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 JANUARY 3, 1999

OR

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

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

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

FLORIDA	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 February 19, 1999, the aggregate market value of the 10,381,722 shares of Common Stock held by non-affiliates of the registrant was $205,039,010. At February 19, 1999, there were outstanding 22,381,722 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Parts of the Registrant's Proxy Statement for its 1999 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 January 3, 1999 are incorporated by reference into Parts II and IV of this report.

EXHIBIT INDEX IS LOCATED ON PAGE 26

PART I

ITEM 1. BUSINESS

THE COMPANY

Wackenhut Corrections Corporation ("the Company"), a 55% 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.

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.

As of January 3, 1999, the Company had 52 correctional and detention facilities either under contract or award with an aggregate design capacity of 35,707 beds. Of these 52 facilities, 40 are currently in operation, and 12 are being developed by the Company. Of the facilities being developed, six are scheduled to commence operations during 1999 (one in the first quarter, two in the second quarter, two in the third quarter and one in the fourth quarter).* In addition, at January 3, 1999, the Company had outstanding written responses to Requests for Proposal ("RFPs") for nine projects with an aggregate design capacity of 4,200 beds.

The Company has obtained and is pursuing construction and management contracts for correctional and detention facilities outside the United States and presently operates facilities in the United Kingdom and Australia. Through its wholly-owned subsidiary, Wackenhut Corrections Corporation Australia Pty Limited ("WCCA"), the Company manages three correctional facilities, four immigration detention centers, one Health Care Services entity and one court escort contract. In the United Kingdom, the Company formed two joint ventures to pursue construction and management contracts for privatized correctional and detention facilities. Premier Prison Services, Ltd. ("PPS"), a joint venture with Serco Limited, currently manages two correctional facilities and two court escort contracts and will commence management of three additional correctional facilities and two electronic monitoring services contracts in 1999. 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 Kvaerner Construction Limited, for the design and construction of new detention facilities and prisons. The Company expects that PCD will bid with PPS for the design, construction management and finance of new correctional and detention facilities in the United Kingdom.

*See note on page three regarding forward-looking statements.

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 34 through 37 and Note 8 of Notes to Consolidated Financial Statements on pages 41 and 42 of the Company's 1998 Annual Report to Shareholders for financial information regarding domestic and international operations.

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. Except for historical matters, the matters discussed in this Form 10-K contain forward-looking statements that are based on current expectations and are subject to a number of risks and uncertainties. Actual results could differ materially from current expectations due to a number of factors, including but not limited to: general economic conditions; competitive factors and pricing pressures; shifts in market demand; the performance and needs of clients served by the Company; actual future costs of operating expenses; self-insurance claims and employee wages and benefits; possible changes in ownership positions of the Company's subsidiaries; and such other risks which may be described from time to time in the Company's SEC filings. These statements are marked with an " * ".

FACILITIES

The following table summarizes certain information with respect to facilities currently under management contract or award for management by the Company (or a subsidiary or joint venture of the Company) at January 3, 1999.

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. An eighth facility was purchased directly from a government entity. In October, 1998 the Company sold the completed portion of an additional facility to CPV. The facilities were then leased back to the Company under operating leases. See Item 2 -- "Properties."

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 1998	1 year	Four One-year
Queens Private Correctional Facility, Queens, New York(6)	Construction/ Management	200	INS Detention Facility	Minimum/ Medium	June 1998	1 year	Two, One-year
Taft Correctional Institution Taft, California	Management	2,048	Federal Prison	Low/ Minimum	August 1997	3 years	Seven, One-year
STATE GOVERNMENT CONTRACTS:							
Allen Correctional Center Kinder, Louisiana	Management	1,538	State Prison	Medium/ Maximum	December 1998	2 years	One, Two-year
Bayamon Correctional Facility Bayamon, Puerto Rico	Design/ Construction/ Consultation/ Management	500	State Prison	Medium	March 1997	5 years	One, Five-year
Bridgeport Pre-Release Center Bridgeport, Texas	Construction/ Management	520	Pre-Release Center	Minimum	September 1995	5 years	None
Central Texas Parole Violator Facility San Antonio, Texas	Renovation/ Management	623	Parole Violator Facility/U.S. Marshal Detention Facility/ Out of State Prison Inmates	All levels	September 1997	Varies (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	4th Quarter 2000* (Estimated)	(2)	(2)
Cleveland Correctional Center Cleveland, Texas	Management	520	State Prison	Medium	January 1999	1 2/3 years	Two One-year
Coke County Juvenile Justice Facility Coke County, Texas	Design/ Construction/ Management	200	Juvenile Offender Facility	Medium/ Maximum	March 1997	2 years	Automatic. Unlimited, Two-year

*See note on page three regarding forward-looking statements.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
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 Lauderdale County, Mississippi	Design/ Construction/ Management	500	Mental Health Correctional Facility	All levels	2nd Quarter 1999* (Estimated)	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	All levels	October 1998	3 years	Annual
John R. Lindsey Unit Jack County, Texas	Design/ Consultation/ Management	1,031	State Jail Facility	Medium	September 1998	3 years	Two One-year
Karnes County Correctional Center Karnes City, Texas(6)	Management	579	State Prison	All levels	January 1998	Varies	Varies
Kyle New Vision Chemical Dependency Treatment Center (3) Kyle, Texas	Construction/ Management/ Chemical Dependency Treatment	520	State Prison/ In-Prison Chemical Dependency Treatment Center	Minimum	September 1995	5 years	None
Lea County Correctional Facility Hobbs, New Mexico(6)	Design/ Construction/ Management	1,200	State Prison	All levels	May 1998	3 years	Annual
Lawton Correctional Facility Lawton, Oklahoma	Design/ Construction/ Management	1,800	State Prison	Medium	July 1998	1 year	Four One-Year
Lockhart Renaissance Facility Lockhart, Texas	Design/ Construction/ Management	500	State Prison	Minimum/ Medium	January 1999	1 year	Four One-year
Lockhart Work Program Facility Lockhart, Texas	Construction/ Management	500	Work Program Facility	Minimum	January 1999	1 year	Four One-year
Marshall County Correctional Facility Marshall County, Mississippi	Design/ Construction/ Management	1,000	State Prison	Medium	May 1996	5 years	Unlimited, Two-year
McFarland Community Correctional Facility McFarland, California(6)	Construction/ Management	224	State Community Correctional Facility	Minimum/ Medium	February 1998	1 year	None
Michigan Youth Correctional Facility Baldwin, Michigan	Design/ Construction/ Management	480	Juvenile	Maximum	3rd Quarter 1999* (Estimated)	4 years	Two, Four-year

*See note on page three regarding forward-looking statements.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
Moore Haven Correctional Facility Moore Haven, Florida	Design/ Construction/ Management	750	State Prison	Medium	July 1998	2 years	Unlimited, Two-year
North Texas Intermediate Sanction Facility Fort Worth, Texas	Renovation/ Management	400	Intermediate Sanction Facility	Minimum	September 1998	1 year	None
Ronald "Opie" McPherson Correctional Facility Newport, Arkansas	Design/ Construction/ Management	600	State Prison	All levels	January 1998	2 1/2 years	Unlimited, Two-year
Scott Grimes Correctional Facility, Newport, Arkansas	Design/ Construction/ Management	600	State Prison	Minimum/ Medium	January 1998	2 1/2 years	Unlimited, Two-year
South Bay Correctional Facility South Bay, Florida	Design/ Construction/ Management	1,318	State Prison	Medium/ Close Custody	February 1997	3 years	Unlimited, Two-year
Travis County Community Justice Center Travis County, Texas	Design/ Consultation/ Management	1,000	State Jail Facility	Medium	March 1997	5 years	Automatic, Unlimited, Two-year
Willacy County Unit Raymondville, Texas	Design/ Consultation/ Management	1,000	State Jail Facility	Medium	September 1998	1 year	Four One-year
Val Verde Correctional Facility Del Rio, Texas	Design/ Construction/ Management	600	State Prison	Medium/ Maximum	1st Quarter 2000* (Estimated)	(2)	(2)
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
Delaware County Prison Delaware County, Pennsylvania	Design/ Construction/ Management	1,562	County Jail Facility	All levels	July 1998	5 years	Unlimited, Two-year
Jena Juvenile Justice Center Jena, Louisiana	Design/ Construction/ Management	276	Juvenile Center	All levels	December 1998	25 years	None
San Diego Correctional Facility San Diego, California	Renovation/ Management	900	County Jail	All levels	1st Quarter 2000* (Estimated)	(2)	(2)
Val Verde County Jail Del Rio, Texas	Management	184	County Jail	All Levels	1st Quarter 2000* (Estimated)	(2)	(2)
INTERNATIONAL CONTRACTS:							
Arthur Gorrie Correctional Centre Wacol, Australia	Management	995	Remand and Reception Center	All levels	August 1997	5 years	None
Court Escort West Midlands Area England	Management	NA	Court Custody/ Transport-Escort	All levels	May 1996	6 years	Two, Three-year

