

CASH AND CASH EQUIVALENTS

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

INVENTORIES

Food and supplies inventories are carried at the lower of cost or market, on a first-in first-out basis and are included in "other current assets" in the accompanying consolidated balance sheets. Uniform inventories are carried at amortized cost and are amortized over a period of eighteen months. The current portion of unamortized uniforms is included in "other current assets". The long-term portion is included in "other assets" in the accompanying consolidated balance sheets.

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. Interest is capitalized in connection with the construction of

correctional and detention facilities. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Approximately, $0.9 million of interest cost was capitalized in 2000 as compared with $0.1 million in 1999.

IMPAIRMENT OF LONG-LIVED ASSETS

Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," 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. Events that would trigger an impairment assessment include deterioration of profits for a business segment that has long-lived assets, or when other changes occur which might impair recovery of long-lived assets. The method used to determine impairment would be undiscounted operating cash flows estimated over the remaining amortization period for the related long-lived assets. The Company would measure impairment as the difference between fair value and the net book value of the related asset.

GOODWILL

Goodwill represents the cost of an acquired enterprise in excess of the fair 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 $1.8 million and $1.7 million at December 31, 2000 and January 2, 2000, respectively. Amortization expense was $0.3 million for each of the years 2000, 1999 and 1998.

DEFERRED CHARGES

In April 1998, the Financial Accounting Standards Board issued Statement of Position 98-5 ("SOP 98-5") on accounting for costs of start-up that requires the expensing of start-up costs as incurred. By adopting SOP 98-5 in fiscal 1998, the Company wrote-off existing unamortized start-up costs and project development costs of $19.5 million (or $11.5 million after-tax) to record the cumulative effect of the change in accounting principle. Also, upon adoption, the Company reversed start-up amortization expense recorded during fiscal 1998 and expensed start-up and project development costs previously deferred during fiscal 1998. Subsequent to 1998 all future start-up and project development costs are expensed as incurred.

DEFERRED REVENUE

Deferred revenue primarily represents the unamortized net gain on the development of properties and on the sale and leaseback of properties by the Company to Correctional Properties Trust ("CPV"), a Maryland real estate investment trust. The Company leases these properties back from CPV under operating leases. Deferred revenue is being amortized over the lives of the leases and is recognized in income as a reduction of rental expenses.

REVENUE RECOGNITION

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 measured by the percentage of costs incurred to date as compared to estimated total cost for each contract. This method is used because management considers costs incurred to date to be the best available measure of progress on these contracts. Provisions for estimated losses on uncompleted contracts and changes to cost estimates are made in the period in which the Company determines that such losses and changes are probable. Contract costs include all direct material and labor costs and those indirect costs related to contract performance. Changes in job performance, job conditions, and estimated

profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to estimated costs and income, and are recognized in the period in which the revisions are determined.

INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards 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

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.

COMPREHENSIVE INCOME

SFAS No. 130, "Reporting Comprehensive Income" requires companies to report all changes in equity in a financial statement for the period in which they are recognized, except those resulting from investment by owners and distributions to owners. The Company has chosen to disclose Comprehensive Income, which encompasses net income and foreign currency translation adjustments, net of tax, in the Consolidated Statements of Shareholders' Equity and Comprehensive Income.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, trade accounts receivable and financial instruments used in hedging activities. The Company's cash management and investment policies restrict investments to low-risk, highly liquid securities, and the company performs periodic evaluations of the credit standing of the financial institutions with which it deals. The Company performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral. The Company maintains reserves for potential credit losses, and such losses traditionally have been within management's expectations and have not been material in any year. As of December 31, 2000 and January 2, 2000, management believes the Company had no significant concentrations of credit risk.

FOREIGN CURRENCY TRANSLATION

The Company's foreign operations use their local currencies as their functional currencies. Assets and liabilities of the operations are translated at the exchange rates in effect on the balance sheet date and shareholders equity is translated at historical rates. 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 component of accumulated other comprehensive income.

