

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended July 1, 2001

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)

(561) 622-5656

(Registrant's telephone number, including area code)

Not Applicable

FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT.

Indicate by 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 twelve (12) months (or for such shorter period that the registrant was required to file such report), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

At August 7, 2001, 21,057,224 shares of the registrant's Common Stock were issued and outstanding.

WACKENHUT CORRECTIONS CORPORATION

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following consolidated financial statements of Wackenhut Corrections Corporation, a Florida corporation (the "Company"), have been prepared in accordance with the instructions to Form 10-Q and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with generally accepted accounting principles. Certain amounts in the prior year have been reclassified to conform to the current presentation. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial information for the interim periods reported have been made. Results of operations for the twenty-six weeks ended July 1, 2001 are not necessarily indicative of the results for the entire fiscal year ending December 30, 2001.

WACKENHUT CORRECTIONS CORPORATION
 CONSOLIDATED STATEMENTS OF INCOME
 FOR THE THIRTEEN AND TWENTY-SIX WEEKS ENDED
 JULY 1, 2001 AND JULY 2, 2000
 (IN THOUSANDS EXCEPT PER SHARE DATA)
 (UNAUDITED)

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 1, 2001	JULY 2, 2000	JULY 1, 2001	JULY 2, 2000
Revenues	\$ 141,715	\$ 133,875	\$ 276,718	\$ 264,383
Operating expenses (including amounts related to The Wackenhut Corporation ("TWC") of \$4,936, \$3,125, \$10,075 and \$5,722)	126,862	121,835	250,932	238,540
Depreciation and amortization	2,277	1,806	4,734	3,888
Contribution from operations	12,576	10,234	21,052	21,955
G&A expense (including amounts related to TWC of \$781, \$954, \$1,566 and \$1,880)	6,159	5,154	12,092	11,306
Operating income	6,417	5,080	8,960	10,649
Interest income (including amounts related to TWC of \$3, \$28, \$5 and \$28)	531	741	1,123	1,440
Interest expense (including amounts related to TWC of \$13, \$33, \$28, and \$53)	(268)	(252)	(631)	(412)
Other income	--	640	--	640
Income before income taxes and equity in earnings of affiliates	6,680	6,209	9,452	12,317
Provision for income taxes	2,568	2,490	3,650	4,939
Income before equity in earnings of affiliates	4,112	3,719	5,802	7,378
Equity in earnings of affiliates, net of income tax provision of \$807, \$740, \$1,435 and \$1,496	1,211	1,119	2,153	2,249
Net income	\$ 5,323	\$ 4,838	\$ 7,955	\$ 9,627
Basic earnings per share	\$ 0.25	\$ 0.23	\$ 0.38	\$ 0.45
Basic weighted average shares outstanding	21,026	21,011	21,019	21,207
Diluted earnings per share	\$ 0.25	\$ 0.23	\$ 0.37	\$ 0.45
Diluted weighted average shares outstanding	21,246	21,142	21,211	21,360

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

WACKENHUT CORRECTIONS CORPORATION
 CONSOLIDATED BALANCE SHEETS
 JULY 1, 2001 AND DECEMBER 31, 2000
 (IN THOUSANDS EXCEPT SHARE DATA)

	JULY 1, 2001	DECEMBER 31, 2000
	(UNAUDITED)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 34,200	\$ 33,821
Accounts receivable, less allowance for doubtful accounts of \$2,517 and \$1,262	72,974	80,508
Deferred income tax asset	5,063	4,124
Other	12,127	11,184
	-----	-----
Total current assets	124,364	129,637
Property and equipment, net	54,203	54,620
Investments in and advances to affiliates	22,281	30,610
Goodwill, net	1,175	1,398
Deferred income tax asset	1,108	1,963
Other	6,958	5,343
	-----	-----
	\$ 210,089	\$ 223,571
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 14,624	\$ 18,351
Accrued payroll and related taxes	14,664	12,744
Accrued expenses	41,100	39,548
Current portion of deferred revenue	2,846	2,993
	-----	-----
Total current liabilities	73,234	73,636
Long-term debt	--	10,000
Deferred revenue	11,269	12,771
Other	1,995	--
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized	--	--
Common stock, \$.01 par value, 30,000,000 shares authorized, 21,057,224 and 21,013,024 shares issued and outstanding	211	210
Additional paid-in capital	62,341	61,992
Retained earnings	78,412	70,457
Accumulated other comprehensive loss	(17,373)	(5,495)
	-----	-----
Total shareholders' equity	123,591	127,164
	-----	-----
	\$ 210,089	\$ 223,571
	=====	=====

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

WACKENHUT CORRECTIONS CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE TWENTY-SIX WEEKS ENDED
 JULY 1, 2001 AND JULY 2, 2000
 (IN THOUSANDS)
 (UNAUDITED)

	TWENTY-SIX WEEKS ENDED	
	JULY 1, 2001	JULY 2, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 7,955	\$ 9,627
Adjustments to reconcile net income to net cash provided by operating activities--		
Depreciation and amortization expense	4,734	3,888
Deferred tax (benefit)	(84)	(728)
Tax benefit related to employee stock options	168	--
Provision for bad debts	1,940	859
Gain on sale of loans receivable	--	(640)
Equity in earnings of affiliates	(2,153)	(2,249)
Changes in assets and liabilities --		
(Increase) decrease in assets:		
Accounts receivable	4,602	447
Other current assets	(1,572)	(646)
Other assets	(1,602)	(3,593)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,275)	7,893
Accrued payroll and related taxes	2,107	793
Deferred revenue	(1,649)	(591)
Other liabilities	1,995	--
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,166	15,060
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in affiliates	(30)	(1,135)
Repayments of investments in affiliates	2,888	157
Proceeds from the sale of loans receivable	--	2,461
Capital expenditures	(4,577)	(14,864)
NET CASH USED IN INVESTING ACTIVITIES	(1,719)	(13,381)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances to The Wackenhut Corporation	15,493	31,903
Repayments from The Wackenhut Corporation	(15,493)	(31,903)
Proceeds from long-term debt	--	9,000
Payments of long-term debt	(10,000)	--
Proceeds from exercise of stock options	182	--
Repurchase of common stock	--	(4,933)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(9,818)	4,067
Effect of exchange rate changes on cash	(2,250)	(1,037)
Net increase in cash	379	4,709
Cash, beginning of period	33,821	41,029
CASH, END OF PERIOD	\$ 34,200	\$ 45,738
SUPPLEMENTAL DISCLOSURES:		
Cash paid for income taxes	\$ 1,201	\$ 4,543
Cash paid for interest	\$ 366	\$ 80

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

WACKENHUT CORRECTIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed for the quarterly financial reporting are the same as those disclosed in the Notes to Consolidated Financial Statements included in the Company's Form 10-K filed with the Securities and Exchange Commission on March 26, 2001 for the fiscal year ended December 31, 2000.

The Company adopted Statement of Financial Accounting Standards No.133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No.137 and 138, on January 1, 2001. The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company's 50% owned equity affiliate operating in the United Kingdom has entered into interest rate swaps to fix the interest rate it receives on its variable rate credit facility. Management of the Company has determined the swaps to be effective cash flow hedges. Accordingly, the Company recorded its share of the affiliate's change in other comprehensive income as a result of applying SFAS 133. As of July 1, 2001, the swaps approximated \$9 million which is reflected as a reduction in shareholders' equity in the Company's financial statements for the quarter ended July 1, 2001.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations." SFAS 141 addresses financial accounting and reporting for business combinations and supercedes APB No. 16, "Business Combinations" and SFAS No. 38 "Accounting for Preacquisition Contingencies of Purchased Enterprises." All business combinations in the scope of SFAS 141 are to be accounted for under the purchase method. SFAS 141 is effective June 30, 2001. The adoption of SFAS 141 did not have an impact on the Company's financial position, results of operations or cash flows.

In June 2001, the FASB also issued SFAS 142, "Goodwill and Other Intangible Assets." SFAS 142 addresses financial accounting and reporting for intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition. SFAS 142 also addresses financial accounting and reporting for goodwill and other intangible assets subsequent to their acquisition. With the adoption of SFAS 142, goodwill is no longer subject to amortization. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair value based test. The impairment loss is the amount, if any, by which the implied fair value of goodwill is less than the carrying or book value. SFAS 142 is effective for fiscal years beginning after December 15, 2001. Impairment loss for goodwill arising from the initial application of SFAS 142 is to be reported as resulting from a change in accounting principle. The Company is currently assessing the impact of adopting SFAS 142, but does not believe the impact will be material to its financial position, results of operations or cash flows in the year of adoption.

WACKENHUT CORRECTIONS CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

2. DOMESTIC AND INTERNATIONAL OPERATIONS

A summary of domestic and international operations is presented below (dollars in thousands):

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 1, 2001	JULY 2, 2000	JULY 1, 2001	JULY 2, 2000
REVENUES				
Domestic operations	\$115,630	\$105,115	\$226,332	\$207,312
International operations	26,085	28,760	50,386	57,071
Total revenues	<u>\$141,715</u>	<u>\$133,875</u>	<u>\$276,718</u>	<u>\$264,383</u>
OPERATING INCOME				
Domestic operations	\$ 5,506	\$ 2,273	\$ 6,771	\$ 3,924
International operations	911	2,807	2,189	6,725
Total operating income	<u>\$ 6,417</u>	<u>\$ 5,080</u>	<u>\$ 8,960</u>	<u>\$ 10,649</u>

	AS OF	
	JULY 1, 2001	DECEMBER 31, 2000
LONG-LIVED ASSETS		
Domestic operations	\$48,493	\$48,274
International operations .	5,710	6,346
Total long-lived assets	<u>\$54,203</u>	<u>\$54,620</u>

Long-lived assets consist of property, plant and equipment.

The Company has affiliates (50% or less owned) that provide correctional and detention facilities management, home monitoring and court escort services in the United Kingdom. The following table summarizes certain financial information pertaining to these unconsolidated foreign affiliates, on a combined basis (dollars in thousands).

	TWENTY-SIX WEEKS ENDED	
	JULY 1, 2001	JULY 2, 2000
STATEMENT OF OPERATIONS DATA		
Revenues	\$ 70,229	\$ 72,114
Operating income	13,767	15,639
Net income	4,556	4,498
BALANCE SHEET DATA		
Current Assets	\$ 58,937	\$ 60,531
Noncurrent Assets	287,351	248,561
Current liabilities	34,581	29,467
Noncurrent liabilities	283,165	258,685
Stockholders' equity	28,542	20,940

WACKENHUT CORRECTIONS CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

2. DOMESTIC AND INTERNATIONAL OPERATIONS (CONTINUED)

In addition, during the later part of 2000, the Company began developing a correctional facility and preparing for facility operation in South Africa through 50% owned affiliates. The following table summarizes certain financial information pertaining to these unconsolidated foreign affiliates, on a combined basis (dollars in thousands).