*See note on page three regarding forward-looking statements.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
Court Escort South East Area England	Management	N/A	Court Custody/ Transport-Escort	All levels	May 1996	6 years	Two, Three-year
Hassockfield Secure Training Centre Medomsley, England	Design/ Construction/ Management	40	Correctional Youth Training Center	Medium	3rd Quarter 1999* (Estimated)	15 years	None
H.M. Prison Doncaster and Youth Offender Institution Doncaster, England	Management	1,111	National Prison	All levels	June 1994	5 years	Three, Three-year
Fulham Correctional Centre Victoria, Australia	Design/ Consultation/ Management	600	State Prison	Minimum/ Medium	March 1997	5 years	Five, Three-year
Junee Correctional Centre Junee, Australia	Construction/ Management	600	State Prison	Medium	April 1998	3 years	None
H.M. Prison Kilmarnock Kilmarnock, Scotland	Management	500	National Prison	All levels	2nd Quarter 1999* (Estimated)	25 years	None
H.M. Prison Lowdham Grange Nottinghamshire, England	Management	500	National Prison	All levels	February 1998	25 years	None
Maribyrnong Detention Centre Melbourne, Australia	Management	80	Immigration Detention	All levels	December 1997	3 years	Two Three-year
The New Prison at Moreton Lane Marchington, England	Design/ Construction/ Management	800	National Prison and Therapeutic Community	All levels	3rd Quarter 2000* (Estimated)	(2)	(2)
New Brunswick Youth Centre (4) New Brunswick, Canada	Design/ Consultation/ Maintenance	N/A	Province Juvenile Facility	All levels	October 1997	25 years	None
Perth Detention Centre Perth, Australia	Management	40	Immigration Detention	All levels	December 1997	3 years	Two Three-year
Port Hedland Detention Center Port Hedland, Australia	Management	700	Immigration Detention	All levels	December 1997	3 years	Two Three-year
PPS Home Monitoring Service Norfolk, England	Management	N/A	Home Detention Services	Non-secure	January 1999	5 years	None
Pucklechurch Youth Offender Institution Pucklechurch, UK	Management	400	Youth Prison	All levels	4th Quarter 1999* (Estimated)	15 years	None
Public Corrections Enterprise Victoria, Australia	Management	N/A	Health Care Services	N/A	January 1998	3 years	Two One-year
Victoria Court Custody Services, Melbourne, Australia	Management	N/A	Court Custody/Transport-Escort	All levels	September 1998	3 years	None
Villawood Detention Centre Sydney, Australia	Management	300	Immigration Detention	All levels	November 1997	3 Years	Two Three-year

*See note on page three regarding forward-looking statements.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	COMMENCEMENT OF CONTRACT	TERM	RENEWAL OPTION
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	86	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, 1999.
(4) The Company holds a contract for maintenance only of this facility.
(5) The Company purchased this facility in July, 1997 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 CPV.

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

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

Contracts to design and construct or to redesign and renovate facilities may be financed in a variety of ways. See 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 1998, 1997, and 1996.

CUSTOMER	1998	1997	1996
Various agencies of the State of Texas...	25%	32%	39%
California Department of Corrections.....	17%	10%	5%
State of Florida Correctional Privatization Committee................	11%	13%	9%
New South Wales Department of Corrective Services....................	4%	7%	10%
Queensland Corrective Services...........	4%	7%	11%

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

The Company's facility management contracts typically have original terms ranging from one to ten years and give the governmental agency at least one renewal option, generally for a term ranging from one to five years. Some of the Company's management contracts fall within the definition of "qualified management contracts" under the rules of the Internal Revenue Service. Therefore, such contracts are for one five-year term with the power to terminate for convenience at the end of three years. The Company has: (i) eight contracts expiring in 1999 (one with an automatic unlimited two-year extension, two with no renewal options, three with four one-year renewal options, one with two one-year extensions, and one with three three-year extensions); (ii) eleven contracts expiring in 2000 (two with no renewal option, four with unlimited two year renewal options, one with seven, one-year renewal options, two with four one-year extensions, one with two one-year extensions, and one with one two-year extension); (iii) four expiring in 2001 (one with two one-year renewal options, two with no renewal options, and one with unlimited two-year options); (iv) six expiring in 2002 (one with no renewal option, one with unlimited automatic two-year extensions, one with five three-year extensions, two with two three-year extensions, and one with one five-year extension); (v) six expiring in 2003 (four with two three-year extensions and two with unlimited two-year extensions); (vi) three expiring in 2004 (two with no renewal option and one with two one-year extensions); (vii) one expiring in 2006 with three five-year renewal options; (viii) four expiring in 2007, all with no renewal options; (ix) one in 2023 with no renewal option; (x) one in 2025 with no renewal option; and (xi) one in 2026 with no renewal option. 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. See also "Business-Facilities." 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. No contracts have been terminated prior to the end of the contract term. To date, the only Company contract that did not extend for the full term was for the management of the Monroe County, Florida jail. By mutual agreement of the Company and the Monroe County Board of Commissioners the contract was discontinued in 1990 on an amicable basis.

In addition, in connection with the Company's management of such facilities, the Company is required to comply with all applicable local, state and federal laws and related rules and regulations. The Company's contracts typically require it to maintain certain levels of insurance coverage for general liability, workers' compensation, vehicle liability, and property loss or damage. If the Company does not maintain the required categories and levels of coverage, the contracting governmental agency may be permitted to terminate the contract. Presently, the Company, through TWC, has general liability insurance coverage of $50 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. Through February 19, 1999, the Company has provided service for the design and construction of twenty-seven facilities and for the redesign and renovation of three facilities and has contracts to design and construct four new 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 guards and make use of additional electronic surveillance.

The Company typically acts as the primary developer on construction contracts for facilities and subcontracts with local general contractors. Where possible, the Company subcontracts with construction companies with which it has previously worked. The Company has an in-house team of design, construction and prison security experts that coordinate all aspects of the development with subcontractors and provide site-specific services. 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 52 facilities managed or contracted to be managed by the Company, 34 are funded using one of the above-described financing vehicles, and 18 are or will be directly leased. However, alternative financing arrangements may be required for certain facilities. A growing trend in the correctional and detention industry requires private operators to make capital investments in new facilities and enter into direct financing arrangements in connection with the development of such facilities. By participating in such projects, private operators achieve economic benefits and tax advantages that are not typically available in connection with more traditional arrangements.

MARKETING

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

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

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

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

BUSINESS PROPOSALS

The Company pursues both domestic and international projects. At January 3, 1999, the Company had outstanding written responses to RFPs for 9 projects with a total of 4200 beds. The Company also is pursuing prospects for other projects for which it has not yet submitted, and may not submit, a response to an RFP. No assurance can be given that the Company will be successful in its efforts to receive additional awards with respect to any proposals submitted.

INSURANCE

Presently, the Company is named insured under a liability insurance program maintained by TWC (the "Insurance Program"). 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 to be paid by the Company to TWC for coverage under the Insurance Program in 1998 was approximately $7.4 million, representing premiums paid to a captive reinsurance company that is wholly owned by TWC. The Company believes that the premiums it is charged under the Insurance Program are less than those that would be charged by a third party insurer. The facility management contracts and various state statutes require the Company to maintain such insurance and the management contracts provide that the contracting agency may terminate the contract if the Company fails to maintain the required insurance coverages. Under the Insurance Program, the first $2 million of costs, expenses, and losses per occurrence during the first half of 1998, and the first $1 million of costs, expenses, and losses per occurrence during the second half of 1998 were reinsured by TWC's wholly-owned captive reinsurance company. During fiscal 1999, the first $1 million of costs, expenses, and losses per occurrence are reinsured by TWC's wholly-owned captive reinsurance company.

EMPLOYEES AND EMPLOYEE TRAINING

At January 3, 1999, the Company had 8,000 full-time employees. Of such full-time employees, 62 were employed at the Company's headquarters and 7,938 were employed at facilities. The Company employs management, administrative and clerical, security, educational services, health services and general maintenance personnel. The Company's correctional officer employees at Queens Private Correctional Facility (New York) and Junee Correctional Centre, Arthur Gorrie Correctional Centre, Fulham Correctional Centre and Immigration Detention Services (Australia) are members of unions. The Company has entered into a contract with the union for the correctional officers at the Queens Private Correctional Facility and Junee facility, however, the Company has not entered into a contract with the other two unions. 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., and Cornell Corrections Corporation. Some of the Company's competitors are larger and have greater resources than the Company. The Company also competes in some markets with small local companies that may have a better knowledge of the local conditions and may be better able to gain political and public acceptance. Potential competitors can enter the Company's business without substantial capital investment or experience in management of correctional or detention facility experience. In addition, in some markets, the Company may compete with governmental agencies that are responsible for correctional facilities.

NON-U.S. OPERATIONS

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

A summary of domestic and international operations is presented below:

	1998	1997	1996
REVENUES			
Domestic operations	$ 264,642	$ 167,223	$ 108,245
International operations	48,117	39,707	29,539
Total revenues	$ 312,759	$ 206,930	$ 137,784
OPERATING INCOME			
Domestic operations	$ 18,649	$ 12,388	$ 7,087
International operations	3,852	4,157	2,644
Total operating income	$ 22,501	$ 16,545	$ 9,731
LONG-LIVED ASSETS			
Domestic operations	$ 32,218	$ 34,061	$ 18,418
International operations	4,061	4,693	557
Total long-lived assets	$ 36,279	$ 38,754	$ 18,975

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

	1998	1997	1996
STATEMENT OF OPERATIONS DATA			
Revenues	$ 91,071	$ 51,009	$ 28,953
Operating income (loss)	7,032	3,884	1,764
Net income (loss)	4,163	2,209	1,208
BALANCE SHEET DATA			
Current Assets	$ 25,274	$ 14,595	$ 13,145
Noncurrent Assets	145,433	517	538
Current liabilities	17,769	8,115	8,518
Noncurrent liabilities	141,165	4,029	5,075
Stockholders' equity	11,773	2,968	90

BUSINESS REGULATIONS AND LEGAL CONSIDERATIONS

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

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

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

ITEM 2. PROPERTIES

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

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

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 January 3, 1999, approximately $100.9 million of this operating lease facility was utilized for properties under development.