ACCOUNTING PRONOUNCEMENTS

The Company will adopt Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137 and 138, on January 1, 2001. The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company's 50% owned equity affiliate operating in the United Kingdom has entered into interest rate swaps to fix the interest rate it receives on its variable rate credit facility. Management of the Company has determined the swaps to be effective cash flow hedges. Accordingly, the Company will record its share of the affiliate's change in other comprehensive income as a result of applying SFAS 133. The adoption of SFAS 133 will result in approximately a $12 million reduction in shareholders' equity in the Company's financial statements for the quarter ended April 1, 2001.

Effective the fourth quarter of 2000, the SEC issued Staff Accounting Bulletin No. 101 "Revenue Recognition" ("SAB No. 101"), which provides guidance on the recognition, presentation, and disclosure of revenue in financial statements filed with the SEC. SAB No. 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. The Company's revenue recognition practices are in conformity with the guidelines prescribed in SAB No. 101.

In March 2000, the FASB issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and, among other issues clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequence of various modifications to the terms of previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. The adoption of FIN 44 did not have an impact on our financial position, results of operations or cash flow.

(3) PROPERTY AND EQUIPMENT

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

(U.S. dollars in thousands)

	Useful Life	2000	1999
Land	--	$ 2,108	$ 2,036
Buildings and improvements	2 to 40	49,531	16,861
Equipment	3 to 7	13,290	9,432
Furniture and fixtures	3 to 7	2,694	1,798
Construction in progress	--	--	21,191
		$ 67,623	$51,318
Less accumulated depreciation		(13,003)	(7,958)
		$ 54,620	$43,360

Construction in progress represents costs incurred in the development of facilities intended for sale to third parties and renovation costs associated with leased facilities. Capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Approximately, $0.9 million of interest cost was capitalized in 2000 as compared with $0.1 million in 1999.

(4) LONG-TERM DEBT

In December 1997, the Company entered into a five-year, $30 million 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 $5.0 million for the issuance of standby letters of credit. Indebtedness under this facility bears interest at the alternate base rate (defined as the higher of prime rate or federal funds plus 0.5%) or LIBOR plus 150 to 250 basis points, depending upon fixed charge coverage ratios. At December 31, 2000, the interest rate for this facility was 8.4%. 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. At December 31, 2000, $10.0 million was outstanding under this facility. In addition, at December 31, 2000 the Company had six standby letters of credit in an aggregate amount of approximately $2.8 million. Availability related to these instruments at December 31, 2000 was $20.0 million. At December 31, 2000, the Company also had outstanding twelve letters of guarantee totaling approximately $13.3 million under separate international facilities.

(5) SALE OF FACILITIES TO CORRECTIONAL PROPERTIES TRUST

On April 28, 1998, CPV acquired eight correctional and detention facilities operated by the Company. The Company received approximately $42.0 million for the three facilities owned by it and for the rights to acquire four of the other five facilities, and realized a profit of approximately $18.0 million. The

eighth facility was purchased directly from the government entity. CPV also was granted the option to acquire three additional correctional facilities and the fifteen-year right to acquire and lease back future correctional and detention facilities developed or acquired by the Company. During fiscal 1998 and 1999, CPV acquired two additional facilities for $94.1 million. In fiscal 2000, CPV purchased an eleventh facility that the Company had the right to acquire for $15.3 million. The Company recognized no net proceeds from the sale.

Simultaneous with the purchases, the Company entered into a ten-year operating lease of these facilities from CPV. As the lease agreements are subject to contractual lease increases, the Company records operating lease expense for these leases on a straight-line basis over the term of the leases.

The deferred unamortized net gain at December 31, 2000, which is included in "Deferred revenue" in the accompanying consolidated balance sheets, is $13.8 million with $1.9 million short-term and $11.9 million long-term, excluding the long-term portion of deferred development fee revenue. The net gain is being amortized over the ten-year lease terms. The Company recorded net rental expense related to CPV of $19.7 million in 2000, excluding the Jena rental expense included in the one-time charge, and $18.9 million, and $6.9 million in 1999 and 1998, respectively.

The future minimum lease commitments under the leases for these eleven facilities are as follows:

(U.S. dollars in thousands)

Fiscal Year	Annual Rental
2001	$ 22,633
2002	22,703
2003	22,703
2004	22,703
2005	22,703
Thereafter	61,524
	$ 174,969

(6) 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, except those disclosures made below, for which the potential impact could have a material adverse effect on the consolidated financial statements of the Company if decided unfavorably.