	TWENTY-SIX WEEKS ENDED JULY 1, 2001
STATEMENT OF OPERATIONS DATA	
Revenues	\$ --
Operating loss	(377)
Net loss	(250)
BALANCE SHEET DATA	
Current Assets	\$ 5,523
Noncurrent Assets	30,535
Current liabilities	49
Noncurrent liabilities	29,684
Stockholders' equity	6,325

3. COMPREHENSIVE INCOME (LOSS)

Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income," establishes standards for reporting and display of comprehensive income and its components in financial statements. The components of the Company's comprehensive income are as follows (dollars in thousands):

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 1, 2001	JULY 2, 2000	JULY 1, 2001	JULY 2, 2000
Net income	\$ 5,323	\$ 4,838	\$ 7,955	\$ 9,627
Foreign currency translation adjustments, net of income tax (expense) benefit of (\$416), \$191, \$1,879 and \$1,268, respectively	624	(285)	(2,819)	(1,894)
Cumulative effect of change in accounting principle related to affiliate's derivative instruments, net of income tax benefit of \$--, \$--, \$8,062, \$--, respectively	--	--	(12,093)	--
Unrealized gain (loss) on affiliate's derivative instruments, net of income tax expense of \$3,253, \$--, \$2,023, \$--, respectively	4,879	--	3,034	--
Comprehensive income (loss)	<u>\$ 10,826</u>	<u>\$ 4,553</u>	<u>\$ (3,923)</u>	<u>\$ 7,733</u>

WACKENHUT CORRECTIONS CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

4. EARNINGS PER SHARE

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

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED	
	JULY 1, 2001	JULY 2, 2000	JULY 1, 2001	JULY 2, 2000
Net Income	\$ 5,323	\$ 4,838	\$ 7,955	\$ 9,627
Basic earnings per share:				
Weighted average shares outstanding	21,026	21,011	21,019	21,207
Per share amount	\$ 0.25	\$ 0.23	\$ 0.38	\$ 0.45
Diluted earnings per share:				
Weighted average shares outstanding	21,026	21,011	21,019	21,207
Effect of dilutive securities: Employee and director stock options	220	131	192	153
Weighted average shares assuming dilution	21,246	21,142	21,211	21,360
Per share amount	\$ 0.25	\$ 0.23	\$ 0.37	\$ 0.45

Options to purchase 521,000 shares of the Company's common stock, with exercise prices ranging from \$13.75 to \$26.88 per share and expiration dates between 2005 and 2009, were outstanding at the thirteen weeks ended July 1, 2001, but were not included in the computation of diluted EPS because their effect would be anti-dilutive if exercised. At the thirteen weeks ended July 2, 2000, outstanding options to purchase 1,051,200 shares of the Company's common stock, with exercise prices ranging from \$7.88 to \$26.88 and expiration dates between 2005 and 2010, were also excluded from the computation of diluted EPS because their effect would be anti-dilutive if exercised.

Options to purchase 629,000 shares of the Company's common stock, with exercise prices ranging from \$11.88 to \$26.88 per share and expiration dates between 2005 and 2011, were outstanding at the twenty-six weeks ended July 1, 2001, but were not included in the computation of diluted EPS because their effect would be anti-dilutive if exercised. At the twenty-six weeks ended July 2, 2000, outstanding options to purchase 766,200 shares of the Company's common stock, with exercise prices ranging from \$11.88 to \$26.88 and expiration dates between 2005 and 2009, were also excluded from the computation of diluted EPS because their effect would be anti-dilutive if exercised.

WACKENHUT CORRECTIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

5. LONG-TERM DEBT

In December 1997, the Company entered into a five-year, \$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 facility of up to \$5.0 million for the issuance of standby letters of credit. Indebtedness under this facility bears interest at the alternate base rate (defined as the higher of prime rate or federal funds plus 0.5%) or LIBOR plus 150 to 250 basis points, depending upon fixed charge coverage ratios. The facility requires the Company to, among other things, maintain a maximum leverage ratio; minimum fixed charge coverage ratio; and a minimum tangible net worth. The facility also limits certain payments and distributions. At July 1, 2001, no amount was outstanding under this facility. In addition, at July 1, 2001, the Company had six standby letters of credit in an aggregate amount of approximately \$2.8 million. Availability related to these instruments at July 1, 2001 was \$30.0 million. At July 1, 2001, the Company also had twelve letters of guarantee totaling approximately \$12.6 million under separate international facilities.

6. COMMITMENTS AND CONTINGENCIES

The Company previously disclosed that the Travis County, Texas District Attorney was reviewing certain Company documents related to the operation of the Company's facility in Travis County, Texas. The Company no longer operates the facility and has no further information related to the document review.

During the third quarter of 2000, the Company recorded an operating charge of \$3.8 million (\$2.3 million after tax) related to the lease of the 276-bed Jena Juvenile Justice Center in Jena, Louisiana, which had been vacated. The charge represented the expected losses to be incurred under the lease agreement with Correctional Properties Trust ("CPV"), including lease costs and property taxes for the second half of 2000 and all of 2001. At that time, management estimated the Jena Facility would remain inactive through the end of 2001.

In June 2001, the Louisiana State Senate passed a resolution requesting the Louisiana Department of Public Safety and Corrections to enter into discussions and negotiations regarding the potential purchase of a facility in LaSalle Parish. Subsequently, the State and the Company in coordination with CPV began discussions regarding the sale of the Jena Facility located in LaSalle Parish.

In addition to these activities, the Company is continuing its efforts to sublease or find an alternative correctional use for the Facility including a sale of the Facility to a Federal agency. There can be no assurance that the Company and CPV will be able to successfully negotiate with any of these entities for the final sale or alternate use of the Facility. In the event the Facility is sold or subleased at a loss, the Company would be required to compensate CPV for such loss. If CPV does not complete a sale of the Facility prior to December 30, 2001 or if the Company is unable to sublease or find an alternative correctional use for the Facility during 2001, an additional charge related to the Facility would be required. The Company estimates the impact of any delay past December 30, 2001 to be approximately \$2 million per year during the period in which the Facility is expected to be vacant. The Company's total remaining obligation under the lease agreement is approximately \$16 million.

WACKENHUT CORRECTIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

6. COMMITMENTS AND CONTINGENCIES (CONTINUED)

On June 30, 2001, the Company's contract with the Arkansas Board of Correction and Community Punishment and the Arkansas Department of Correction for the management of the Grimes and McPherson correctional facilities expired and the contract was discontinued by mutual agreement between the client and the Company. Costs associated with the expiration of the contract were not significant. Management believes that the expiration of the contract will not have a material negative financial impact on the Company's future results of operations or cash flows.

On July 11, 2001 the Company issued a 120-day notice to the Delaware County Board of Prison Inspectors, pursuant to the terms of its contract, to discontinue its operation of the George W. Hill Correctional Facility located in Thornton, Pennsylvania effective November 11, 2001. Costs associated with the discontinuation of this contract are not expected to be significant. The Company does not expect the discontinuation of the management contract to have a significant adverse impact on the Company's future results of operations or cash flows.

In December 1997, the Company entered into a \$220 million operating lease facility 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 operating lease facility. These obligations include, among other things, amounts equal to 88% of amounts outstanding under the operating lease facility.

7. RETIREMENT AND DEFERRED COMPENSATION PLANS

During the quarter ending July 1, 2001, the Company established non-qualified deferred compensation agreements with certain senior executives providing for fixed annual benefits ranging from \$150,000 to \$250,000 payable upon retirement at age 60 for a period of 25 years. In the event of death before retirement, annual benefits are paid to beneficiaries for a period of 12.5 years. Currently, the plan is not funded. The Company purchases and is the beneficiary of life insurance policies for each participant enrolled in the plan. The cost of these agreements is being charged to expense and accrued using a present value method over the expected terms of employment. The related accumulated benefit obligation is included in other liabilities on the accompanying consolidated balance sheet.

WACKENHUT CORRECTIONS CORPORATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FINANCIAL CONDITION

Reference is made to Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, filed with the Securities and Exchange Commission on March 26, 2001, for further discussion and analysis of information pertaining to the Company's results of operations, liquidity and capital resources.

FORWARD-LOOKING STATEMENTS: The management's discussion and analysis of financial condition and results of operations and the Company's August 2, 2001 earnings press release 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, but are not limited to, (1) the Company's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into the Company without substantial costs; (2) the instability of foreign exchange rates, exposing the Company to currency risks in Australia, New Zealand, South Africa and the United Kingdom; (3) an increase in unreimbursed labor rates; (4) the Company's ability to expand correctional services and diversify its services in the mental health services market; (5) the Company's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (6) the Company's ability to raise capital given the short-term nature of the customers' commitment to the use of the Company's facilities; (7) the Company's ability to expand its core capabilities pursuant to its organizational restructuring program implemented in 2000; (8) the Company's ability to sub-lease or coordinate the sale of the Jena, Louisiana Facility with CPV; (9) the Company's ability to timely terminate services with the Delaware County Board of Prison Inspectors without substantial costs; (10) the Company's ability to project the size and growth of the U.S. privatized corrections industry; (11) the Company's ability to estimate the government's level of dependency on privatization; (12) the Company's ability to create long-term earnings visibility; (13) the Company's ability to obtain future low-interest financing; (14) the Company's exposure to rising general liability and workers' compensation insurance costs; and (15) other future factors including, but not limited to, 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 risks 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 and other factors contained in the Company's Securities and Exchange Commission filings, including the prospectus dated January 23, 1996, and its current Form 10-K, 10-Q and 8-K reports.

WACKENHUT CORRECTIONS CORPORATION

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents at July 1, 2001 of \$34.2 million increased \$0.4 million from December 31, 2000. Cash provided by operating activities amounted to \$14.2 million in the twenty-six weeks ended July 1, 2001 ("First Half 2001") versus cash provided by operating activities of \$15.1 million in twenty-six weeks ended July 2, 2000 ("First Half 2000") primarily reflecting a decline in net income.

Cash used in investing activities amounted to \$1.7 million in the First Half 2001 compared to \$13.4 million in the First Half 2000. The change is primarily a result of fewer capital expenditures in the First Half 2001. In the First Half 2000, the Company also recognized a gain from the sale of a portion of the Company's loan receivable from an overseas affiliate.

Cash used in financing activities in the First Half 2001 amounted to \$9.8 million compared to cash provided by financing activities of \$4.1 million in the First Half 2000. The change is due primarily to the Company repaying \$10.0 million of its long-term debt as compared to proceeds received by the Company of \$9.0 million in the First Half 2000.