On April 28, 1998, Correctional Properties Trust ("CPV"), a Maryland real estate investment trust, sold 6.2 million shares of common stock at $20.00 per share in an initial public offering. Approximately $113.0 million of the net proceeds of the offering were used to acquire eight correctional and detention facilities operated by the Company. These facilities were then leased back to the Company under operating leases. The Company received approximately $42 million for the three facilities owned by it and for its right to acquire four of the other five facilities realizing a profit of $18 million, which will be amortized over the ten-year lease term. The eighth facility was purchased directly from a government entity. CPV was also granted the option to acquire three additional correctional facilities then under development by the Company and the fifteen-year right to acquire and lease back future correctional and detention facilities developed or acquired by the Company. On October 30, 1998, CPV acquired the completed portion of one of the option facilities for $26 million.

The Company owns an 86-bed psychiatric hospital in Fort Lauderdale, Florida which it purchased and renovated in 1997.

ITEM 3. LEGAL PROCEEDINGS

On August 31, 1995, the Company was joined as an indispensable party in an action filed by the Delaware County Prison Employees Independent Union (the "Union") in the Court of Common Pleas of Delaware County, Pennsylvania. The action questioned the Delaware County Board of Prison Inspectors' (the "Board") authority under a contract between the Union and the Board to award the contract to manage the existing Delaware County Prison to the Company. This action was resolved in the Company's favor in fiscal 1998.

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

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

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

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are as follows:

NAME	AGE	POSITION
George R. Wackenhut	79	Chairman of the Board and Director
George C. Zoley	49	Vice Chairman of the Board, Chief Executive Officer, and Director
Wayne H. Calabrese	48	President and Chief Operating Officer
John G. O'Rourke	48	Senior Vice President, Chief Financial Officer, and Treasurer
Carol M. Brown	44	Senior Vice President, Health Services
Robert W. Mianowski	48	Senior Vice President, Operations
Patricia McNair Persante	49	Senior Vice President, Contract Compliance
David N.T. Watson	33	Controller, Chief Accounting Officer, and Assistant Treasurer

GEORGE R. WACKENHUT is the Chairman of the Board. He is also the Chief Executive Officer of The Wackenhut Corporation ("TWC") and a Trustee of Correctional Properties Trust ("CPV"). 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, 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, the President's Advisory Council for the Small Business Administration, Region IV, and a member of the National Board of the National Soccer Hall of Fame. 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. 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 as the Strategic Division Chief in the Office of the Secretary of the Air Force, responsible for acquisitions and procurement matters for strategic bomber aircraft.

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.

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

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

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

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

The information required by this item is incorporated by reference to Page 25 of the Registrant's 1998 Annual Report to Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to Pages 26 and 27 of the Registrant's 1998 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 to Pages 28 through 33 of the Registrant's 1998 Annual Report to Shareholders.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference to Pages 34 through 45 of the Registrant's 1998 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 in Part I, hereto) will be contained in, and is incorporated by reference from, the proxy statement (with the exception of the Board Compensation Committee Report and the Performance Graph) for the Company's 1999 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report.

PART IV

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

(a) 1. Report of Independent Certified Public Accountants - This item is incorporated by reference to Page 46 of the Registrant's 1998 Annual Report to Shareholders.

The following consolidated financial statements of the Company, included in the Registrant's 1998 Annual Report to its Shareholders for the fiscal year ended January 3, 1999, are incorporated by reference in Part II, Item 8:

Consolidated Balance Sheets - January 3, 1999 and December 28, 1997 - Page 35

Consolidated Statements of Income - Fiscal years ended January 3, 1999, December 28, 1997 and December 29, 1996 - Page 34

Consolidated Statements of Cash Flows - Fiscal years ended January 3, 1999, December 28, 1997, and December 29, 1996 - Page 37

Consolidated Statements of Shareholders' Equity and Comprehensive Income - Fiscal years ended January 3, 1999, December 28, 1997, and December 29, 1996 - Page 36

Notes to Consolidated Financial Statements - Pages 38 through 45

2. FINANCIAL STATEMENT SCHEDULES.

Schedule II - Valuation and Qualifying Accounts - Page 25

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.
10.2+**	Wackenhut Corrections Corporation 1994 Stock Option Plan.
10.3+**	Form of Indemnification Agreement between the Company and its Officers and Directors.
10.4+**	Wackenhut Corrections Corporation Senior Officer Retirement Plan.
10.5+**	Wackenhut Corrections Corporation Director Deferral Plan.
10.6+**	Wackenhut Corrections Corporation Senior Officer Incentive Plan.
10.7	Services Agreement dated as of January 3, 1994 between the Company and TWC (incorporated by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1, as amended, Registration Number 33-79264).
10.8***	Services Agreement effective as of January 1, 1996 between the Company and TWC.
10.9	Lease Agreement effective as of January 3, 1994 between the Company and TWC (incorporated by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1, as amended, Registration Number 33-79264)
10.10	Revolving Credit Facility Agreement dated December 12, 1994 between the Company and Barnett Bank of South Florida, N.A. (incorporated by reference to Exhibit 10.106 of the Company's Annual Report on Form 10-K for the Fiscal Year ended January 1, 1995).
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.
13.0	Annual Report to Shareholders for the year ended January 3, 1999, beginning with page 25 (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 Accountants.
24.1*	Powers of Attorney (included as part of the signature page hereto).
27.1	Financial Data Schedule (For SEC use only).

- --------------

* Filed herewith.

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

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

****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).

+ 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 1998.

- ----------------------------------

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: April 2, 1999	/s/ John G. O'Rourke ------------------------------ JOHN G. O'ROURKE Senior Vice President - Finance, Treasurer & Chief Financial Officer

Each person whose signature appears below hereby constitutes and appoints John G. O'Rourke, Senior Vice President -- Finance, Treasurer and Chief Financial Officer; David N.T. Watson, Controller, Chief Accounting Officer and Assistant Treasurer; James P. Rowan, General Counsel; and Francis E. Finizia, Corporate Counsel and Assistant Secretary; 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: April 2, 1999	/s/ George C. Zoley ------------------------------ GEORGE C. ZOLEY Vice Chairman of the Board and Chief Executive Officer (principal executive officer)
Date: April 2, 1999	/s/ John G. O'Rourke ------------------------------ JOHN G. O'ROURKE Senior Vice President -- Finance, Treasurer & Chief Financial Officer (principal financial officer)
Date: April 2, 1999	/s/ David N.T. Watson ------------------------------ DAVID N.T. WATSON Controller, Chief Accounting Officer, & Assistant Treasurer (principal accounting officer)
Date: April 2, 1999	/s/ George R. Wackenhut ------------------------------ GEORGE R. WACKENHUT Director
Date: April 2, 1999	/s/ Richard R. Wackenhut ------------------------------ RICHARD R. WACKENHUT Director
Date: April 2, 1999	/s/ Wayne H. Calabrese ------------------------------ WAYNE H. CALABRESE Director

Date: April 2, 1999	/s/ NORMAN A. CARLSON ------------------------------ NORMAN A. CARLSON Director
Date: April 2, 1999	/s/ BENJAMIN R. CIVILETTI ------------------------------ BENJAMIN R. CIVILETTI Director
Date: April 2, 1999	/s/ MANUEL J. JUSTIZ ------------------------------ MANUEL J. JUSTIZ Director
Date: April 2, 1999	/s/ JOHN F. RUFFLE ------------------------------ JOHN F. RUFFLE Director
Date: April 2, 1999	/s/ RICHARD H. GLANTON ------------------------------ RICHARD H. GLANTON Director

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements included in Wackenhut Corrections Corporation's 1998 Annual Report to Shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 9, 1999. 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 January 3, 1999 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 our 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 9, 1999

SCHEDULE II

WACKENHUT CORRECTIONS CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

FOR THE FISCAL YEARS ENDED, JANUARY 3, 1999, DECEMBER 28, 1997, AND DECEMBER 29, 1996

(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 JANUARY 3, 1999:					
Allowance for doubtful accounts.....	$ 627	$ 4,278	$ --	$ (1,121)	$ 3,784
YEAR ENDED DECEMBER 28, 1997:					
Allowance for doubtful accounts......	$ --	$ 1,745	$ --	$ (1.118)	$ 627
YEAR ENDED DECEMBER 29, 1996:					
Allowance for doubtful accounts......	$ --	$ --	$ --	$ --	$ --

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Articles of Incorporation of the Company dated May 16, 1994.
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.
3.2	Bylaws of the Company.
10.1	Wackenhut Corrections Corporation Stock Option Plan.
10.2	Wackenhut Corrections Corporation 1994 Stock Option Plan.
10.3	Form of Indemnification Agreement between the Company and its Officers and Directors.
10.4	Wackenhut Corrections Corporation Senior Officer Retirement Plan.
10.5	Wackenhut Corrections Corporation Director Deferral Plan.
10.6	Wackenhut Corrections Corporation Senior Officer Incentive Plan.
10.7	Services Agreement dated as of January 3, 1994 between the Company and TWC (incorporated by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1, as amended, Registration Number 33-79264).
10.8	Services Agreement effective as of January 1, 1996 between the Company and TWC.
10.9	Lease Agreement effective as of January 3, 1994 between the Company and TWC (incorporated by reference to Exhibit 10.5 of the Company's Registration Statement on Form S-1, as amended, Registration Number 33-79264)
10.10	Revolving Credit Facility Agreement dated December 12, 1994 between the Company and Barnett Bank of South Florida, N.A. (incorporated by reference to Exhibit 10.106 of the Company's Annual Report on Form 10-K for the Fiscal Year ended January 1, 1995).
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.
13.0	Annual Report to shareholders for the year ended January 3, 1999, beginning with page 25 (to be deemed filed only to the extext 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).