In December 1999, a Travis County, Texas grand jury indicted twelve of the Company's former facility employees for various types of sexual misconduct at the Travis County Community Justice Center. Eleven of the twelve indicted former employees already resigned from or had been terminated by the Company as a result of Company-initiated investigations over the course of the prior three years. The Company is not providing counsel to assist in the defense of these twelve individuals. Management does not expect these indictments to have a material impact on the Company. The District Attorney in Travis County continues to review Company documents for alleged document tampering at the Travis County Facility. At this time the Company cannot predict the outcome of this investigation or the potential impact on the Company's financial position, results of operations and cash flow.

The Company has experienced adverse claims and settlements which directly impact the Company's insurance premiums. If the insurance premiums continue to increase through 2001, the Company's results of operations may be significantly impacted.

During 1998, the Company entered into a contract with the State of Florida Department of Children and Families ("DCF") to design and construct a new 350-bed South Florida State Psychiatric Hospital for approximately $35 million. The Company also entered into a separate contract to manage the operations of an existing 350-bed facility prior to and during construction of the new facility and to manage the operations of the new facility upon construction completion. The construction phase of the contract is complete. However, during construction, the Company incurred additional costs in excess of $2 million beyond the initial scope of the construction contract through December 31, 2000. The Company

is in the process of negotiating with DCF to recover these additional costs. There can be no assurances that the Company will be successful in negotiating for additional funding of this project. Accordingly, the Company has recognized these additional costs as incurred and has not recorded revenue on the pending claim.

The Company leases correctional facility office space, computers and vehicles under non-cancelable operating leases expiring between 2000 and 2009. The future minimum commitments under these leases exclusive of lease commitments related to the sale of correctional facilities to CPV (Note 5), are as follows:

(U.S. dollars in thousands)

Fiscal Year	Annual Rental
2001	$ 11,002
2002	10,738
2003	10,647
2004	10,655
2005	8,213
Thereafter	49,174
	$100,429

Rent expense was approximately $12.2 million, $8.7 million, and $4.7 million for fiscal 2000, 1999, and 1998 respectively.

In December 1997, the Company also entered into a $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 31, 2000, approximately $142.7 million of this operating lease facility was utilized for properties under development.

(7) JENA CHARGE

On January 7, 2000, the Company exercised the right to acquire the 276-bed Jena Juvenile Justice Center (the "Facility") in Jena, Louisiana from the trust of the Company's operating lease facility and, simultaneously sold it to CPV. This Facility is being leased back to the Company under a 10-year non-cancelable operating lease.

On May 17, 2000, the Louisiana Department of Public Safety and Corrections had removed all inmates from the Facility and the Company terminated the employment of the facility staff. The cooperative agreement for such facility was terminated June 30, 2000.

The Company has recorded an operating charge of $3.8 million ($2.3 million after tax, or $0.11 per share), that represents the expected losses to be incurred on the lease with CPV, including lease costs and property taxes. Management estimates that the facility will remain inactive through the end of 2001.

The Company is continuing its efforts to sublease or find an alternative correctional use for the facility. If the Company is unable to sublease or find an alternative correctional use for the facility, there would be an adverse impact on the Company's financial position, future results of operations and future cash flows.

(8) COMMON, PREFERRED AND SHARES REPURCHASED AND RETIRED

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.

On February 18, 2000, the Company's Board of Directors authorized the repurchase of up to 500,000 shares of its common stock, in addition to the 1,000,000 shares previously authorized for repurchase. As of December 31, 2000, the Company had repurchased a total of 1,378,000 shares of the 1.5 million common shares authorized for repurchase at an average price of $15.77. For fiscal 2000, the Company repurchased 500,000 shares at an average price of $9.87.

(9) BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

The Company operates in one industry segment encompassing the development and management of privatized government institutions located in the United States, the United Kingdom, Australia, South Africa, and New Zealand.

The Company operates and tracks its results in geographic operating segments. Information about the Company's operations in different geographical regions is shown below. Revenues are attributed to geographical areas based on location of operations and long-lived assets consist of property, plant and equipment.