Working capital decreased from \$56.0 million at December 31, 2000 to \$51.1 million at the end of the Second Quarter of 2001 primarily due to the paydown of the Company's long-term debt.

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

As of July 1, 2001, the Company had no amount outstanding on its \$30 million revolving credit facility for the funding of construction projects. As of July 1, 2001, approximately \$154.3 million of the Company's \$220 million operating lease facility, established to acquire and develop new correctional facilities, was outstanding for completed properties. Currently there are no properties under development and the Company has available capacity of approximately \$23 million remaining under the operating lease facility. The Company is exploring other financing alternatives for future project development such as the sale of facilities to government entities, the third-party sale and leaseback of facilities, and the issuance of taxable or nontaxable bonds by local government entities.

The Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 137 and 138, on January 1, 2001. The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company's 50% owned equity affiliate operating in the United Kingdom has entered into interest rate swaps to fix the interest rate it receives on its variable rate credit facility. Management of the Company has determined the swaps to be effective cash flow hedges. Accordingly, the Company recorded its share of the affiliate's change in other comprehensive income as a result of applying SFAS 133. As of July 1, 2001, the swaps approximated \$9 million which is reflected as a reduction in shareholders' equity in the Company's financial statements for the quarter ended July 1, 2001.

WACKENHUT CORRECTIONS CORPORATION

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations." SFAS 141 addresses financial accounting and reporting for business combinations and supercedes APB No. 16, "Business Combinations" and SFAS No. 38 "Accounting for Preacquisition Contingencies of Purchased Enterprises." All business combinations in the scope of SFAS 141 are to be accounted for under the purchase method. SFAS 141 is effective June 30, 2001. The adoption of SFAS 141 did not have an impact on the Company's financial position, results of operations or cash flows.

In June 2001, the FASB also issued SFAS 142, "Goodwill and Other Intangible Assets." SFAS 142 addresses financial accounting and reporting for intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition. SFAS 142 also addresses financial accounting and reporting for goodwill and other intangible assets subsequent to their acquisition. With the adoption of SFAS 142, goodwill is no longer subject to amortization. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair value based test. The impairment loss is the amount, if any, by which the implied fair value of goodwill is less than the carrying or book value. SFAS 142 is effective for fiscal years beginning after December 15, 2001. Impairment loss for goodwill arising from the initial application of SFAS 142 is to be reported as resulting from a change in accounting principle. The Company is currently assessing the impact of adopting SFAS 142, but does not believe the impact will be material to its financial position, results of operations or cash flows in the year of adoption.

RESULTS OF OPERATIONS

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

COMPARISON OF THIRTEEN WEEKS ENDED JULY 1, 2001 AND THIRTEEN WEEKS ENDED JULY 2, 2000

Revenues increased by 5.9% to \$141.7 million in the thirteen weeks ended July 1, 2001 ("Second Quarter 2001") from \$133.9 million in the thirteen weeks ended July 2, 2000 ("Second Quarter 2000"). The increase in revenues is the result of new facility openings offset by lower construction revenue, closure of one facility and lower mandays at the Department of Immigration and Multicultural Affairs ("DIMA") facilities. Specifically, revenue increased approximately \$18.4 million in Second Quarter 2001 compared to Second Quarter 2000 due to increased compensated resident days resulting from the opening of two facilities in 2000, (Auckland Central Remand Prison, Auckland, New Zealand in July 2000 and the Western Region Detention Facility at San Diego, San Diego, California in July 2000) and the opening of two facilities in 2001 (Val Verde Correctional Facility, Del Rio, Texas in January 2001 and the Rivers Correctional Institution, Winton, North Carolina in March 2001). Revenues decreased by approximately \$8.2 million in the Second Quarter 2001 compared to the Second Quarter 2000 due to the substantial completion of construction of South Florida State Hospital. Revenues also decreased by approximately \$5.9 million in Second Quarter 2001 compared to the same period in 2000 due to the cessation of operations at the Jena Juvenile Justice Center and a decline in mandays at the DIMA facilities. The balance of the increase in revenues was attributable to facilities open during all of both periods.

The number of compensated resident days in domestic facilities increased to 2,358,801 in Second Quarter 2001 from 2,163,793 in Second Quarter 2000. The average facility occupancy in domestic facilities decreased to 96.8% of capacity in Second Quarter 2001 compared to 97.2% in Second Quarter 2000 due primarily to the termination of the Jena Juvenile Justice Center contract. Compensated resident days in Australian facilities decreased to 446,418 from 513,205 for the comparable periods primarily due to lower compensated resident days at the DIMA facilities.

WACKENHUT CORRECTIONS CORPORATION

Operating expenses increased by 4.1% to \$126.9 million in Second Quarter 2001 compared to \$121.8 million in Second Quarter 2000. As a percentage of revenues, operating expenses decreased to 89.5% in Second Quarter 2001 from 91.0% in the comparable period in 2000. The increase in operating expenses primarily reflected the four facilities that were opened in 2001 and 2000, as described above. Additionally, there are secondary factors contributing to the increase including expenses related to construction activities, increases in general and comprehensive liability insurance premiums and increases in utility costs.

Casualty insurance related to workers' compensation, general liability and automobile insurance coverage is provided by an independent insurer. A portion of this coverage is reinsured by an insurance subsidiary of TWC. Insurance rates are based on the Company's loss experience and are prospectively adjusted from time-to-time based on this loss experience.

The Company continues to incur increasing insurance costs due to adverse claims experience. The Company is implementing a strategy to improve the management of future loss claims incurred by the Company but can provide no assurances that this strategy will be successful. The Company anticipates significant increased insurance costs during the third and fourth quarters of 2001. These increases could adversely impact the Company's 2001 results of operations and cash flows.

Depreciation and amortization increased by 26.1% to \$2.3 million in Second Quarter 2001 from \$1.8 million in Second Quarter 2000. As a percentage of revenues, depreciation and amortization increased to 1.6% in Second Quarter 2001 from 1.3% in the Second Quarter in 2000. This increase is primarily attributable to leasehold improvements at the New Mexico, Oklahoma and San Diego facilities and additional operational assets.

Contribution from operations increased 22.9% to \$12.6 million in Second Quarter 2001 from \$10.2 million in Second Quarter 2000. As a percentage of revenue, contribution from operations increased to 8.9% in Second Quarter 2001 from 7.6% in Second Quarter 2000. This increase is primarily the result of the activation of newly constructed facilities as discussed above, the decline in construction activity and improved financial performance at a number of additional facilities.

General and administrative expenses increased by 19.5% to \$6.2 million in Second Quarter 2001 from \$5.2 million in Second Quarter 2000. As a percentage of revenue, general and administrative expenses increased to 4.3% in Second Quarter 2001 from 3.8% in Second Quarter 2000. The increase reflects costs primarily related to additional infrastructure.

Interest income was \$0.5 million during the Second Quarter 2001 compared to \$0.7 million in Second Quarter 2000 resulting from a decrease in invested cash and a reduction in interest earnings from subordinated debt as well as lower interest rates since the beginning of the year.

Interest expense was \$0.3 million during the Second Quarter 2001 and Second Quarter 2000.

Other income in Second Quarter 2000 of \$0.6 million represents the one-time gain from the sale of subordinated debt with an international joint venture. There was no such activity in the second quarter 2001.

Provision for income taxes increased to \$2.6 million in Second Quarter 2001 from \$2.5 million in Second Quarter 2000 due to higher taxable income. This was offset by a lower effective tax rate.

Equity in earnings of affiliates, net of income tax provision increased to \$1.2 million in Second Quarter 2001 from \$1.1 million in Second Quarter 2000.

WACKENHUT CORRECTIONS CORPORATION

COMPARISON OF TWENTY-SIX WEEKS ENDED JULY 1, 2001 AND TWENTY-SIX WEEKS ENDED JULY 2, 2000:

Revenues increased by 4.7% to \$276.7 million in the twenty-six weeks ended July 1, 2001 from \$264.4 million in the twenty-six weeks ended July 2, 2000. The increase in revenues is the result of new facility openings offset by lower construction revenue, closure of one facility and lower mandays at the DIMA facilities. Specifically, revenue increased approximately \$31.1 million in First Half 2001 compared to First Half 2000 due to increased compensated resident days resulting from the opening of two facilities in 2000, (Auckland Central Remand Prison, Auckland, New Zealand in July 2000 and the Western Region Detention Facility at San Diego, San Diego, California in July 2000) and the opening of two facilities in 2001 (Val Verde Correctional Facility, Del Rio, Texas in January 2001 and the Rivers Correctional Institution, Winton, North Carolina in March 2001). Revenues decreased by approximately \$12.3 million in the First Half 2001 compared to the First Half 2000 due to the substantial completion of construction of South Florida State Hospital. Revenues also decreased by approximately \$13.7 million in First Half 2001 compared to the same period in 2000 due to the cessation of operations at the Jena Juvenile Justice Center and a decline in mandays at the DIMA facilities. The balance of the increase in revenues was attributable to facilities open during all of both periods and increases in per diem rates.

The number of compensated resident days in domestic facilities increased to 4,654,026 in First Half 2001 from 4,329,665 in First Half 2000. The average facility occupancy in domestic facilities slightly decreased to 96.8% of capacity in First Half 2001 compared to 97.3% in First Half 2000 due primarily to the termination of the Jena Juvenile Justice Center contract. Compensated resident days in Australian facilities decreased to 896,417 from 999,551 for the comparable period primarily due to lower compensated resident days at the DIMA facilities.

Operating expenses increased by 5.2% to \$250.9 million in First Half 2001 compared to \$238.5 million in First Half 2000. As a percentage of revenues, operating expenses increased to 90.7% in First Half 2001 from 90.2% in the comparable period in 2000. The increase in operating expenses primarily reflects \$3.5 million in start-up costs related to the opening of the Val Verde, Texas and Winton, North Carolina facilities in the First Quarter 2001, as well as a full quarter of operating expenses related to these facilities and two full quarters of operating expenses for the facilities opened in July 2000. Additionally, there are secondary factors contributing to the increase including expenses related to construction activities, increases in general and comprehensive liability insurance premiums and increases in utility costs.

Casualty insurance related to workers' compensation, general liability and automobile insurance coverage is provided by an independent insurer. A portion of this coverage is reinsured by an insurance subsidiary of TWC. Insurance rates are based on the Company's loss experience and are prospectively adjusted from time-to-time based on this loss experience.

The Company continues to incur increasing insurance costs due to adverse claims experience. The Company is implementing a strategy to improve the management of future loss claims incurred by the Company but can provide no assurances that this strategy will be successful. The Company anticipates significant increased insurance costs during the third and fourth quarters of 2001. These increases could adversely impact the Company's 2001 results of operations and cash flows.