EXHIBIT 13

FINANCIAL
REVIEW
WACKENHUT CORRECTIONS CORPORATION

Market for the Company's Common Equity and Related Shareholder 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 1998 and 1997. The prices shown have been rounded to the nearest $1/16th. The approximate number of shareholders of record as of February 26, 1999, was 278.

	1998		1997	
Quarter	High	Low	High	Low
FIRST	$ 30-7/8	$ 21-15/16	$ 22-1/4	$15-3/4
SECOND	28-13/16	23-5/16	29-9/16	15-7/8
THIRD	24-1/16	15	30	24-1/8
FOURTH	29	18-1/8	35-1/4	21-13/16

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.

Due to the softening stock market, the Company actively pursued its stock buy-back program in open market and block purchases. During the 1998 fiscal year, the Company purchased 453,500 shares of its common stock at an average price of $19.52 per share and accounted for the transactions using the treasury stock method.

FORWARD-LOOKING STATEMENTS

The management's discussion and analysis of financial condition and results of operations, corporate profile, letter to shareholders, and the February 18, 1999 press release (as amended February 19, 1999) contain forward-looking statements that are based on current expectations, estimates and projections about the industry in which the Company operates. This section of the quarterly report also includes management's beliefs and assumptions made by management. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Future Factors include increasing price and product/service competition by foreign and domestic competitors, including new entrants; rapid technological developments and changes; the ability to continue to introduce competitive new products and services on a timely, cost effective basis; the mix of products/services; the achievement of lower costs and expenses; domestic and foreign governmental and public policy changes including environmental regulations; protection and validity of patent and other intellectual property rights; reliance on large customers; technological, implementation and cost/financial risk in increasing use of large, multi-year contracts; the outcome of pending and future litigation and governmental proceedings and continued availability of financing; financial instruments and financial resources in the amounts, at the times and on the terms required to support the Company's future business. These are representative of the Future Factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general domestic and international economic conditions including interest rate and currency exchange rate fluctuations and other future factors. These statements are marked: *.

WACKENHUT CORRECTIONS CORPORATION

Selected Financial Data

(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 YEARS ENDED: (1)	1998	
RESULTS OF OPERATIONS:		
Revenues	$ 312,759	100.0%
Operating income	22,501	7.2%
Income before cumulative effect of change in accounting for start-up costs	16,828	5.4%
Cumulative effect of change in accounting for start-up costs	(11,528)	(3.7%)
Net income	$ 5,300	1.7%
EARNINGS PER SHARE - BASIC:		
Income before cumulative effect of change in accounting for start-up costs	$ 0.76	
Cumulative effect of change in accounting for start-up costs	(0.52)	
Net income	$ 0.24	
EARNINGS PER SHARE - DILUTED:		
Income before cumulative effect of change in accounting for start-up costs	$ 0.74	
Cumulative effect of change in accounting for start-up costs	(0.51)	
Net income	$ 0.23	
WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	22,119	
Diluted	22,683	
FINANCIAL CONDITION:		
Current assets	94,464	
Current liabilities	31,419	
Total assets	151,282	
Total debt	213	
Shareholders' equity	102,940	
OPERATIONS DATA:		
Contracts	52	
Facilities in operation	40	
Design capacity of contracts	35,707	
Design capacity of facilities in operation	26,651	
Compensated resident days (2)	7,678,858	

(1) The Company's fiscal year ends on the Sunday closest to the calendar year end. Fiscal 1998 included 53 weeks. Fiscal 1997, 1996, 1995 and 1994 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.

1997		1996		1995		1994	
$ 206,930	100.0%	$ 137,784	100.0%	$ 99,431	100.0%	$ 84,026	100.0%
16,545	8.0%	9,731	7.1%	7,229	7.3%	4,446	5.3%
11,875	5.7%	8,261	6.0%	4,440	4.5%	2,193	2.6%
--	0.0%	--	0.0%	--	0.0%	--	0.0%
$ 11,875	5.7%	$ 8,261	6.0%	$ 4,440	4.5%	$ 2,193	2.6%
$ 0.54		$ 0.39		$ 0.26		$ 0.15	
--		--		--		--	
$ 0.54		$ 0.39		$ 0.26		$ 0.15	
$ 0.52		$ 0.37		$ 0.25		$ 0.15	
--		--		--		--	
$ 0.52		$ 0.37		$ 0.25		$ 0.15	
22,015		21,361		16,850		16,370	
22,697		22,128		17,708		17,403	
75,172		75,313		22,353		18,225	
23,946		13,183		8,898		8,031	
139,203		106,811		38,840		30,333	
225		237		991		1,422	
102,295		87,969		25,229		19,727	
46		34		24		22	
32		19		16		15	
30,144		24,371		16,054		13,732	
20,720		12,235		9,135		7,164	
5,192,614		3,585,100		2,350,843		2,090,625	

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.

Overview

The Company, a 55% 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.

The company has contracts/awards to manage 52 facilities in North America, the United Kingdom, South Africa, and Australia with a total of 35,707 beds, and additional contracts for prisoner transportation, correctional health care services, mental health services, and facility design and construction. On November 1, 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.

During fiscal 1998, the Company adopted SOP (American Institute of Certified Public Accountants Statement of Position) 98-5, "Accounting for Costs of Start-up Activities." SOP 98-5 requires the expensing of start-up costs, defined as pre-opening, pre-operating and pre-contract type costs. As a result, the Company recognized a pre-tax write-off of current and long-term deferred charges of $19.5 million (or $11.5 million net of tax benefits or $0.51 per common share) to record the cumulative effect of the change in accounting principle.

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 $20.2 million at January 3, 1999, compared to $29.0 million at December 28, 1997.

The Company has additional sources of liquidity in the form of a $30.0 million multi-currency revolving credit facility, which includes $5.0 million for the issuance of letters of credit. At January 3, 1999, six letters of credit were outstanding in an aggregate amount of approximately $2.6 million in addition to seven letters of guarantee amounting to approximately $3.2 million under a separate Australian facility.

The Company also has a $220 million operating lease facility established to acquire and develop new correctional institutions used in its business. As of January 3, 1999, approximately $100.9 million of this operating lease facility was utilized for properties under development.

On April 28, 1998, Correctional Properties Trust ("CPV"), a Maryland real estate investment trust, sold 6.2 million shares of common stock at $20.00 per share in an initial public offering. Approximately $113.0 million of the net proceeds of the offering were used to acquire eight correctional and detention facilities operated by the Company. These properties were then leased back to the Company under operating leases. The Company received approximately $42 million for the three facilities owned by it and for its right to acquire four of the other five facilities and realized a profit on the sale of approximately $18 million, deferred over the ten-year lease term. The eighth facility was purchased directly from a government entity. CPV was also granted the option to acquire three additional correctional facilities then under development by the Company and the fifteen-year right to acquire and lease back future correctional and detention facilities developed or acquired by the Company. On October 30, 1998, CPV acquired the completed portion of one option facility for approximately $26 million, which was leased back to the Company under an operating lease.

Cash used in operating activities amounted to $14.0 million in 1998 versus cash provided by operating activities of $21.4 million in 1997, primarily reflecting an increase in accounts receivable.

Cash provided by investing activities amounted to $12.6 million in fiscal 1998, including capital expenditures of approximately $24.5 million representing the investment in facilities and purchases of equipment, offset by proceeds of $41.8 million from the sale of facilities to CPV.

Cash used in financing activities in fiscal 1998 amounted to $6.9 million, reflecting purchases of treasury stock of the Company of $8.9 million. 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 fee 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 $2.2 million at December 28, 1997 to a deficit of $3.1 million at January 3, 1999, primarily due to the decline in the value of the Australian dollar relative to the United States dollar.

As a result of sales to CPV in 1998 and a public stock offering in 1996, the Company significantly increased its borrowing capacity. In addition, 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.*

YEAR 2000 READINESS DISCLOSURE*

Management continued its review of the installation of new systems hardware and software and determined that the installation is on schedule for completion before the year 2000. This review also encompasses other systems including embedded technology, such as security systems.*

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that make operations beyond the year 1999 troublesome. The internal clocks in computers and other equipment will roll over from "12/31/99" to "01/01/00" and programs and hardware, if not corrected, will be unable to distinguish between the year 2000 and the year 1900. This may result in processing data inaccurately or in stopping data processing altogether.*

There are five phases that describe the Company's process in becoming year 2000 compliant. The awareness phase encompasses developing a budget and project plan. The assessment phase identifies mission-critical systems to check for compliance. Based on current information, both of these phases have been completed. The Company is at various stages in the three remaining phases: renovation, validation and implementation. Renovation is the design of the systems to be year 2000 compliant. Validation is testing the systems followed by implementation.*

Implementation of the Company's year 2000 compliant financial operating systems has begun and is scheduled for complete implementation in third quarter 1999. Implementation of all other major year 2000 compliant systems is scheduled for completion in 1999.*

The Company has incurred and will continue to incur expenses related to year 2000 compliance. These costs include time and effort of internal staff and consultants for renovation, validation and implementation, and computer and embedded technology systems enhancements and/or replacements. The total costs, funded from working capital and not considered material, for achieving year 2000 compliance, are estimated at approximately $0.5 million. Of the total estimated amount, approximately $0.3 million will be capitalized and $0.2 million will be expensed.*

This total estimated costs excludes payroll costs of internal staff related to year 2000 compliance as the Company does not separately track such costs. In addition, this total estimated amount to achieve year 2000 compliance excludes the Company's total costs estimated to be incurred in previously planned new systems. Implementation of these new systems has not been accelerated due to the year 2000 problem. Deferral of other projects that would have a material effect on operations has not been required, nor anticipated, as a result of the Company's year 2000 efforts.*

The state of year 2000 readiness for third parties with whom the Company shares a material relations, such as banks and vendors used by the Company, is being reviewed by management. At this time, the Company is unaware of any third party year 2000 issues that would materially effect these relationships.*