(U.S. dollars in thousands)

Fiscal Year	2000	1999	1998
REVENUES:			
Domestic operations	$426,510	$371,333	$264,642
International operations	109,047	67,151	48,117
Total revenues	$535,557	$438,484	$312,759
OPERATING INCOME:			
Domestic operations	$ 9,620	$ 21,660	$ 20,933
International operations	9,292	4,381	1,568
Total operating income	$ 18,912	$ 26,041	$ 22,501
LONG-LIVED ASSETS:			
Domestic operations	$ 48,274	$ 39,005	$ 28,944
International operations	6,346	4,355	4,061
Total long-lived assets	$ 54,620	$ 43,360	$ 33,005

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 five correctional facilities, including a facility in New Zealand and six immigration detention centers.

Except for the major customers noted in the following table, no single customer provided more than 10% of consolidated revenues during fiscal 2000, 1999 and 1998:

Customer	2000	1999	1998
State of Florida Correctional Privatization Committee	19%	19%	11%
Various agencies of the State of Texas	15%	19%	25%
Department of Immigration and Multicultural Affairs (Australia)	11%	6%	4%

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

Equity in earnings of affiliates represents the operations of the Company's 50% owned joint ventures in the United Kingdom (Premier Custodial Group Limited) and South Africa (South African Custodial Management Pty. Limited and South African Custodial Services Pty. Limited). These entities and their subsidiaries are accounted for under the equity method. Premier Custodial Group Limited commenced operations of an initial prison in fiscal 1994, two court escort and transport contracts in fiscal 1996, a second correctional facility in fiscal 1998 and three correctional facilities and electronic monitoring contracts in fiscal 1999. Total equity in the undistributed earnings, before income taxes, for fiscal 2000, 1999, and 1998 was $7.5 million, $5.5 million and $3.5 million, respectively. South African Custodial Management Pty. Limited and South African Custodial Services Pty. Limited began construction of a new correctional facility in 2000 and have not incurred any material results as of December 31, 2000.

A summary of financial data for the Company's equity affiliates in the United Kingdom is as follows:

(U.S. dollars in thousands) Fiscal Year	2000	1999	1998
STATEMENT OF OPERATIONS DATA			
Revenues	$139,137	$147,274	$ 91,071
Operating income	14,950	11,048	7,032
Net income	8,980	6,618	4,163
BALANCE SHEET DATA			
Current assets	$ 66,382	$ 44,213	$ 25,274
Noncurrent assets	286,049	230,581	145,433
Current liabilities	39,451	26,774	17,769
Noncurrent liabilities	286,526	232,961	141,165
Shareholders' equity	26,454	15,059	11,773

A summary of financial data for the Company's equity affiliates in South Africa is as follows:

(U.S. dollars in thousands) Fiscal Year	2000
BALANCE SHEET DATA	
Current assets	$ 6,561
Noncurrent assets	14,357
Current liabilities	32
Noncurrent liabilities	13,968
Shareholders' equity	6,917

(10) INCOME TAXES

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

(U.S. dollars in thousands) Fiscal Year	2000	1999	1998
Federal income taxes:			
Current	$ 3,718	$ 6,595	$ 10,281
Deferred	(1,429)	1,843	(3,233)
	2,289	8,438	7,048
State income taxes:			
Current	$ 1,341	$ 1,830	$ 2,447
Deferred	(180)	178	(490)
	1,161	2,008	1,957
Foreign:			
Current	$ 5,245	$ 4,889	$ 1,740
Deferred	(343)	(2,863)	(581)
	4,902	2,026	1,159
Total	$ 8,352	$ 12,472	$ 10,164

A reconciliation of the statutory U.S. federal tax rate (35.0%) and the effective income tax rate is as follows:

(U.S. dollars in thousands) Fiscal Year	2000	1999	1998
Provisions using statutory federal income tax rate	$ 7,300	$10,886	$ 8,718
State income taxes, net of federal tax benefit	692	1,367	1,101
Other, net	360	219	345
	$ 8,352	$12,472	$10,164

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

(U.S. dollars in thousands)

Fiscal Year	2000	1999
Uniforms	$ 198	$ 249
Allowance for doubtful accounts	(476)	(591)
Accrued vacation	(736)	(579)
Accrued liabilities	(3,110)	(2,148)
	$(4,124)	$(3,069)

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

(U.S. dollars in thousands)

Fiscal Year	2000	1999
Depreciation	$ 1,253	$ 948
Deferred revenue	(8,667)	(8,356)
Deferred charges	(811)	(489)
Income of foreign subsidiaries and affiliates	6,233	6,812
Other, net	29	19
	$(1,963)	$(1,066)

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.