Depreciation and amortization increased by 21.8% to \$4.7 million in the First Half 2001 from \$3.9 million in the First Half 2000. As a percentage of revenue, depreciation and amortization increased to 1.7% from 1.5%. This increase is primarily attributable to leasehold improvements at the New Mexico, Oklahoma and San Diego facilities and additional operational assets.

WACKENHUT CORRECTIONS CORPORATION

Contributions from operations decreased by 4.1% to \$21.1 million in First Half 2001 from \$22.0 million in First Half 2000. As a percentage of revenue, contribution from operations decreased to 7.6% in First Half 2001 from 8.3% in First Half 2000. As discussed above, this decrease is primarily attributable to the factors impacting the increase in operating expenses and depreciation and amortization expenses.

General and administrative expenses increased by 7.0% to \$12.1 million in First Half 2001 from \$11.3 million in First Half 2000. As a percentage of revenue, general and administrative expenses increased to 4.4% in the First Half 2001 from 4.3% in the First Half 2000. This increase reflects costs related to additional infrastructure.

Interest income was \$1.1 million during the First Half 2001 compared to \$1.4 million in First Half 2000 resulting from a decrease in invested cash and a reduction in interest earnings from subordinated debt as well as lower of interest rates since the beginning of the year.

Interest expense was \$0.6 million during the First Half 2001 compared to \$0.4 million in First Half 2000. The increase is related to interest on borrowings related to leasehold improvements at the San Diego facility.

Other income in the First Half 2000 of \$0.6 million represents the one-time gain from the sale of subordinated debt with an international joint venture. There was no such activity in the First Half 2001.

Provision for income taxes decreased to \$3.7 million in First Half 2001 from \$4.9 million in First Half 2000 due to lower taxable income and a lower effective tax rate.

Equity in earnings of affiliates remained constant at approximately \$2.2 million for First Half 2001 and First Half 2000.

WACKENHUT CORRECTIONS CORPORATION

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to Item 7A, Part II of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, for discussion pertaining to the Company's exposure to certain market risks. There have been no material changes in the disclosure for the twenty-six weeks ended July 1, 2001.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company previously disclosed that the Travis County, Texas District Attorney was reviewing certain Company documents related to the operation of the Company's facility in Travis County, Texas. The Company no longer operates the facility and has no further information related to the document review.

The nature of the Company's business results in claims or litigation against the Company for damages arising from the conduct of its employees or others. Except for 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.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

The Annual Meeting of Shareholders of the Company was held on May 3, 2001 in Palm Beach, Florida. All directors nominated for election were elected by a majority of the votes cast and the tabulation of the votes cast were as follows:

	VOTES FOR -----	VOTES WITHHELD -----
Wayne H. Calabrese	19,676,763	67,092
Norman A. Carlson	19,675,882	67,973
Benjamin R. Civiletti	19,679,007	64,848
Richard H. Glanton	19,676,913	66,942
Manuel J. Justiz	19,678,082	65,773
John F. Ruffle	19,679,332	64,523
George R. Wackenhut	19,664,457	79,398
Richard R. Wackenhut	19,675,232	68,623
George C. Zoley	19,678,713	65,142
Philip L. Maslowe	19,663,182	80,673

WACKENHUT CORRECTIONS CORPORATION

The second matter voted upon at the Annual Meeting was the ratification of the action of the Board of Directors appointing the firm of Arthur Andersen LLP to be the independent certified public accountants of the Company for the fiscal year 2001. The tabulation of the votes on this matter was as follows:

For: 19,683,213 Against: 26,824 Abstain: 33,818

The third matter voted upon at the Annual Meeting was the approval of an amendment to the Wackenhut Corrections Corporation Stock Option Plan - 1999 authorizing the issuance of an additional 300,000 shares of WCC Common Stock subject to awards. The tabulation of the votes on this matter was as follows:

For: 18,324,007 Against: 503,755 Abstain: 916,093

The fourth matter voted upon at the Annual Meeting was the approval of an amendment to the Non-Employee Director Stock Option Plan authorizing the issuance of an additional 25,000 shares of WCC Common Stock subject to awards. The tabulation of the votes on this matter was as follows:

For: 18,454,786 Against: 376,186 Abstain: 912,883

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT

NUMBER -----	DESCRIPTION -----
10.1	Senior Officer Retirement Agreement
10.2	Executive Severance Agreement

(b) Reports on Form 8-K - The Company did not file a Form 8-K during the second quarter of the fiscal year ending December 30, 2001.

WACKENHUT CORRECTIONS CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WACKENHUT CORRECTIONS CORPORATION

AUGUST 10, 2001

/s/ JOHN G. O'ROURKE

Date

John G. O'Rourke
Senior Vice President - Finance, Chief
Financial Officer and Treasurer
(Principal Financial Officer)

WACKENHUT CORRECTIONS CORPORATION
RETIREMENT AGREEMENT

This Retirement Agreement is entered into by and between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation ("Company"), and GEORGE C. ZOLEY ("Executive").

WHEREAS, the Executive was a participant in the Wackenhut Corrections Corporation's Senior Officer Retirement Plan (the "Former Plan"); and

WHEREAS, Executive has agreed to terminate his participation in the Former Plan; and

WHEREAS, the Company desires to provide Executive with certain retirement benefits, as set forth in this Agreement.

NOW THEREFORE, it is agreed as follows:

1. Employment

Company currently employs Executive as Vice Chairman and Chief Executive Officer and may employ Executive in such other positions as may be determined from time to time by the Board of Directors of Company and at such rate of compensation as may be so determined. Executive will devote his full energy, skill and best efforts to the affairs of Company on a full-time basis. It is contemplated that such employment will continue until February 7, 2010 (the "Retirement Date"), but nevertheless either Company or Executive may terminate Executive's employment at any time and for any reason upon ten (10) days written notice to the other.

2. Retirement

In the event Executive's employment continues until his Retirement Date, upon retirement, and commencing with the first month after Executive actually retires, Company will pay Executive \$20,933.33 monthly for three hundred (300) months.

3. Termination of Employment

If Executive terminates his employment with the Company for reason other than death, or if Company terminates Executive's employment prior to Executive's Retirement for reason other than death, Company will pay Executive monthly, commencing with the first month after Executive's Retirement Date and continuing for three hundred (300) months, the amount specified in Section 2 above.

4. Death

If Executive dies before his Retirement Date and before termination of his employment with the Company, the Company shall pay Executive's named beneficiary (designated as provided in Section 6 of this Agreement and hereinafter referred to as "Beneficiary") a monthly amount of \$10,416.66 commencing with the first month following death and continuing for one hundred fifty (150) months thereafter. In the case of the death of Executive after termination of employment with Company, but before his Retirement Date, the Company shall pay to Beneficiary \$10,416.66 commencing with the first month following death and continuing for one hundred fifty (150) months thereafter. If Executive dies within three hundred (300) months following his Retirement Date and while receiving payments hereunder, the Company shall pay Beneficiary the payments that would have been made to Executive had he lived for the balance of said three hundred (300) month period.

5. Change in Control

Upon the occurrence of a "Change in Control" (as defined in the Executive Severance Agreement between the Executive and Company, dated May 4, 2001), the Executive's Retirement Date shall automatically be changed for all purposes to the date which is five years prior to the date specified in Section 1 hereof. In addition, within ten (10) days following the date the Executive's employment with the Company is terminated following a Change in Control, the Company shall pay to the Executive or if the Executive dies to the Beneficiary or Beneficiaries, the present value of all deferred compensation provided for pursuant to this Agreement that would have been paid if the Executive remained employed with the Company through the Retirement Date. The present value shall be calculated (i) using a discount rate equal to the lower of the rate provided in Internal Revenue Code Section 280G(d)(4), or six and one half percent (6-1/2%), and (ii) without regard to any mortality factor or related probabilities.

6. Small Amounts

In the event the amount of any monthly payments provided herein shall be less than Twenty (\$20) Dollars, the Company in its sole discretion may in lieu thereof pay the commuted value of such payments (calculated on the basis of the interest rate and mortality assumptions being used by The Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin, to calculate immediate annuity rates on the date of this Agreement) to the person entitled to such payments.

7. Beneficiary

The Beneficiary (or Beneficiaries) of any payments to be made after Executive's death, shall be as designated by Executive and shown on Exhibit A attached hereto or such other person or persons as Executive shall designate in writing to the Company. If Executive has made no effective designation of Beneficiaries, any such payments shall be made to Executive's estate.

8. Restrictions and Non-Competition

Executive shall not at any time, either directly or indirectly, accept employment with, render service, assistance or advice to, own, manage, operate, control or participate in the ownership, or allow his name to be used by any competitor of the Company unless approved by the Board of Directors of the Company. Determination by the Board of Directors of the Company that Executive has engaged in any such activity shall be binding and conclusive on all parties, and in addition to all other rights and remedies which Company shall have, neither Executive nor Beneficiary shall be entitled to any payments hereunder. In the event of a "Change in Control", the provisions of this Section 8 shall no longer apply.

9. Insurance

If Company shall elect to purchase a life insurance contract to provide Company with funds to make payments hereunder, Company shall at all times be the sole and complete owner and beneficiary of such contract, and shall have the unrestricted right to use all amounts and exercise all options and privileges thereunder without knowledge or consent of Executive of Beneficiary or any other person, it being expressly agreed that neither Executive nor Beneficiary nor any other person shall have any right, title or interest whatsoever in or to any such contract.

10. Source of Payments

Executive, Beneficiary and any other person or persons having or claiming a right to payments hereunder or to any interest in this Agreement shall rely solely on the unsecured promise of Company set forth herein, and nothing in this Agreement shall be construed to give Executive, Beneficiary or any other person or persons any right title, interest or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever owned by Company or in which it may have any right, title or interest now or in the future, but Executive shall have the right to enforce his claim against Company in the same manner as any unsecured creditor.

11. Amendment

This Agreement may be amended at any time or from time to time by written agreement of the parties.

12. Assignment

Neither Executive, nor Beneficiary, not any other person entitled to payments hereunder shall have power to transfer, assign, anticipate, mortgage or otherwise encumber in advance any of such payments, nor shall such payments be subject to seizure for the payment of public or private debts, judgments, alimony or separate maintenance, or be transferable by operation of law in event of bankruptcy, insolvency or otherwise.

13. Waiver of Benefits under Former Plan

As consideration for this Agreement, Executive waives all benefits available under the Former Plan and waives all claims, however arising, which he now has or hereafter may be entitled to claim against the Company or its affiliates under the Former Plan, and the Company's respective predecessors, successors, assigns, owners, any affiliated or related corporations or entities, arising from or in connection with or otherwise resulting from any matter, event, state of facts, claim, contention or cause whatsoever, occurring or existing from the beginning of time, in connection with or relating to the Former Plan.