The Company expects to be year 2000 compliant in 1999 for all major systems. The Company is assessing its risk and full impact on operations should the most reasonably likely worst case year 2000 scenario occur. In conjunction with this assessment, the Company is developing contingency plans and expects to complete them in 1999.*

INFLATION

Management believes that inflation has not had a material effect on the Company's results of operations during the past three fiscal years. While some

*See note on page 25 regarding forward-looking statements.

of the Company's contracts include provisions for inflationary indexing, since personnel costs represent the Company's largest expense in the facilities it manages, inflation could have a substantial adverse effect on the Company's results of operations in the future to the extent that wages and salaries increase at a faster rate than the per diem or fixed rates received by the Company for its management services.*

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 (Note 6). Monthly lease payments under this facility are indexed to a variable interest rate. Based upon the Company's interest rate and foreign currency exchange rate exposure at January 3, 1999, a 10% change in the current interest rate or historical currency rate movements would not have material effect on the Company's financial position or 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 1998 COMPARED WITH FISCAL 1997

Revenues increased $105.8 million, or 51.1%, to $312.8 million in 1998 from $206.9 million in 1997. Approximately $103.7 million of the increase in revenues in 1998 compared with 1997 is attributable to increased compensated resident days resulting from the opening of ten new domestic facilities in 1998 and increased compensated resident days at thirteen facilities that opened in 1997 (see Table 1 below). 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 and Australian facilities increased to 7.7 million in 1998 from 5.2 million in 1997. Average facility occupancy in domestic and Australian facilities remained at approximately 97%, decreasing slightly to 96.6% of capacity in 1998 compared to 97.2% in 1997.

Operating expenses increased by 53.7% to $264.4 million in 1998 from $172.0 million in 1997 resulting from the new facilities opened in 1998 and 1997. As a percentage of revenues, operating expenses increased to 84.5% from 83.1% due primarily to lease payments to CPV. Start-up expenses increased to $7.5 million in 1998 due to the opening of ten new domestic facilities during the year (see Table 1) and the Company's implementation of SOP 98-5.

Depreciation and amortization decreased by 43.4% to $3.6 million in 1998 from $6.3 million in 1997. This decrease results from the implementation of AICPA SOP 98-5 and the elimination of start-up cost amortization during the year.

Contribution from operations increased 30.6% to $37.4 million in 1998 from $28.6 million in 1997. As discussed above, this increase is due to new facilities opened in 1998 and 1997. As a percentage of revenues, contribution from operations decreased to 11.9% from 13.8% impacted by lease payments to CPV REIT which commenced in April 1998 and the expensing of $7.5 million of start-up costs, partially offset by the decrease in amortization expense.

General and administrative expenses increased by 23.2% to $14.9 million in 1998 from $12.1 million in 1997. This reflects increased business development activities and additional infrastructure including expansion of the Company's regional offices. General and administrative expenses decreased to 4.7% of total revenues in 1998 from 5.8% in 1997.

Operating income increased by 36.0% to $22.5 million in 1998 from $16.5 million in 1997 as result of the factors described above. As a percentage of revenue, operating income decreased to 7.2% from 8.0% due to the factors impacting contribution from operations offset by leveraging of overhead.

Interest income was $2.4 million in 1998 compared to interest income of $1.5 million in 1997, resulting from an increase in average invested cash related to the sale of facilities to CPV and to the return on investment in overseas projects.

Income before income taxes, equity in earnings of affiliates and cumulative effect of change in accounting for start-up costs increased to $24.9 million in 1998 from $18.0 million in 1997 due to the factors described above.

Provision for income taxes increased to $10.2 million in 1998 from $7.2 million in 1997 due to higher taxable income and an increase in the Company's effective tax rate to 40.8% from 40.2% in 1997.

Equity in earnings of affiliates increased to $2.1 million in 1998 from $1.1 million in 1997. This increase is due to the opening of H.M. Prison Lowdam Grange in February 1998, and improved operational performance.

Income before Cumulative Effect of Change in Accounting for Start-up Costs increased 41.7% to $16.8 million in 1998 from $11.9 million in 1997 as a result of the factors discussed above.

Cumulative Effect of Change in Accounting for Start-up Costs, net of tax was $11.5 million in 1998, representing the Company's adoption of SOP 98-5. On a diluted basis, the cumulative effect of the change in accounting principle was $0.51 per share.

Net income decreased by 55.4% to $5.3 million in 1998 from $11.9 million in 1997 resulting solely from the Company's implementation of SOP 98-5.

FISCAL 1997 COMPARED WITH FISCAL 1996

Revenues increased $69.1 million, or 50.2%, to $206.9 million in 1997 from $137.8 million in 1996. The entire increase in 1997 revenues compared with 1996 is attributable to increased compensated resident days resulting from the opening of thirteen new facilities in 1997 and increased compensated resident days at three facilities that opened in 1996 (see Table 1 below).

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

Operating expenses increased by 48.5% to $172.0 million in 1997 from $115.8 million in 1996. As a percentage of revenues, operating expenses decreased to 83.1% from 84.1% due to improving margins from the Company's Australian operations.

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

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

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

Operating income increased by 70% to $16.5 million in 1997 from $9.7 million in 1996 as a result of the factors described above. As a percentage of revenue, operating income increased to 8.0% from 7.1% due primarily to the continued leveraging of overhead.

Interest income was $1.5 million in 1997 compared to interest income of $2.2 million in 1996, resulting from a decrease in average invested cash as the Company had deployed cash to select project opportunities and operations.

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

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

Equity in earnings of affiliates increased to $1.1 million in 1997 from $604,000 in 1996. This increase is due to three expansions of the H.M. Prison Doncaster (Doncaster, England) in November 1996, March 1997 and July 1997, and a full year of operations for the two court escort contracts that commenced in May 1996.

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

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 1998, 1997, and 1996.

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	OPENING DATE	TERM	RENEWAL OPTION
CORRECTIONAL FACILITIES OPENED IN 1998:							
Scott Grimes Correctional Facility Newport, Arkansas	Design/ Construction/ Management	600	State Prison	Minimum/ Medium	January 1998	2 years	Unlimited, Two-year
Ronald McPherson Correctional Facility Newport, Arkansas	Design/ Construction/ Management	600	State Prison	All Levels	January 1998	2 years	Unlimited, Two-year
Karnes County Correctional Center Karnes City, Texas	Management	579	County Jail	All levels	January 1998	Varies(1)	Varies(1)
Broward County Work Release Center Broward County, FL	Design/ Construction/ Management	300	Community Work Release Center	Non-Secure	February 1998	5 years	Unlimited, Two-year
H.M. Prison Lowdham Grange Nottinghamshire, England	Management	500	National Prison	All levels	February 1998	25 years	None
Lea County Correctional Facility Hobbs, New Mexico	Design/ Construction/ Management	1,200	County Jail	All levels	May 1998	3 years	Annual
Lawton Correctional Facility Lawton, Oklahoma	Design/ Construction/ Management	1,500	State Prison	Medium	July 1998	1 year	Four, One-year
Delaware County Prison Delaware County, Pennsylvania	Design/ Construction/ Management	1,562(2)	County Jail Facility	All levels	July 1998	5 years	Unlimited, Two-year
Jena Juvenile Justice Center Jena, Louisiana	Design/ Construction/ Management	276	Juvenile Center	All levels	December 1998	25 years	None
Cleveland Correctional Center Cleveland, Texas	Management	520	State Prison	Medium	January 1999	1 year	Four, One-year
OTHER FACILITIES OPENED IN 1998:							
South Florida State Hospital	Design/ Construction/ Management	350	State Psychiatric Hospital	N/A	November 1998	5 years	Three, Five-year
CORRECTIONAL FACILITIES OPENED IN 1997:							
South Bay Correctional Facility South Bay, Florida	Design/ Construction/ Management	1,318	State Prison	Medium/ Close Custody	February 1997	3 years	Unlimited, Two-year
Bayamon Correctional Facility Bayamon, Puerto Rico	Design/ Construction/ Consultation/ Management	500	Prison	Medium	March 1997	5 years	One, Five-year
Travis County Community Justice Center Travis County, Texas	Design/ Consultation/ Management	1,000	State Jail Facility	Medium	March 1997	5 years	Automatic, Unlimited, Two-year

FACILITY NAME LOCATION	COMPANY ROLE	DESIGN CAPACITY	FACILITY TYPE	SECURITY LEVEL	OPENING DATE	TERM	RENEWAL OPTION
Queens Private Correctional Facility Queens, New York	Construction/ Management	200	INS Detention Facility	Minimum/ Medium	March 1997	1 year	Four, One-year
Fulham Correctional Centre Victoria, Australia	Design/ Consultation/ Management	600	State Prison	Minimum/ Medium	March 1997	5 years	Five, Three-year
Villawood Detention Centre Sydney, Australia	Management	300	Immigration Detention	All levels	November 1997	3 years	Two, Three-year
Central Valley Community Correctional Facility McFarland, California	Design/ Construction/ Management	550	State Community Correctional Facility	Medium	December 1997	10 years	None
Desert View Community Correctional Facility Adelanto, California	Design/ Construction/ Management	568	State Community Correctional Facility	Medium	December 1997	10 years	None
Golden State Community Correctional Facility McFarland, California	Design/ Construction/ Management	550	State Community Correctional Facility	Medium	December 1997	10 years	None
Maribyrnong Detention Centre Melbourne, Australia	Management	80	Immigration Detention	All levels	December 1997	3 years	Two, Three-year
Perth Detention Centre Perth, Australia	Management	40	Immigration Detention	All levels	December 1997	3 years	Two, Three-year
Port Hedland Detention Center Port Hedland, Australia	Management	700	Immigration Detention	All levels	December 1997	3 years	Two, Three-year
Taft Correctional Institution Taft, California	Management	2,048	Federal Prison	Low/ Minimum	December 1997	3 years	Seven, One-year
OTHER FACILITIES OPENED IN 1997:							
Atlantic Shores Hospital	Management	86	Psychiatric Hospital	N/A	July 1997	N/A(3)	N/A(3)
Pacific Shores Healthcare	Management	N/A	Correctional Healthcare	All levels	November 1997	3 years	One, Two-year
CORRECTIONAL FACILITIES OPENED IN 1996:							
Delaware County Prison Delaware County, Pennsylvania	Design/ Construction/ Management	1,000(2)	County Jail Facility	All levels	April 1996	3 years	Unlimited, Two-year
Marshall County Correctional Facility Marshall County, Mississippi	Design/ Construction/ Management	1,000	State Prison	Medium	May 1996	5 years	Unlimited, Two-year
Willacy County Unit Raymondville, Texas	Design/ Consultation/ Management	1,000	State Jail Facility	Medium	September 1996	1 year	Four, 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 opened in 1998 replaced the existing 1,000-bed facility managed by the Company.