(11) EARNINGS PER SHARE

The table below shows the amounts used in computing earnings per share ("EPS") in accordance with Statement of Financial Accounting Standards No. 128 and the effects on income and the weighted average number of shares of potential dilutive common stock.

(U.S. dollars in thousands per share data)

Fiscal Year	2000	1999	1998
Net Income	$16,994	$21,940	$ 5,300
Basic earnings per share:			
Weighted average shares outstanding	21,110	21,652	22,119
Per share amount	$ 0.81	$ 1.01	$ 0.24
Diluted earnings per share:			
Weighted average shares outstanding	21,110	21,652	22,119
Effect of dilutive securities:			
Employee and director stock options	141	363	564
Weighted average shares assuming dilution	21,251	22,015	22,683
Per share amount	$ 0.80	$ 1.00	$ 0.23

For fiscal 2000, options to purchase 939,600 shares of the Company's common stock with exercise prices ranging from $7.75 to $26.88 per share and expiration dates between 2005 and 2010 were outstanding at December 31, 2000, but were not included in the computation of diluted EPS because their effect would be anti-dilutive.

For fiscal 1999, outstanding options to purchase 630,500 shares of the Company's common stock with exercise prices ranging from $13.75 to $26.88 and expiration dates between 2006 and 2009, were also excluded from the computation of diluted EPS because their effect would be anti-dilutive. For fiscal 1998, outstanding options to purchase 178,000 shares of the Company's common stock with exercise prices ranging from $25.06 to $29.56 and expiration dates between 2007 and 2008, were also excluded from the computation of diluted EPS because their effect would be anti-dilutive.

(12) 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:

(U.S. dollars in thousands)

Fiscal Year	2000	1999	1998
Food services	$ --	$ --	$ 839
General and administrative expenses	3,468	2,944	1,718
Casualty insurance premiums	13,588	9,454	7,423
Rent	315	286	361
Interest expense (income)	65	(492)	(122)
	$17,436	$ 12,192	$ 10,219

Food services represent charges for meals for inmates at certain correctional facilities operated by the Company during 1998. General and administrative expenses represent charges for management and support services. TWC provides various general and administrative services to the Company under a Services Agreement. The initial agreement expired December 31, 1997 and provided for one-year renewal periods at the Company's option. Annual rates are negotiated by

the Company and TWC based upon the level of service provided. The Company monitors the scope of these services on an ongoing basis and may adjust the level and related charges as required. Casualty insurance premiums related to workers' compensation, general liability and automobile insurance coverage are provided through an insurance subsidiary of TWC. Insurance rates are based on the Company's loss experience and are adjusted from time-to-time based upon this loss experience. 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.

Interest expense (income) is calculated based on the average intercompany indebtedness. Portions of 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.

(13) STOCK OPTIONS

The Company has four stock option plans: the Wackenhut Corrections Corporation 1994 Stock Option Plan (First Plan), the Wackenhut Corrections Corporation Stock Option Plan (Second Plan), the 1995 Non-Employee Director Stock Option Plan (Third Plan) and the Wackenhut Corrections Corporation 1999 Stock Option Plan (Fourth 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 the date of the grant, vest 100% after a minimum of six months and no later than ten years after the date of the grant.

Under the Second Plan and Fourth Plan, the Company may grant options to key employees for up to 1,500,000 and 550,000 shares of common stock, respectively. Under the terms of these plans, 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 these plans are exercisable at the fair market value of the common stock at the date of the grant. Generally, the options vest and become exercisable ratably over a five-year period, beginning immediately on the date of the 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 and Fourth Plan expire no later than ten years after the date of the 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 the date of the grant, become 100% exercisable immediately, and expire ten years after the date of the grant.