14. Binding Effect

This Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns. The Company agrees it will not be a party to any merger, consolidation or reorganization, unless and until its obligations hereunder shall be expressly assumed by its successors.

IN WITNESS WHEREOF, this Agreement shall be effective the 4th day of May, 2001.

(Executive)

(Company)

WACKENHUT CORRECTIONS CORPORATION

/s/ George C. Zoley

By: /s/ George R. Wackenhut

George C. Zoley
Vice Chairman and Chief Executive Officer

George R. Wackenhut

Attest: /s/

(CORPORATE SEAL)

WACKENHUT CORRECTIONS CORPORATION
RETIREMENT AGREEMENT

This Retirement Agreement is entered into by and between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation ("Company"), and WAYNE H. CALABRESE ("Executive").

WHEREAS, the Executive was a participant in the Wackenhut Corrections Corporation's Senior Officer Retirement Plan (the "Former Plan"); and

WHEREAS, Executive has agreed to terminate his participation in the Former Plan; and

WHEREAS, the Company desires to provide Executive with certain retirement benefits, as set forth in this Agreement.

NOW THEREFORE, it is agreed as follows:

1. Employment

Company currently employs Executive as President and Chief Operating Officer and may employ Executive in such other positions as may be determined from time to time by the Board of Directors of Company and at such rate of compensation as may be so determined. Executive will devote his full energy, skill and best efforts to the affairs of Company on a full-time basis. It is contemplated that such employment will continue until November 5, 2010 (the "Retirement Date"), but nevertheless either Company or Executive may terminate Executive's employment at any time and for any reason upon ten (10) days written notice to the other.

2. Retirement

In the event Executive's employment continues until his Retirement Date, upon retirement, and commencing with the first month after Executive actually retires, Company will pay Executive \$16,666.66 monthly for three hundred (300) months.

3. Termination of Employment

If Executive terminates his employment with the Company for reason other than death, or if Company terminates Executive's employment prior to Executive's Retirement for reason other than death, Company will pay Executive monthly, commencing with the first month after Executive's Retirement Date and continuing for three hundred (300) months, the amount specified in Section 2 above.

4. Death

If Executive dies before his Retirement Date and before termination of his employment with the Company, the Company shall pay Executive's named beneficiary (designated as provided in Section 6 of this Agreement and hereinafter referred to as "Beneficiary") a monthly amount of \$8,333.33 commencing with the first month following death and continuing for one hundred fifty (150) months thereafter. In the case of the death of Executive after termination of employment with Company, but before his Retirement Date, the Company shall pay to Beneficiary \$8,333.33 commencing with the first month following death and continuing for one hundred fifty (150) months thereafter. If Executive dies within three hundred (300) months following his Retirement Date and while receiving payments hereunder, the Company shall pay Beneficiary the payments that would have been made to Executive had he lived for the balance of said three hundred (300) month period.

5. Change in Control

Upon the occurrence of a "Change in Control" (as defined in the Executive Severance Agreement between the Executive and Company, dated May 4, 2001), the Executive's Retirement Date shall automatically be changed for all purpose to the date which is five years prior to the date specified in Section 1 hereof. In addition, within ten (10) days following the date the Executive's employment with the Company is terminated following a Change in Control, the Company shall pay to the Executive or if the Executive dies to the Beneficiary or Beneficiaries, the present value of all deferred compensation provided for pursuant to this Agreement that would have been paid if the Executive remained employed with the Company through the Retirement Date. The present value shall be calculated (i) using a discount rate equal to the lower of the rate provided in Internal Revenue Code Section 280G(d)(4), or six and one half percent (6-1/2%), and (ii) without regard to any mortality factor or related probabilities.

6. Small Amounts

In the event the amount of any monthly payments provided herein shall be less than Twenty (\$20) Dollars, the Company in its sole discretion may in lieu thereof pay the commuted value of such payments (calculated on the basis of the interest rate and mortality assumptions being used by The Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin, to calculate immediate annuity rates on the date of this Agreement) to the person entitled to such payments.

7. Beneficiary

The Beneficiary (or Beneficiaries) of any payments to be made after Executive's death, shall be as designated by Executive and shown on Exhibit A attached hereto or such other person or persons as Executive shall designate in writing to the Company. If Executive has made no effective designation of Beneficiaries, any such payments shall be made to Executive's estate.

8. Restrictions and Non-Competition

Executive shall not at any time, either directly or indirectly, accept employment with, render service, assistance or advice to, own, manage, operate, control or participate in the ownership, or allow his name to be used by any competitor of the Company unless approved by the Board of Directors of the Company. Determination by the Board of Directors of the Company that Executive has engaged in any such activity shall be binding and conclusive on all parties, and in addition to all other rights and remedies which Company shall have, neither Executive nor Beneficiary shall be entitled to any payments hereunder. In the event of a "Change in Control", the provisions of this Section 8 shall no longer apply.

9. Insurance

If Company shall elect to purchase a life insurance contract to provide Company with funds to make payments hereunder, Company shall at all times be the sole and complete owner and beneficiary of such contract, and shall have the unrestricted right to use all amounts and exercise all options and privileges thereunder without knowledge or consent of Executive of Beneficiary or any other person, it being expressly agreed that neither Executive nor Beneficiary nor any other person shall have any right, title or interest whatsoever in or to any such contract.

10. Source of Payments

Executive, Beneficiary and any other person or persons having or claiming a right to payments hereunder or to any interest in this Agreement shall rely solely on the unsecured promise of Company set forth herein, and nothing in this Agreement shall be construed to give Executive, Beneficiary or any other person or persons any right, title, interest or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever owned by Company or in which it may have any right, title or interest now or in the future, but Executive shall have the right to enforce his claim against Company in the same manner as any unsecured creditor.

11. Amendment

This Agreement may be amended at any time or from time to time by written agreement of the parties.

12. Assignment

Neither Executive, nor Beneficiary, nor any other person entitled to payments hereunder shall have power to transfer, assign, anticipate, mortgage or otherwise encumber in advance any of such payments, nor shall such payments be subject to seizure for the payment of public or private debts, judgments, alimony or separate maintenance, or be transferable by operation of law in event of bankruptcy, insolvency or otherwise.

13. Waiver of Benefits under Former Plan

As consideration for this Agreement, Executive waives all benefits available under the Former Plan and waives all claims, however arising, which he now has or hereafter may be entitled to claim against the Company or its affiliates under the Former Plan, and the Company's respective predecessors, successors, assigns, owners, any affiliated or related corporations or entities, arising from or in connection with or otherwise resulting from any matter, event, state of facts, claim, contention or cause whatsoever, occurring or existing from the beginning of time, in connection with or relating to the Former Plan.

14. Binding Effect

This Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns. The Company agrees it will not be a party to any merger, consolidation or reorganization, unless and until its obligations hereunder shall be expressly assumed by its successors.

IN WITNESS WHEREOF, this Agreement shall be effective the 4th day of May, 2001.

(Executive)

(Company)

WACKENHUT CORRECTIONS CORPORATION

/S/ Wayne H. Calabrese

By: /S/ George R. Wackenhut

Wayne H. Calabrese
President and Chief Operating Officer

George R. Wackenhut

Attest: -----

(CORPORATE SEAL)

WACKENHUT CORRECTIONS CORPORATION
RETIREMENT AGREEMENT

This Retirement Agreement is entered into by and between WACKENHUT CORRECTIONS CORPORATION, a Florida corporation ("Company"), and JOHN O'ROURKE ("Executive").

WHEREAS, the Executive was a participant in the Wackenhut Corrections Corporation's Senior Officer Retirement Plan (the "Former Plan"); and

WHEREAS, Executive has agreed to terminate his participation in the Former Plan; and

WHEREAS, the Company desires to provide Executive with certain retirement benefits, as set forth in this Agreement.

NOW THEREFORE, it is agreed as follows:

1. Employment

Company currently employs Executive as Chief Financial Officer and Treasurer and may employ Executive in such other positions as may be determined from time to time by the Board of Directors of Company and at such rate of compensation as may be so determined. Executive will devote his full energy, skill and best efforts to the affairs of Company on a full-time basis. It is contemplated that such employment will continue until August 1, 2010 (the "Retirement Date"), but nevertheless either Company or Executive may terminate Executive's employment at any time and for any reason upon ten (10) days written notice to the other.

2. Retirement

In the event Executive's employment continues until his Retirement Date, upon retirement, and commencing with the first month after Executive actually retires, Company will pay Executive \$12,500.00 monthly for three hundred (300) months.

3. Termination of Employment

If Executive terminates his employment with the Company for reason other than death, or if Company terminates Executive's employment prior to Executive's Retirement for reason other than death, Company will pay Executive monthly, commencing with the first month after Executive's Retirement Date and continuing for three hundred (300) months, the amount specified in Section 2 above.

4. Death

If Executive dies before his Retirement date and before termination of his employment with the Company, the Company shall pay Executives's named beneficiary (designated as provided in Section 6 of this Agreement and hereinafter referred to as "Beneficiary") a monthly amount of \$6,250.00 commencing with the first month following death and continuing for one hundred fifty (150) months thereafter. In the case of the death of Executive after termination of employment with Company, but before his Retirement Date, the Company shall pay to Beneficiary \$6,250.00 commencing with the first month following death and continuing for one hundred fifty (150) months thereafter. If Executive dies within three hundred (300) months following his Retirement Date and while receiving payments hereunder, the Company shall pay Beneficiary the payments that would have been made to Executive had he lived for the balance of said three hundred (300) month period.

5. Change in Control

Upon the occurrence of a "Change in Control" (as defined in the Executive Severance Agreement between the Executive and Company, dated May 4, 2001), the Executive's Retirement Date shall automatically be changed for all purposes to the date which is five years prior to the date specified in Section 1 hereof. In addition, within ten (10) days following the date the Executive's employment with the Company is terminated following a Change in Control, the Company shall pay to Executive or if the Executive dies to the Beneficiary or Beneficiaries, the present value of all deferred compensation provided for pursuant to this Agreement that would have been paid if the Executive remained employed with the Company through the Retirement Date. The present value shall be calculated (i) using a discount rate equal to the lower of the rate provided in Internal Revenue Code Section 280G(d)(4), or six and one half percent (6-1/2%), and (ii) without regard to any mortality factor or related probabilities.