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

WACKENHUT CORRECTIONS CORPORATION

Consolidated Statements of Income
(In thousands, except per share data)

FISCAL YEARS ENDED January 3, 1999, December 28, 1997, and December 29, 1996

	1998	1997	1996
REVENUES	$ 312,759	$ 206,930	$ 137,784
OPERATING EXPENSES (including amounts related to The Wackenhut Corporation ("TWC") of $8,182, $5,337, and $3,693)	264,381	172,031	115,848
START-UP EXPENSES	7,459	--	--
DEPRECIATION AND AMORTIZATION	3,567	6,303	3,532
CONTRIBUTION FROM OPERATIONS	37,352	28,596	18,404
GENERAL AND ADMINISTRATIVE EXPENSES (including amounts related to TWC of $2,159, $1,566, and $1,432)	14,851	12,051	8,673
OPERATING INCOME	22,501	16,545	9,731
INTEREST INCOME, NET (including amounts related to TWC of $122, ($10), AND ($40))	2,410	1,451	2,195
INCOME BEFORE INCOME TAXES, EQUITY IN EARNINGS OF AFFILIATES, AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR START-UP COSTS	24,911	17,996	11,926
PROVISION FOR INCOME TAXES	10,164	7,226	4,269
INCOME BEFORE EQUITY IN EARNINGS OF AFFILIATES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR START-UP COSTS	14,747	10,770	7,657
EQUITY IN EARNINGS OF AFFILIATES, net of income tax provision of $1,434, $692, and $378	2,081	1,105	604
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR START-UP COSTS	16,828	11,875	8,261
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR START-UP COSTS, NET OF TAX	11,528	--	--
NET INCOME	$ 5,300	$ 11,875	$ 8,261
EARNINGS PER SHARE			
Basic			
Income before cumulative effect of change in accounting for start-up costs	$ 0.76	$ 0.54	$ 0.39
Cumulative effect of change in accounting for start-up costs	(0.52)	--	--
Net income	$ 0.24	$ 0.54	$ 0.39
Diluted			
Income before cumulative effect of change in accounting for start-up costs	$ 0.74	$ 0.52	$ 0.37
Cumulative effect of change in accounting for start-up costs	(0.51)	--	--
Net income	$ 0.23	$ 0.52	$ 0.37
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	22,119	22,015	21,361
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	22,683	22,697	22,128

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

WACKENHUT CORRECTIONS CORPORATION

Consolidated Balance Sheets
(In thousands, except share data)

JANUARY 3, 1999 and DECEMBER 28, 1997

	1998	1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 20,240	$ 28,960
Accounts receivable, net	61,188	36,755
Current portion of deferred income tax asset, net	1,769	--
Other	11,267	9,457
Total current assets	94,464	75,172
PROPERTY AND EQUIPMENT, NET	36,279	38,754
INVESTMENTS IN AND ADVANCES TO AFFILIATES	15,447	7,325
DEFERRED CHARGES, NET	--	14,218
GOODWILL	2,011	2,359
DEFERRED INCOME TAX ASSET, NET	1,277	--
OTHER	1,804	1,375
	$ 151,282	$ 139,203
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 9,218	$ 6,160
Accrued payroll and related taxes	9,955	8,316
Accrued expenses	9,850	8,206
Current portion of deferred revenue	2,383	861
Current portion of long-term debt	13	12
Current portion of deferred income tax liability, net	--	391
Total current liabilities	31,419	23,946
DEFERRED INCOME TAX LIABILITY, NET	--	10,099
LONG-TERM DEBT	200	213
DEFERRED REVENUE	16,723	2,650
COMMITMENTS AND CONTINGENCIES (note 6)		
SHAREHOLDERS' EQUITY		
Preferred stock, $.01 par value, 10,000,000 shares authorized	--	--
Common stock, $.01 par value, 60,000,000 shares authorized, 22,347,922 and 22,168,542 shares issued and outstanding	223	222
Additional paid-in capital	83,164	78,006
Retained earnings	31,523	26,223
Accumulated other comprehensive loss	(3,117)	(2,156)
Less: common stock in treasury at cost -- 453,500 shares	(8,853)	--
Total shareholders' equity	102,940	102,295
	$ 151,282	$ 139,203

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

WACKENHUT CORRECTIONS CORPORATION

Consolidated Statements of Shareholders' Equity and Comprehensive Income
(In thousands)

FISCAL YEARS ENDED JANUARY 3, 1999, DECEMBER 28, 1997, and DECEMBER 29, 1996

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Shareholders' Equity
BALANCE, JANUARY 1, 1996	17,079	$ 171	$ 18,860	$ 6,087	$ 111	$ --	$ 25,229
Proceeds from stock offering	4,600	46	51,535	--	--	--	51,581
Proceeds from stock options exercised	259	2	764	--	--	--	766
Tax benefit related to employee stock options	--	--	1,827	--	--	--	1,827
Comprehensive income							
Net Income	--	--	--	8,261	--	--	
Change in foreign currency translation net of income taxes of $170	--	--	--	--	305	--	
Total comprehensive income	--	--	--	--	--	--	8,566
BALANCE, DECEMBER 29, 1996	21,938	219	72,986	14,348	416	--	87,969
Proceeds from stock options exercised	231	3	1,757	--	--	--	1,760
Tax benefit related to employee stock options	--	--	3,263	--	--	--	3,263
Comprehensive income							
Net Income	--	--	--	11,875	--	--	
Change in foreign currency translation net of income tax benefits of $1,644	--	--	--	--	(2,572)	--	
Total comprehensive income	--	--	--	--	--	--	9,303
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
Treasury stock purchased	--	--	--	--	--	(8,853)	(8,853)
Comprehensive income							
Net Income	--	--	--	5,300	--	--	
Change in foreign currency translation net of income tax benefits of $614	--	--	--	--	(961)	--	
Total comprehensive income	--	--	--	--	--	--	4,339
BALANCE, JANUARY 3, 1999	22,348	$ 223	$ 83,164	$ 31,523	$ (3,117)	$ (8,853)	$ 102,940

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

WACKENHUT CORRECTIONS CORPORATION
Consolidated Statements of Cash Flows
(In thousands)

FISCAL YEARS ENDED JANUARY 3, 1999, DECEMBER 28, 1997, and DECEMBER 29, 1996

	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 5,300	$ 11,875	$ 8,261
Adjustments to reconcile net income to net cash (used in) provided by operating activities			
Depreciation and amortization expense	3,567	6,303	3,532
Equity in earnings of affiliates	(3,515)	(1,797)	(982)
Cumulative effect of change in accounting for start-up costs	11,528	--	--
Changes in assets and liabilities			
(Increase) decrease in assets:			
Accounts receivable	(24,745)	(12,623)	(6,943)
Other current assets	(5,561)	(3,606)	(2,384)
Deferred income tax asset	(3,046)	--	51
Other assets	(1,053)	(201)	34
Goodwill	--	(782)	--
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses	9,083	10,739	2,003
Accrued payroll and related taxes	1,740	4,027	1,152
Deferred income taxes, net	(7,259)	7,442	4,404
Net cash (used in) provided by operating activities	(13,961)	21,377	9,128
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in affiliates	(4,607)	(3,718)	(428)
Capital expenditures	(24,516)	(23,965)	(12,476)
Proceeds from sale of facilities to CPV	41,768	--	--
Deferred charge expenditures	--	(9,625)	(4,505)
Net cash provided by (used in) investing activities	12,645	(37,308)	(17,409)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of common stock	--	--	51,581
Proceeds from exercise of stock options	1,927	1,760	766
Payments on debt	(12)	(12)	(792)
Advances from TWC	175,091	116,019	102,431
Repayments to TWC	(175,091)	(116,019)	(102,431)
Repurchase of common stock	(8,853)	--	--
Net cash (used in) provided by financing activities	(6,938)	1,748	51,555
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(466)	(1,225)	185
NET (DECREASE) INCREASE IN CASH	(8,720)	(15,408)	43,459
CASH, beginning of period	28,960	44,368	909
CASH, end of period	$ 20,240	$ 28,960	$ 44,368
SUPPLEMENTAL DISCLOSURES:			
Cash paid during the year for:			
Income taxes	$ 16,849	$ 100	$ 976
Non-cash activities:			
Impact on equity from tax benefit related to the exercise of options issued under the Company's non-qualified stock option plan	$ 3,231	$ 3,263	$ 1,827

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

WACKENHUT CORRECTIONS CORPORATION
Notes to Consolidated Financial Statements

(Tabular information in thousands except per share data)

For the Fiscal Years Ended January 3, 1999, December 28, 1997, and December 29, 1996

(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 and detention facilities located in North America, the United Kingdom, South Africa and Australia.