A summary of the status of the Company's four stock option plans is presented below.

Fiscal Year	2000		1999		1998	
	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
Outstanding at beginning of year	1,151,334	$14.28	929,904	$12.78	923,484	$ 9.76
Granted	291,000	8.43	277,500	18.51	191,000	25.02
Exercised	4,032	2.97	39,070	5.50	179,380	10.75
Forfeited/Cancelled	133,100	17.04	17,000	21.67	5,200	21.93
Options outstanding at end of year	1,305,202	12.73	1,151,334	14.28	929,904	12.78
Options exercisable at year end	958,102	11.94	817,934	11.67	758,904	11.50

The following table summarizes information about the stock options outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding At 1/2/00	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price	Number Exercisable	Wtd. Avg. Exercise Price
$ 1.20 - $ 3.75	365,602	3.3	$ 3.48	365,602	$ 3.48
$ 7.75 - $ 9.63	284,600	9.1	8.43	122,200	8.40
$11.88 - $13.75	108,000	4.9	11.91	108,000	11.91
$14.69 - $16.88	33,000	8.1	15.20	17,000	15.56
$17.63 - $21.50	289,000	7.5	19.52	178,000	19.74
$22.63 - $25.06	212,500	6.7	24.41	156,300	24.26
$26.13 - $26.88	12,500	7.4	26.28	11,000	26.19
	1,305,202	6.4	$12.73	958,102	$11.94

The Company had 283,374 options available to be granted at December 31, 2000 under the aforementioned stock plans.

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	2000	1999	1998
Pro forma net earnings	$ 15,862	$ 20,599	$ 4,234
Pro forma basic net earnings per share	$ 0.75	$ 0.95	$ 0.19
Pro forma diluted net earnings per share	$ 0.75	$ 0.94	$ 0.19
Pro forma weighted average fair value of options granted	$ 4.90	$ 10.40	$ 14.36
Risk free interest rates	5.78% - 6.70%	4.63% - 5.91%	4.49% - 5.79%
Expected lives	4-8 years	4-8 years	4-8 years
Expected volatility	54%	54%	55%

(14) RETIREMENT AND DEFERRED COMPENSATION PLANS

The Company has two noncontributory defined benefit pension plans covering certain of its executives. Retirement benefits are based on years of service, employees' average compensation for the last five years prior to retirement and social security benefits. Currently, the plans are not funded. The Company purchases and is the beneficiary of life insurance policies for participants enrolled in the plans.

The assumptions for the discount rate and the average increase in compensation used in determining the pension expense and funded status information are 7.5% and 5.5%, respectively.

The total pension expense for 2000, 1999, and 1998 was $0.4 million, $0.2 million, and $0.1 million, respectively. The present value of accumulated pension benefits at year-end 2000 and 1999 was $0.8 million and $0.4 million, respectively and is included in "Other liabilities" in the accompanying consolidated balance sheets.

The Company has established a deferred compensation agreement for non-employee directors, which allows eligible directors to defer their compensation in either the form of cash or stock.

Participants may elect lump sum or monthly payments to be made at least one year after the deferral is made or at the time the participant ceases to be a director. The Company recognized total compensation expense under this plan of $0.2 million, $0.1 million and $0.2 million for 2000, 1999, and 1998, respectively. The liability for the deferred compensation was $0.4 million and $0.3 million for year-end 2000 and 1999, respectively, and is included in "Accrued expenses" in the accompanying consolidated balance sheets.

The Company also has a non-qualified deferred compensation plan for employees who are ineligible to participate in the Company's qualified 401(k) plan. Eligible employees may defer a fixed percentage of their salary, which earns interest at a rate equal to the prime rate less 0.75%. The Company matches employee contributions up to $400 each year based on the employee's years of service. Payments will be made at retirement age of 65 or at termination of employment. The expense recognized by the Company in 2000, 1999, and 1998 was $0.4 million, $0.2 million and $0.1 million, respectively. The liability for this plan at year-end 2000 and 1999 was $0.8 million and $0.4 million, respectively, and is included in "Accrued expenses" in the accompanying consolidated balance sheets.