6. Small Amounts

In the event the amount of any monthly payments provided herein shall be less than Twenty (\$20) Dollars, the Company in its sole discretion may in lieu thereof pay the commuted value of such payments (calculated on the basis of the interest rate and mortality assumptions being used by The Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin, to calculate immediate annuity rates on the date of this Agreement) to the person entitled to such payments.

7. Beneficiary

The Beneficiary (or Beneficiaries) of any payments to be made after Executive's death, shall be as designated by Executive and shown on Exhibit A attached hereto or such other person

or persons as Executive shall designate in writing to the Company. If Executive has made no effective designation of Beneficiaries, any such payments shall be made to Executive's estate.

8. Restrictions and Non-Competition

Executive shall not at any time, either directly or indirectly, accept employment with, render service, assistance or advice to, own, manage, operate, control or participate in the ownership, or allow his name to be used by any competitor of the Company unless approved by the Board of Directors of the Company. Determination by the Board of Directors of the Company that Executive has engaged in any such activity shall be binding and conclusive on all parties, and in addition to all other rights and remedies which Company shall have, neither Executive nor Beneficiary shall be entitled to any payments hereunder. In the event of a "Change in Control", the provisions of this Section 8 shall no longer apply.

9. Insurance

If Company shall elect to purchase a life insurance contract to provide Company with funds to make payments hereunder, Company shall at all times be the sole and complete owner and beneficiary of such contract and shall have the unrestricted right to use all amounts and exercise all options and privileges thereunder without knowledge or consent of Executive of Beneficiary or any other person, it being expressly agreed that neither Executive nor Beneficiary nor any other person shall have any right, title or interest whatsoever in or to any such contract.

10. Source of Payments

Executive, Beneficiary and any other person or persons having or claiming a right to payments hereunder or to any interest in this Agreement shall rely solely on the unsecured promise of Company set forth herein and nothing in this Agreement shall be construed to give Executive, Beneficiary or any other person or persons any right, title, interest or claim in or to any specific asset, fund, reserve, account or property of any kind whatsoever owned by Company or in which it may have any right, title or interest now or in the future, but Executive shall have the right to enforce his claim against Company in the same manner as any unsecured creditor.

11. Amendment

This Agreement may be amended at any time or from time to time by written agreement of the parties.

12. Assignment

Neither Executive, nor Beneficiary, nor any other person entitled to payments hereunder shall have power to transfer, assign, anticipate, mortgage or otherwise encumber in advance any of such payments, nor shall such payments be subject to seizure for the payment of

public or private debts, judgments, alimony or separate maintenance, or be transferable by operation of law in event of bankruptcy, insolvency or otherwise.

13. Waiver of Benefits under Former Plan

As consideration for this Agreement, Executive waives all benefits available under the Former Plan and waives all claims, however arising, which he now has or hereafter may be entitled to claim against the Company or its affiliates under the Former Plan, and the Company's respective predecessors, successors, assigns, owners, any affiliated or related corporations or entities, arising from or in connection with or otherwise resulting from any matter, event, state of facts, claim, contention or cause whatsoever, occurring or existing from the beginning of time, in connection with or relating to the Former Plan.

14. Binding Effect

This Agreement shall be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns. The Company agrees it will not be a party to any merger, consolidation or reorganization, unless and until its obligations hereunder shall be expressly assumed by its successors.

IN WITNESS WHEREOF, this Agreement shall be effective the 4th day of May, 2001.

(Executive)

(Company)

WACKENHUT CORRECTIONS CORPORATION

/S/ John G. O'Rourke

By: /S/ George R. Wackenhut

John G. O'Rourke
Chief Financial Officer and Treasurer

George R. Wackenhut

Attest:

(CORPORATE SEAL)

EXECUTIVE SEVERANCE AGREEMENT

THIS EXECUTIVE SEVERANCE AGREEMENT ("Agreement") is made and entered into as of this 4th day of May, 2001, by and between Wackenhut Corrections Corporation, a Florida corporation, its successor or successors, or assigns (hereinafter referred to as the "Company") and Dr. George C. Zoley (hereinafter referred to as the "Executive").

The Executive is a key executive of the Company, and the Company desires to provide the Executive with an incentive to remain with the Company if concerns arise over a possible change in control of the Company. The majority shareholder of the Company is The Wackenhut Corporation, a Florida corporation ("TWC").

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Company and the Executive agree as follows:

1. Termination of Executive Employment. If the Executive's employment is terminated by the Company for any reason at any time during the 12 month period commencing on the date on which a Change in Control (as defined in Section 2 below) occurs, by the Executive for "Good Reason" (as defined in Section 2 below) at any time during the 12 month period commencing on the date on which a Change in Control occurs, or for any reason (including the delivery of a written resignation to the Company by the Executive or his authorized representative on the Executive's or his estate's behalf) after the date which is 12 months following the date a Change in Control occurs and prior to the date which is 24 months following the date a Change in Control occurs, then (i) the Company shall pay the Special Termination Payment (as defined in Section 3 below) to the Executive (or his estate) within ten days after said termination, (ii) all awards granted pursuant to the Wackenhut Corrections Corporation Stock Option Plans and any other unvested stock options or other interests the Executive holds in the Company's stock or the stock of a subsidiary of the Company shall become fully vested, all restrictions on restricted stock units shall lapse, and all performance targets with respect to performance units or shares will be deemed to have been met as of the date the Executive's employment is terminated (iii) the Company shall transfer all of its interest in any automobile used by the Executive pursuant to the Company's Executive Automobile Policy (the "Executive Automobile Policy") and shall pay the balance of any outstanding loan or leases on such automobile (whether such obligations are those of the Executive or the Company) so that the Executive owns the automobile outright (in the event such automobile is leased, the Company shall pay the residual cost of such lease), (iv) the Company shall pay to the Executive, within ten days after said termination, the present value of all cash payments pursuant to the WCC Retirement Agreement entered into between the Company and the Executive (the "Retirement Agreement") as if the Executive had remained employed with the Company through the Retirement Date defined therein, in complete satisfaction of the amount due to the Executive thereunder (the "Retirement Agreement payoff"), (v) the Company shall continue to provide the Executive (and if applicable, his beneficiaries) with the Executive Benefits (as described in Section 4), at no cost to the Executive in no less than the same amount and, on the same terms and conditions as in effect on the date on which the Change in Control occurs for a period of 3 years after the date of

termination of the Executive's employment with the Company, regardless of the cost to the Company, or, alternatively, if the Executive (or his estate) elects at any time in a written notice delivered to the Company to waive any particular Executive Benefits, the Company shall make a cash payment to the Executive within ten days after receipt of such election in an amount equal to the present value of the Company's cost of providing such Executive Benefits from the date of such election to the end of the foregoing 3-year period, and such present value shall be determined by reference to the Company's then-current cost levels and a discount rate equal to 120 percent of the short-term applicable Federal rate provided for in Section 1274(d) of the Internal Revenue Code (the "Code") for the month in which the Change in Control occurs; and (vi) the Company shall pay to the Executive, within 10 days after said termination, an amount equal to the sum of (a) the dollar value of vacation time that would have been credited to the Executive pursuant to the Company's Vacation Policy (the "Vacation Policy) if the Executive had remained employed by the Company through the "Anniversary Date" (as defined in the Vacation Policy) immediately following his termination of employment, multiplied by a fraction, the numerator of which is the number of days which elapsed from the Executive's Anniversary Date immediately preceding the date of termination through the date of such termination, and the denominator of which is 365, plus (b) the dollar value of vacation time which the Executive was entitled to have taken immediately prior to the Executive's termination, which was not in fact taken by the Executive; the dollar value of vacation time referred to above shall be equal to the amount which would have been paid to the Executive by the Company during such vacation time had the vacation time in fact been taken by the Executive immediately prior to the Executive's termination. If the Executive dies during the 3-year period contemplated by clause (v) of the foregoing sentence, the Company shall provide the Executive Benefits, to the extent applicable, to the Executive's estate, or make any applicable cash payments in lieu thereof to said estate. The present value represented by the Retirement Agreement Payoff referred to above shall be calculated (i) using a discount rate equal to the lower of the rate provided for in Code Section 280G(d)(4), or six and one-half percent (6.5%), and (ii) without regard to any mortality factors or related probabilities. The Executive shall be deemed to be employed by the Company if the Executive is employed by the Company or any subsidiary of the Company in which the Company owns a majority of the subsidiary's voting securities. Notwithstanding anything else in this Agreement to the contrary, subsequent reemployment of the Executive by the Company or any successor of the Company following a Change in Control will not cause the Executive to forfeit any compensation or benefits provided in this Agreement.

2. Definitions

- A. Change in Control. For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:
- (i) any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), (other than the Company, TWC or any trustee or other fiduciary holding securities under any employee benefit plan of the Company), is

or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (or a successor by merger, consolidation or similar transaction, referred to in this Section as a "successor") representing a percentage of the combined voting power of the Company's (or its successor's) then outstanding securities which is greater than the percentage of the combined voting power represented by securities of the Company (or its successor) then owned by TWC; provided, however, that for purposes of this clause (i), the percentage so owned by TWC shall not be treated as beneficially owned by any direct or indirect shareholder of TWC; and provided further, that the transfer of securities of the Company owned by TWC to any direct or indirect shareholders of TWC in connection with any one or more spin-offs, split-offs, split-ups, corporate distributions or similar transactions consummated as part of an integrated plan involving TWC's direct or indirect shareholders (a "Restructuring Transaction") shall not be deemed to constitute a Change in Control; or

(ii) after consummation of a Restructuring Transaction, any person, as defined above (other than the Company, TWC or any trustee or other fiduciary holding securities under any employee benefit plan of the Company), is or becomes the beneficial owner, as defined above, directly or indirectly, of securities of the Company or its successor representing a majority of the combined voting power of the Company's (or its successors's) then outstanding securities; provided, however, that the ownership of securities of the Company constituting such a majority by a person immediately after consummation of a Restructuring Transaction and by such person thereafter shall not constitute a Change in Control; and provided further, that the subsequent acquisition of securities by another person which causes such other person to own such a majority will constitute a Change in Control; or

(iii) the Company consummates (1) an agreement for the Sale or disposition by the Company of all or substantially all of the Company's assets except pursuant to a merger, consolidation or similar transaction involving the Company and a successor (as defined above) (said merger, consolidation or similar transaction shall be tested only pursuant to clause (i) above) or (2) a plan of complete liquidation of the Company; or

(iv) any "person," as such term is used in Section 13(d) and 14(d) of the Exchange (other than the Company, TWC, members of the TWC Controlling Shareholder Group, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or TWC, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of TWC representing 30% or more of the combined voting power of TWC's then outstanding securities; or

(v) the shareholders of TWC approve a merger or consolidation of TWC with any other corporation or entity, other than a merger or consolidation which would result in the voting securities of TWC outstanding immediately prior thereto continuing to represent, (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of TWC or such surviving entity outstanding immediately after such merger or consolidation; or

(vi) TWC consummates (1) an agreement for the sale or disposition by TWC of all or substantially all of TWC's assets except pursuant to a merger, consolidation or similar transaction involving TWC where TWC is not the surviving entity (said merger, consolidation or similar transaction shall be tested only pursuant to clause (v) above) or (2) a plan of complete liquidation of TWC; or

(vii) the total combined voting power of TWC (or any successor entity) represented by shares of voting stock owned by members of the TWC Controlling Shareholder Group is reduced to 30 percent or less.