(2) Summary of Significant Accounting Policies

FISCAL YEAR

The Company's fiscal year ends on the Sunday closest to the calendar year end. Fiscal 1998 included 53 weeks and fiscal 1997 and 1996 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

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

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.

GOODWILL

Goodwill represents the cost of an acquired enterprise in excess of the fair market value of the net tangible and identifiable intangible assets acquired. Goodwill is amortized on a straight-line basis over the period, which represents management's estimation of the related benefit to be derived from the acquired business, not to exceed twenty-five years. Accumulated amortization totaled approximately $1.4 million and $1.1 million at January 3, 1999 and December 28, 1997, respectively.

LONG-LIVED ASSETS

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

DEFERRED CHARGES

Through December 28, 1997, the Company capitalized and amortized facility start-up costs, consisting of costs of initial employee training, travel and other direct expenses incurred in connection with the opening of new facilities, on a straight-line basis over the lesser of the original contract term plus renewals or five years.

Also through December 28, 1997, project development costs consisting of direct and incremental costs paid to unrelated third parties that were directly associated with a specific anticipated contract were deferred until the anticipated contract had been awarded. At the time the contract was awarded to the Company, the deferred project development costs were either capitalized as part of property and equipment or were amortized over five years as project development costs. Project development costs were charged to general and administrative expenses when the success of obtaining a new contract was considered doubtful. Internal costs associated with securing new contracts are expensed as incurred.

In April 1998, the Financial Accounting Standards Board issued Statement of Position 98-5 ("SOP 98-5") on Accounting for Costs of Start-up Activities. SOP 98-5 requires the expensing of start-up costs, defined as pre-opening, pre-operating and pre-contract type costs, as incurred and is effective for fiscal years beginning after December 15, 1998. 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 the year and expensed start-up and project development costs previously deferred during the year. All future start-up and project development costs will be expensed as incurred.

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.

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

In 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). 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.

FOREIGN CURRENCY TRANSLATION

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

MARKET RISK

The Company is exposed to market risks, including changes in interest rates and currency exchange rates. These exposures relate to changes in interest rates with respect to a $220 million operating lease facility (Note 6). Monthly lease payments under this facility are indexed to a variable interest rate. Management has determined that a 10% change in this interest rate would have an immaterial effect on the Company's pre-tax earnings over the next fiscal year.

ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." 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. SFAS 133 is effective for fiscal years beginning after June 15, 1999. In management's opinion, the impact of adopting this statement in 2000 will not have a material impact upon the Company's results of operations or financial position.

(3) Property and Equipment

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

(In thousands)

	Years	1998	1997
Land	--	$ 2,069	$ 4,527
Buildings and improvements	20 - 40	9,361	34,107
Equipment	3 - 20	6,760	2,786
Furniture and fixtures	3 - 20	1,994	2,307
Construction in Progress	--	21,312	--
		$ 41,496	$ 43,727
Less - accumulated depreciation		(5,217)	(4,973)
		$ 36,279	$ 38,754

Construction in progress represents costs incurred in the development of facilities intended for sale to Correctional Properties Trust.

(4) Long-Term Debt

Long-term debt consists of the following:

(In thousands)

	1998	1997
Note payable - 8%	$ 213	$ 225
Less - current portion	13	12
	$ 200	$ 213

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

In June 1997, the Company entered into a $30.0 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 will bear 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. The facility requires the Company to, among other things, maintain a maximum leverage ratio; minimum fixed charge coverage ratio; and a minimum tangible net worth. The facility also limits certain payments and distributions. As of January 3, 1999, no amounts were outstanding under this facility. However, at January 3, 1999, the Company had six standby letters of credit outstanding under this facility in an aggregate amount of approximately $2.6 million, in addition to seven letters of guarantee totaling approximately $3.2 million under a separate Australian facility.

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

(In thousands)

Fiscal Year	Annual Maturity
1999	$ 13
2000	15
2001	16
2002	17
2003	17
Thereafter	135
	$213

(5) Sale of Facilities to Correctional Properties Trust

On April 28, 1998, Correctional Properties Trust ("CPV"), a Maryland real estate investment trust, sold 6.2 million shares of common stock at $20.00 per share in an initial public offering. Approximately $113.0 million of the net proceeds of the offering were used to acquire eight correctional and detention facilities operated by the Company. The Company received approximately $42 million for the three facilities owned by it and for its right to acquire four of the other five facilities, and realized a profit on the sale of approximately $18 million which is included in deferred revenue on the balance sheet and is being amortized over the ten-year lease term. The eighth facility was purchased directly from the government entity. Subsequent to the purchase, the Company has entered into operating leases with CPV for these eight facilities. 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. CPV was also granted the option to acquire three additional correctional facilities currently under development by the Company and the fifteen-year right to acquire and lease back future correctional and detention facilities developed or acquired by the Company.

On October 30, 1998, CPV acquired the completed portion of the Lea County Correctional Facility in Hobbs, New Mexico for $26.0 million. Simultaneous with the purchase, the Company entered into a ten-year lease of the facility from CPV. The Company recorded net rental expense related to CPV in 1998 of $6.9 million. The future minimum lease commitments under the leases for these nine facilities are as follows:

(In thousands)

Fiscal Year	Annual Rental
1999	$ 13,479
2000	13,883
2001	14,058
2002	14,058
2003	14,058
Thereafter	57,366
	$126,902

(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 that would have a material effect on the consolidated financial statements of the Company.

The Company leases correctional facility office space, computers and vehicles under non-cancelable operating leases expiring between 1999 and 2008. 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:

(In thousands)

Fiscal Year	Annual Rental
1999	$ 4,357
2000	3,722
2001	3,064
2002	2,699
2003	2,144
Thereafter	3,896
	$19,882

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 January 3, 1999, approximately $100.9 million of this operating lease facility was utilized for properties under development.

Rent expense was approximately $4.7 million, $3.4 million, and $2.1 million for Fiscal 1998, 1997, and 1996 respectively.

(7) Common, Preferred and Treasury Stock

In January 1996, the Company sold 4.6 million shares of its common stock in connection with a second offering at a price of $12.00 per share, before deducting underwriting discounts and commissions and estimated offering expenses. Net proceeds from the offering were approximately $51.6 million.

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

In April 1994, the Company's Board of Directors authorized 10,000,000 shares of "blank check" preferred stock. The Board of Directors is authorized to determine the rights and privileges of any future issuance of preferred stock such as voting and dividend rights, liquidation privileges, redemption rights and conversion privileges.

On August 7, 1998, the Board of Directors of the Company authorized the repurchase, at the discretion of the senior management, of up to 500,000 shares of the Company's common stock. As of January 3, 1999, the Company had repurchased 453,500 shares of common stock, which are recorded as treasury stock and result in a reduction of shareholders' equity. In February 1999, the Company's Board of Directors authorized the repurchase of up to an additional 500,000 shares of the Company's common stock.

(8) Business Segment and Geographic Information

In June 1997, the FASB issued SFAS 131, "Disclosures about Segments of an Enterprise and Related Information" which was adopted by the Company in 1998. SFAS 131 establishes standards for reporting information about operating segments and related disclosures about products and services, geographic areas and major customers.

The Company operates in one industry segment encompassing the development and management of privatized government institutions located in the North America, the United Kingdom, South Africa and Australia. As the Company operates and tracks its results in one operating segment, certain disclosure requirements are not applicable. Information about the Company's operations in different geographical regions is shown below. Sales are attributed to geographical areas based on location of operations and long-lived assets consist of property, plant and equipment.

(In thousands) Fiscal year	1998	1997	1996
REVENUES:			
Domestic operations	$264,642	$167,223	$108,245
International operations	48,117	39,707	29,539
Total revenues	$312,759	$206,930	$137,784
OPERATING INCOME:			
Domestic operations	$ 18,649	$ 12,388	$ 7,087
International operations	3,852	4,157	2,644
Total operating income	$ 22,501	$ 16,545	$ 9,731
LONG-LIVED ASSETS:			
Domestic operations	$ 32,218	$ 34,061	$ 18,418
International operations	$ 4,061	$ 4,693	$ 557
Total long-lived assets	$ 36,279	$ 38,754	$ 18,975

The Company's international operations represent its wholly-owned Australian subsidiaries which are pursuing construction and management contracts for correctional and detention facilities. Through its wholly-owned subsidiary, Wackenhut Corrections Corporation Australia Pty. Limited, the Company currently manages three correctional facilities and four 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 1998, 1997 and 1996:

Customer	1998	1997	1996
Various agencies of the State of Texas	25%	32%	39%
California Department of Corrections	17%	10%	5%
State of Florida Correctional Privatization Committee	11%	13%	9%
Queensland Corrective Services Commission	4%	7%	11%
New South Wales Department of Corrective Services	4%	7%	10%

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

Equity earnings of affiliates represents the operations of the Company's 50% owned joint ventures in the United Kingdom (Premier Prison Services, Ltd., Lowdham Prison Services, Ltd, and Kilmarnock Prison Services, Ltd.). These entities, accounted for under the equity method, commenced operations of an initial prison in Fiscal 1994, two court escort and transport contracts in fiscal 1996 and a second correctional facility in fiscal 1998. 1998 equity in earnings of affiliates also includes start-up expenses related to the Company's joint venture in South Africa. Total equity in the undistributed earnings for Fiscal 1998, 1997, and 1996 was $3.5 million, $1.8 million and $982,000, respectively.