(15) SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected quarterly financial data for the Company and its subsidiaries for the fiscal years ended December 31, 2000, and January 2, 2000, is as follows:

(U.S. dollars in thousands, except per share data)

	2000			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$130,508	$133,875	$135,888	$135,286
Operating income	$ 5,569	$ 5,080	$ 1,836	$ 6,427
Net income	$ 4,789	$ 4,838	$ 2,373	$ 4,994
Basic earnings per share	$ 0.22	$ 0.23	$ 0.11	$ 0.24
Diluted earnings per share	$ 0.22	$ 0.23	$ 0.11	$ 0.24

	1999			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 97,431	$106,049	$112,046	$122,958
Operating income	$ 6,543	$ 6,789	$ 6,934	$ 5,775
Net income	$ 4,839	$ 5,357	$ 5,694	$ 6,050
Basic earnings per share	$ 0.22	$ 0.25	$ 0.26	$ 0.28
Diluted earnings per share	$ 0.22	$ 0.24	$ 0.26	$ 0.28

Third quarter 2000 results include the Jena charge of $3.8 million ($2.3 million after tax, or $0.11 per share).

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To Wackenhut Corrections Corporation:

We have audited the accompanying consolidated balance sheets of Wackenhut Corrections Corporation (a Florida corporation) and subsidiaries as of December 31, 2000, and January 2, 2000 and the related consolidated statements of income, shareholders' equity and comprehensive income and cash flows for each of the three fiscal years in the period ended December 31, 2000. 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 auditing standards generally accepted in the United States. 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 31, 2000, and January 2, 2000, and the results of their operations and their cash flows for each of the three fiscal years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, effective December 29, 1997 the Company changed its method of accounting for costs of start-up activities.

ARTHUR ANDERSEN LLP

West Palm Beach, Florida,
February 8, 2001.

Management's Responsibility for Financial Statements

To the Shareholders of
WACKENHUT CORRECTIONS CORPORATION:

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States. They include amounts based on judgments and estimates.

Representation in the consolidated 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 consolidated financial statements have been audited by Arthur Andersen LLP, independent certified public accountants, whose appointment was ratified by shareholders. Their report expresses a professional opinion as to whether management's consolidated financial statements considered in their entirety present fairly, in conformity with accounting principles generally accepted in the United States, the Company's financial position and results of operations. Their audit was conducted in accordance with auditing standards generally accepted in the United States. 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 consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with representatives of management, the independent certified public accountants 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 certified public accountants have unrestricted access to the Audit Committee to discuss the results of their reviews.

/s/ G.R. Wackenhut

George R. Wackenhut
Chairman

/s/ John G. O'Rourke

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

/s/ George Zoley

George C. Zoley
Vice Chairman and Chief Executive Officer

EXHIBIT 21.1

WACKENHUT CORRECTIONS CORPORATION'S SUBSIDIARIES

WACKENHUT CORRECTIONS (UK) LIMITED

WACKENHUT CORRECTIONS CORPORATION AUSTRALIA PTY LIMITED

WACKENHUT CORRECTIONAL SERVICES PTY LIMITED

AUSTRALASIAN CORRECTIONAL MANAGEMENT PTY LIMITED

AUSTRALASIAN CORRECTIONAL INVESTMENT PTY LIMITED

ATLANTIC SHORES HEALTHCARE, INC.

MIRAMICHI YOUTH CENTRE MANAGEMENT, INC.

CANADIAN CORRECTIONAL MANAGEMENT, INC.

WACKENHUT CORRECTIONS NETHERLANDS ANTILLES, N.V.

WACKENHUT CORRECTIONS PUERTO RICO, INC.

WCC DEVELOPMENT, INC.

WCC/FL/01, INC.

WCC/FL/02, INC.

WCC REAL ESTATE HOLDINGS, INC.

WACKENHUT CORRECTIONS DESIGN SERVICES, INC.

WCC FINANCIAL, INC.

EXHIBIT 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

As independent certified public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statement File Nos. 333-17265, 333-09981, 333-09977, 33-90606, and 333-79817.

ARTHUR ANDERSEN LLP

West Palm Beach, Florida,
March 23, 2001.