Notwithstanding the foregoing, in no event shall a Change in Control be deemed to have occurred with respect to the Executive if the Executive is part of a purchasing group which consummates a transaction causing a Change in Control. The Executive shall be deemed "part of a purchasing group" for purposes of the preceding sentence if the Executive is a direct or indirect equity participant in the purchasing company or group. Furthermore, the occurrence of any of the events listed in clauses (iv), (v), (vi) or (vii) above shall not constitute a Change in Control if they occur after consummation of a Restructuring Transaction.

The "TWC Controlling Shareholder Group" includes (i) George R. Wackenhut, (ii) the spouse and lineal descendants of George R. Wackenhut, (iii) any trust whose only beneficiaries are persons described in the foregoing clauses (i) and (ii), and (iv) Affiliates of the persons described in the foregoing clauses (i), (ii) and (iii). An "Affiliate" of a person includes only a corporation, limited liability company, partnership, or similar entity where all of the voting securities or ownership interests of said entity are directly owned by such person. Unless otherwise defined, a "person" includes any natural person and any corporation, limited liability company, partnership, trust or other entity.

B. Good Reason. Termination by Executive of his employment for "Good Reason" pursuant to Section I above shall mean a termination by Executive upon:

- (i) Any material reduction in Executive's title or responsibilities;
- (ii) Any reduction in Executive's base Salary or annual bonus;
- (iii) A diminution in the Executive's eligibility to participate in bonus, stock options, incentive awards and other compensation plans or a diminution in Executive Benefits (as defined below); or
- (iv) A change in the location of the Executive's principal place of employment by the Company of more than 50 miles from the location which he was principally employed at immediately prior to a Change in Control.

3. Special Termination Payment and Calculation. For purposes of this Agreement, the "Special Termination Payment" shall mean an aggregate amount of money equal to the product of three (3) multiplied by the sum of (x) the Executive's annual base salary as in effect at the time of the termination giving rise to the Special Termination Payment, or if greater the annual base salary in effect for the calendar year prior to the date of termination, plus (y) the greater of (i) the annual bonus the Executive received with respect to calendar year 1999, or (ii) the largest annual bonus the Executive would have received if his employment had not been terminated in the calendar year in which his employment was terminated assuming that all targets and incentives are met (regardless of actual results and criteria). In the event that the Company does not pay the Special Termination Payment by the due date specified in this Agreement, then the unpaid amount shall bear interest at the rate of 18 percent per annum, compounded monthly, until it is paid.
- a. Equalization Payment. If any of the Special Termination Payment will be subject to the tax (the "Excise Tax) imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any similar tax that may hereafter be imposed), the Company shall pay to the Executive in cash an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive after deduction from the Special Termination Payment and the Gross-Up Payment of any Excise Tax imposed upon the Special Termination Payment and any federal, state and local income tax and Excise Tax imposed upon the Gross-Up Payment shall be equal to the original amount of the Special Termination Payment, prior to deduction of any Excise Tax imposed with respect to the Special Termination Payment. The Gross-Up Payment is intended to place the Executive in the same economic position he would have been in if the Excise Tax did not apply. The Gross-Up Payment shall be paid to the Executive in full, at the time the Special Termination Payment is paid pursuant to Section I hereof. For purposes of determining the Gross-Up Payment pursuant to this Section 3-a, the Special Termination Payment shall also include any amounts which would be considered "Parachute Payments" (within the meaning of Section 2800(b)(2) of the Code) to the Executive, including, but not limited to, the value of any Executive Benefits paid or provided to the Executive during the period provided for in Code Section 280G(b)(2)(C).
- b. Tax Rates. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay Federal income taxes at the highest marginal rate of Federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the date of termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes.
- c. Tax Calculation. Simultaneously with the Company's payment of the Special Termination Payment, the Company shall deliver to the Executive a written statement specifying the total amount of the Special Termination Payment and the Gross-Up Payment, together with all supporting calculations. If the Executive

disagrees with the Company's calculation of either of said payments, the Executive shall submit to the Company, no later than 30 days after receipt of the Company's calculations, a written notice advising the Company of the disagreement and setting forth his calculation of said payments. The Executive's failure to submit such notice within such period shall be conclusively deemed to be an agreement by the Executive as to the amount of the Special Termination Payment and the Gross-Up Payment. If the Company agrees with the Executive's calculations, it shall pay any shortfall to the Executive within 20 days after receipt of such a notice from the Executive, together with interest thereon accruing at the rate of 18 percent per annum, compounded monthly, from the original due date of the Special Termination Payment through the actual date of payment of said shortfall. If the Company does not agree with the Executive's calculations, it shall provide the Executive with a written notice within 20 days after the receipt of the Executive's calculations advising the Executive that the disagreement is to be referred to an independent accounting firm for resolution. Such disagreement shall be referred to an independent "Big 5" accounting firm which is not the regular accounting firm of the Company and which is agreed to by the Company and the Executive within 10 days after issuance of the Company's notice of disagreement (if the parties cannot agree on the identity of the accounting firm which is to resolve the dispute, the accounting firm shall be selected by means of a coin toss conducted in Palm Beach County, Florida by counsel to the Executive on the first business day after such 10 day period in such manner as such counsel may specify). The accounting firm shall review all information provided to it by the parties and submit a written report setting forth its calculation of the Special Termination Payment and the Gross-Up Payment within 15 days after submission of the matter to it, and such decision shall be final and binding on all of the parties. The fees and expenses charged by said accounting firm shall be paid by the Company. If the amount of the Special Termination Payment or Gross-Up Payment actually paid by the Company was less than the amount calculated by the accounting firm, the Company shall pay the shortfall to the Executive within 5 days after the accounting firm submits its written report, together with interest thereon accruing at the rate of 18 percent per annum, compounded monthly, from the original due date of the Special Termination Payment through the actual date of payment of said shortfall.

- d. Subsequent Calculation. In the event the Internal Revenue Service imposes an Excise Tax with respect to the Special Termination Payment that is greater than the Excise Tax calculated hereunder, the Company shall reimburse the Executive for the full amount necessary to make the Executive whole in accordance with the principles set forth above, including any interest and penalties which may be imposed.

4. Executive Benefits. The term "Executive Benefits" means all health, dental, disability, life insurance, retirement and fringe benefits or programs now or hereafter established by the Company which cover the Company's executives or its employees and applicable family members and which are in effect on the date on which a Change in Control occurs. The term

"Executive Benefits" also includes, for purposes of Section 3, the value of the items provided for in clauses (ii) and (iii) of the first sentence in Section 1.

5. Non-Competition. In the event that Executive's employment is terminated pursuant to Section I hereof and Executive timely receives payment of the Special Termination Payment, Executive agrees that for a period of 12 months after such termination of employment not to, directly or indirectly, own, manage, operate, control or participate in the ownership, management operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of, any business (a "Competitive Operation") which competes with any business conducted by the Company, or by any group, division or subsidiary of the Company for which the Executive has had responsibility, in any area where such business is being conducted at the time of such termination. It is understood and agreed that, or the purposes of the foregoing provisions of this Section 5, no business which is conducted by the Company at the time, of the Executive's termination and which subsequently is sold or discontinued by the Company shall be deemed to be a Competitive Operation within the meaning of this Section 5. Ownership of an amount not to exceed five percent (5%) of the voting stock of any publicly held corporation shall not constitute a violation hereof.
6. Release and Indemnity. The Company hereby fully and forever releases, acquits, discharges and holds the Executive harmless from any and all, and all manner of, actions and causes of action, claims, suits, costs, debts, sums of money, claims and demands, presently known or unknown, whatsoever in law or equity or otherwise, which the Company ever had, now has or may now have, or will have in the future, by reason of any matter, cause or thing whatsoever, from the beginning of the world and all times thereafter. The preceding sentence does not apply to any matters, events, actions, claims, damages or losses arising from, in connection with or relating to (i) any intentional illegal conduct of the Executive, or (ii) conduct of the Executive after the Executive ceases to be employed by the Company. The Company at all times shall indemnify, save harmless and reimburse the Executive, from and against any and all demands, claims, liabilities, losses, actions, suits or proceedings, or other expenses, fees, or charges of any character or nature, which the Executive may incur or with which they may be threatened with, arising from, in connection with, relating to or arising as a result of Executive's employment by the Company or any other relationship that the Executive has with the Company as an officer, director, agent shareholder or otherwise, including without limitation settlement costs and attorneys' fees and court costs at trial and appellate levels which the Executive may incur in connection with settling, defending against or resisting any of the foregoing. The Company shall pay to the Executive any amounts due with respect to said indemnity within 5 business days after the Executive issues a written demand therefor to the Company. The provisions of this section are an expansion of any rights that the Executive may have with respect to the subject matter, and no other agreement or arrangement which the Company may have that benefits the Executive with respect to the subject matter hereof shall be superseded or limited in any way as a result of the parties entering into this Agreement.

7. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when received at the address specified herein. In the case of Executive, notices shall be delivered to him at the home address which he has most recently communicated to the Company in writing. In the case of the Company, notices shall be delivered to the Company's corporate headquarters, and all notices shall be directed to the attention of the Chairman of the Board of the Company, with a copy to the Company's General Counsel.
8. No Mitigation. Executive shall not be required to mitigate the amount of any payment or benefit contemplated by this Agreement upon his termination of employment (whether by seeking new employment or in any other manner), nor shall any such payment or benefit be reduced by any earnings or benefits that Executive may receive from any other source.
9. Modification and Waiver. This Agreement shall not be canceled, rescinded or revoked, nor may any provision of this Agreement be modified, waived or discharged unless the cancellation, rescission, revocation, modification, waiver or discharge is agreed to in writing and signed by Executive and by the Chairman of the Board of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
10. Complete Agreement. This Agreement supersedes all previous severance agreements entered into by Executive and the Company. Except as specifically provided in Section I of this Agreement, this Agreement does not affect any deferred compensation agreements, non-qualified retirement plans, or any other agreements entered into by the parties.
11. No Assignment. No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect. This Agreement is binding on all successors of the Company, whether by merger, consolidation, purchase or otherwise, and all references to the Company shall also include references to any such successor.
12. Governing. This Agreement shall be governed by, and construed and enforced in accordance with and subject to, the laws of the State of Florida applicable to agreements made and to be performed entirely within such State, as to all matters governed by state law or, if controlling, by applicable federal law.
13. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

14. Litigation Venue. Any action at law or in equity under this Agreement shall be brought in the courts of Palm Beach County, Florida, and in no other court (whether or not jurisdiction can be established in another court). Each party hereto waives the right to argue that venue is not appropriate in the courts of Palm Beach County, Florida.
15. Expenses. The Company shall reimburse the Executive for all legal and/or accounting expenses he incurs in connection with the execution, delivery and enforcement of his rights under this Agreement.
16. Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.
17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
18. Special Provisions. The continued validity of this Agreement shall not be affected by any acquisition of capital stock of the Company by TWC and this Agreement shall continue in full force and effect, and transactions that occur after any such acquisition shall continue to be tested pursuant to Section 2.