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

(In thousands)

	1998	1997	1996
STATEMENT OF OPERATIONS DATA			
Revenues	$ 91,071	$ 51,009	$ 28,953
Operating income	7,032	3,884	1,764
Net income	4,163	2,209	1,208
BALANCE SHEET DATA			
Current assets	25,274	14,595	13,145
Noncurrent assets	145,433	517	538
Current liabilities	17,769	8,115	8,518
Noncurrent liabilities	141,165	4,029	5,075
Stockholders' equity	11,773	2,968	90

The Company provided management services to one U.K. affiliate in Fiscal 1997 and 1996. The management fees for such services totaled $0.5 million for Fiscal 1997 and 1996. No management fees were charged by the Company in Fiscal 1998.

(9) Income Taxes

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

(In thousands)

	1998	1997	1996
Federal income taxes:			
Current	$ 11,440	$ 175	$ --
Deferred	(3,233)	6,131	3,588
	8,207	6,306	3,588
State income taxes:			
Current	$ 2,447	$ 300	$ 30
Deferred	(490)	620	488
	1,957	920	518
Foreign income taxes	--	--	163
Total	$ 10,164	$ 7,226	$ 4,269

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

(In thousands)

	1998	1997	1996
Provision using statutory federal income tax rate	$ 8,718	$ 6,299	$ 4,054
State income tax, net of federal tax benefit	1,101	818	508
Other, net	345	109	(293)
	$10,164	$ 7,226	$ 4,269

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

(In thousands)

	1998	1997
Uniforms	$ 320	$ 244
Accrued vacation	(529)	(291)
Deferred charges	--	1,630
Accrued liabilities	(1,560)	(1,192)
	$(1,769)	$ 391

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

(In thousands)

	1998	1997
Deferred revenue	$ (9,026)	$ --
Deferred charges	(291)	4,909
Income of foreign subsidiaries and affiliates	8,086	5,284
Other, net	(46)	(94)
	$ (1,277)	$ 10,099

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.

(10) Earnings Per Share

The table at the top of page 43 shows the amounts used in computing earnings per share 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. The number of shares used in the calculation for 1996 reflects a 100% common stock dividend paid on June 4, 1996.

Options to purchase 178,000 shares of the Company's common stock at prices ranging from $25.06 to $29.56 per share were outstanding during 1998, but were not included in the computation of diluted EPS because their effect would be anti-dilutive. The options, which expire between the years 2007 and 2008, were still outstanding at January 3, 1999.

Options to purchase 1,000 shares of the Company's common stock at a price of $29.56 per share were outstanding during 1997, but were not included in the computation of diluted EPS because their effect would be anti-dilutive. The options, which expire in 2007 were still outstanding at December 28, 1997.

(In thousands, except per share data)

	1998		1997		1996	
	Income	Shares	Income	Shares	Income	Shares
Net income	$5,300		$11,875		$8,261	
BASIC EPS						
Income available to common shareholders	$5,300	22,119	$11,875	22,015	$8,261	21,361
Per share amount	$ 0.24		$ 0.54		$ 0.39	
EFFECT OF DILUTIVE SECURITIES	$(0.01)	564	$ (0.02)	682	$(0.02)	767
DILUTED EPS						
Income available to common shareholders	$5,300	22,683	$11,875	22,697	$8,261	22,128
Per share amount	$ 0.23		$ 0.52		$ 0.37	

Options to purchase 60,000 shares of the Company's common stock at $22.63 per share were outstanding during 1996 but were not included in the computation of diluted EPS because their effect would be anti-dilutive. The options, which expire in 2006, were still outstanding at December 29, 1996.

(11) Related Party Transactions

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

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

(In thousands)

	1998	1997	1996
Food services	$ 839	$ 461	$ 450
General and administrative expenses	1,718	1,200	1,100
Casualty insurance premiums	7,423	4,957	3,306
Rent	361	285	269
Interest (income) charges	(122)	10	40
	$ 10,219	$ 6,913	$ 5,165

Food services represent charges for meals for inmates at certain correctional facilities operated by the Company. 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. Expenses under the Agreement for Fiscal 1998, Fiscal 1997, and Fiscal 1996 were $1.7 million, $1.2 million and $1.1 million, respectively. Casualty insurance premiums related to workers' compensation, general liability and automobile insurance coverage are provided through an insurance subsidiary of TWC. In addition, the Company is charged or charges interest on intercompany indebtedness at rates which reflect TWC's average interest costs on long-term debt, exclusive of mortgage financing. Interest expense (income) is calculated based on the average intercompany indebtedness. The Company's corporate offices are located in TWC's corporate office building for which it is allocated rent based upon space occupied under separate lease agreements.

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

(12) Stock Options

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

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

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

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

A summary of the status of the Company's three stock option plans as of January 3, 1999, December 28, 1997, and December 29, 1996, and changes during the years then ended is presented below.

	1998		1997		1996	
	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price	Shares	Wtd. Avg. Exercise Price
Outstanding at beginning of year	923,484	$ 9.76	989,534	$ 7.16	1,210,132	$ 5.58
Granted	191,000	25.02	176,500	21.08	60,000	22.63
Exercised	179,380	9.98	228,550	7.12	258,598	2.96
Forfeited/Canceled	5,200	21.93	14,000	11.88	22,000	11.88
Options outstanding at end of year	929,904	12.78	923,484	9.76	989,534	7.16
Options exercisable at year end	758,904	11.50	629,084	6.13	744,734	4.46

The following table summarizes information about the stock options outstanding at January 3, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 1/3/99	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price	Number Exercisable at 1/3/99	Wtd. Avg. Exercise Price
$ 1.20 - $ 3.75	401,704	5.3	$ 3.49	401,704	$ 3.49
$11.88 - $13.75	159,000	7.0	11.90	101,400	11.97
$16.63 - $16.88	12,000	8.3	16.74	7,000	16.77
$17.63 - $21.50	122,200	8.1	21.41	42,400	21.34
$22.63 - $25.06	224,000	8.6	24.48	204,000	24.66
$26.13 - $29.56	11,000	9.2	26.44	2,400	26.70
	929,904			758,904	

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	1998	1997
Pro forma net earnings	$4,234	$11,197
Pro forma basic net earnings per share	$ 0.19	$ 0.51
Pro forma diluted net earnings per share	$ 0.19	$ 0.49
Pro forma weighted average fair value of options granted	$14.36	$ 11.10
Risk free interest rates	4.49%-5.79%	5.52%-5.70%
Expected lives	4-8 years	4-8 years
Expected volatility	55%	48%

(13) Selected Quarterly Financial Data (Unaudited)

Selected quarterly financial data for the Company and its subsidiaries for the fiscal years ended January 3, 1999, and December 28, 1997 is as follows:

(In thousands, except per share data)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1998				
Revenues	$71,269	$74,617	$78,177	$88,696
Operating income	$ 4,992	$ 6,369	$ 6,101	$ 5,039
Net income (loss)	$(8,165)	$ 4,652	$ 4,337	$ 4,476
Basic earnings per share				
Income before cumulative effect of change in accounting for start-up costs	$ 0.15	$ 0.21	$ 0.20	$ 0.20
Cumulative effect of change in accounting for start-up costs	(0.52)	$ --	$ --	$ --
Net income (loss)	$ (0.37)	$ 0.21	$ 0.20	$ 0.20
Diluted earnings per share				
Income before cumulative effect of change in accounting for start-up costs	$ 0.15	$ 0.20	$ 0.19	$ 0.20
Cumulative effect of change in accounting for start-up costs	$ (0.51)	--	--	--
Net income (loss)	$ (0.36)	$ 0.20	$ 0.19	$ 0.20
1997				
Revenues	$41,227	$51,509	$55,104	$59,090
Operating income	$ 3,272	$ 3,789	$ 4,801	$ 4,683
Net income	$ 2,581	$ 2,723	$ 3,188	$ 3,383
Basic earnings per share	$ 0.12	$ 0.12	$ 0.14	$ 0.15
Diluted earnings per share	$ 0.11	$ 0.12	$ 0.14	$ 0.15

Report of independent certified public accountants

To the Shareholders of
Wackenhut Corrections Corporation:

We have audited the accompanying consolidated balance sheets of Wackenhut Corrections Corporation (a Florida corporation) and subsidiaries as of January 3, 1999, and December 28, 1997, 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 January 3, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wackenhut Corrections Corporation and subsidiaries as of January 3, 1999, and December 28, 1997, and the results of their operations and their cash flows for each of the three fiscal years in the period ended January 3, 1999, in conformity with generally accepted accounting principles.

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 9, 1999.

Management's responsibility for financial statements

To the Shareholders of
Wackenhut Corrections Corporation:

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principals. 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 generally accepted accounting principles, the Company's financial position and results of operations. Their audit was conducted in accordance with generally accepted auditing standards. As part of this audit, Arthur Andersen LLP considered the Company's system of internal controls to the degree they deemed necessary to determine the nature, timing, and extent of their audit tests which support their opinion on the consolidated financial statements.

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

/s/ George 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 C. 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.

WACKENHUT CORRECTIONS CANADA, INC.

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 incorporated by reference into this Form 10-K, into the Company's previously filed Registration Statement File Nos. 333-17265, 333-09981, 333-09977, and 33-90606.

ARTHUR ANDERSEN LLP

West Palm Beach, Florida,
March 31, 1999

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT JANUARY 3, 1999 AND THE CONSOLIDATED STATEMENT OF INCOME FOR THE FISCAL PERIOD ENDING JANUARY 3, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
JAN-03-1999
DEC-29-1997
JAN-03-1999
20,240
0
61,188
0
0
94,464
41,496
5,217
151,282
31,419
213
0
0
223
102,717
151,282
0
312,759
0
275,407
0
0
0
24,911
10,164
16,828
0
0
11,528
5,300
0.24
0.23