IN WITNESS WHEREOF, the parties have executed this Executive Severance Agreement effective the 4th day of May, 2001.

Signed, Sealed and Delivered
In the Presence of

EXECUTIVE:

/s/ Sandra L. Nusbaum

PRINT NAME OF WITNESS BELOW

/s/ George C.Zoley

Dr. George C. Zoley

Sandra L. Nusbaum

Date: 5/4/01

/s/ Tanya Grooms

PRINT NAME OF WITNESS BELOW

Tanya Grooms

WACKENHUT CORRECTIONS CORPORATION

/s/ J.P. Rowan

PRINT NAME OF WITNESS BELOW

By: /s/ G.R. Wackenhut

James P. Rowan

Name: George R. Wackenhut

Title: Chairman

/s/ Sandra L. Nusbaum

PRINT NAME OF WITNESS BELOW

Date: 5-4-01

Sandra L. Nusbaum

EXECUTIVE SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT ("Agreement") is made and entered into as of this 4th day of May, 2001, by and between Wackenhut Corrections Corporation, a Florida corporation, its successor or successors, or assigns (hereinafter referred to as the "Company") and Wayne Calabrese (hereinafter referred to as the "Executive").

The Executive is a key executive of the Company, and the Company desires to provide the Executive with an incentive to remain with the Company if concerns arise over a possible change in control of the Company. The majority shareholder of the Company is The Wackenhut Corporation, a Florida Corporation ("TWC").

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the Company and the Executive agree as follows:

1. Termination of Executive Employment. If the Executive's employment is terminated by the Company for any reason at any time during the 12 month period commencing on the date on which a Change in Control (as defined in Section 2 below) occurs, by the Executive for "Good Reason" (as defined in Section 2 below) at any time during the 12 month period commencing on the date on which a Change in Control occurs, or for any reason (including the delivery of a written resignation to the Company by the Executive or his authorized representative on the Executive's or his estate's behalf) after the date which is 12 months following the date a Change in Control occurs and prior to the date which is 24 months following the date a Change in Control occurs, then (i) the Company shall pay the Special Termination Payment (as defined in Section 3 below) to the Executive (or his estate), within ten days after said termination, (ii) all awards granted pursuant to the Wackenhut Corrections Corporation Stock Option Plans and any other unvested stock options or other interests the Executive holds in the Company's stock or the stock of a subsidiary of the Company shall become fully vested, all restrictions on restricted stock units shall lapse, and all performance targets with respect to performance units or shares will be deemed to have been met as of the date the Executive's employment is terminated, (iii) the Company shall transfer all of its interest in any automobile used by the Executive pursuant to the Company's Executive Automobile Policy (the "Executive Automobile Policy") and shall pay the balance of any outstanding loans or leases on such automobile (whether such obligations are those of the Executive or the Company) so that the Executive owns the automobile outright (in the event such automobile is leased, the Company shall pay the residual cost of such lease), (iv) the Company shall pay to the Executive, within ten days after said termination, the present value of all cash payments pursuant to the WCC Retirement Agreement entered into between the Company and the Executive (the "Retirement Agreement") as if the Executive had remained employed with the Company through the Retirement Date defined therein, in complete satisfaction of the amount due to the Executive thereunder (the "Retirement Agreement Payoff"), (v) the Company shall continue to provide the Executive (and if applicable, his beneficiaries) with the Executive Benefits (as described in Section 4), at no cost to the Executive in no less than the same amount and, on the same terms and conditions as in effect on the date on which the Change in Control occurs for a period of 3 years after the date of

termination of the Executive's employment with the Company, regardless of the cost to the Company, or, alternatively, if the Executive (or his estate) elects at any time in a written notice delivered to the Company to waive any particular Executive Benefits, the Company shall make a cash payment to the Executive within ten days after receipt of such election in an amount equal to the present value of the Company's cost of providing such Executive Benefits from the date of such election to the end of the foregoing 3-year period, and such present value shall be determined by reference to the Company's then-current cost levels and a discount rate equal to 120 percent of the short-term applicable Federal rate provided for in Section 1274(d) of the Internal Revenue Code (the "Code") for the month in which the Change in Control occurs; and (vi) the Company shall pay to the Executive, within 10 days after said termination, an amount equal to the sum of (a) the dollar value of vacation time that would have been credited to the Executive pursuant to the Company's Vacation Policy (the "Vacation Policy") if the Executive had remained employed by the Company through the "Anniversary Date" (as defined in the Vacation Policy) immediately following his termination of employment, multiplied by a fraction, the numerator of which is the number of days which elapsed from the Executive's Anniversary Date immediately preceding the date of termination through the date of such termination, and the denominator of which is 365, plus (b) the dollar value of vacation time which the Executive was entitled to have taken immediately prior to the Executive's termination, which was not in fact taken by the Executive; the dollar value of vacation time referred to above shall be equal to the amount which would have been paid to the Executive by the Company during such vacation time had the vacation time in fact been taken by the Executive immediately prior to the Executive's termination. If the Executive dies during the 3-year period contemplated by clause (v) of the foregoing sentence, the Company shall provide the Executive Benefits, to the extent applicable, to the Executive's estate, or make any applicable cash payments in lieu thereof to said estate. The present value represented by the Retirement Agreement Payoff referred to above shall be calculated (i) using a discount rate equal to the lower of the rate provided for in Code Section 280G(d)(4), or six and one-half percent (6.5%), and (ii) without regard to any mortality factors or related probabilities. The Executive shall be deemed to be employed by the Company if the Executive is employed by the Company or any subsidiary of the Company in which the Company owns a majority of the subsidiary's voting securities. Notwithstanding anything else in this Agreement to the contrary, subsequent reemployment of the Executive by the Company or any successor of the Company following a Change in Control will not cause the Executive to forfeit any compensation or benefits provided in this Agreement.

2. Definitions.

A. Change in Control. For purposes of this "Agreement," a "Change in Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), (other than the Company, TWC or any trustee or other fiduciary holding securities under any employee benefit plan of the Company), is

or becomes the "beneficial owner," (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (or a successor by merger, consolidation or similar transaction, referred to in this Section as a "successor") representing a percentage of the combined voting power of the Company's (or its successor's) then outstanding securities which is greater than the percentage of the combined voting power represented by securities of the Company (or its successor) then owned by TWC; provided, however, that for purposes of this clause (i), the percentage so owned by TWC shall not be treated as beneficially owned by any direct or indirect shareholder of TWC; and provided further, that the transfer of securities of the Company owned by TWC to any direct or indirect shareholders of TWC in connection with any one or more spin-offs, split-offs, split-ups, corporate distributions or similar transactions consummated as part of an integrated plan involving TWC's direct or indirect shareholders (a "Restructuring Transaction") shall not be deemed to constitute a Change in Control; or

(ii) after consummation of a Restructuring Transaction, any person, as defined above (other than the Company, TWC or any trustee or other fiduciary holding securities under any employee benefit plan of the Company), is or becomes the beneficial owner, as defined above, directly or indirectly, of securities of the Company or its successor representing a majority of the combined voting power of the Company's (or its successor's) then outstanding securities; provided, however, that the ownership of securities of the Company constituting such a majority by a person immediately after consummation of a Restructuring Transaction and by such person thereafter shall not constitute a Change in Control; and provided further, that the subsequent acquisition of securities by another person which causes such other person to own such a majority will constitute a Change in Control; or

(iii) the Company consummates (1) an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets except pursuant to a merger, consolidation or similar transaction involving the Company and a successor (as defined above) (said merger, consolidation or similar transaction shall be tested only pursuant to clause (i) above) or (2) a plan of complete liquidation of the Company; or

(iv) any "person," as such term is used in Section 13(d) and 14(d) of the Exchange (other than the Company, TWC, members of the TWC Controlling Shareholder Group, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or TWC), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of TWC representing 30% or more of the combined voting power of TWC's then outstanding securities; or

(v) the shareholders of TWC approve a merger or consolidation of TWC with any other corporation or entity, other than a merger or consolidation which would result in the voting securities of TWC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of TWC or such surviving entity outstanding immediately after such merger or consolidation; or

(vi) TWC consummates (1) an agreement for the sale or disposition by TWC of all or substantially all of TWC's assets except pursuant to a merger, consolidation or similar transaction involving TWC where TWC is not the surviving entity (said merger, consolidation or similar transaction shall be tested only pursuant to clause (v) above) or (2) a plan of complete liquidation of TWC; or

(vii) the total combined voting power of TWC (or any successor entity) represented by shares of voting stock owned by members of the TWC Controlling Shareholder Group is reduced to 30 percent or less.

Notwithstanding the foregoing, in no event shall a Change in Control be deemed to have occurred with respect to the Executive if the Executive is part of a purchasing group which consummates a transaction causing a Change in Control. The Executive shall be deemed "part of a purchasing group" for purposes of the preceding sentence if the Executive is a direct or indirect equity participant in the purchasing company or group. Furthermore, the occurrence of any of the events listed in clauses (iv), (v), (vi) or (vii) above shall not constitute a Change in Control if they occur after consummation of a Restructuring Transaction.

The "TWC Controlling Shareholder Group" includes (i) George R. Wackenhut, (ii) the spouse and lineal descendants of George R. Wackenhut, (iii) any trust whose only beneficiaries are persons described in the foregoing clauses (i) and (ii), and (iv) Affiliates of the persons described in the foregoing clauses (i), (ii) and (iii). An "Affiliate" of a person includes only a corporation, limited liability company, partnership, or similar entity where all of the voting securities or ownership interests of said entity are directly owned by such person. Unless otherwise defined, a "person" includes any natural person and any corporation, limited liability company, partnership, trust or other entity.

B. Good Reason. Termination by Executive of his employment for "Good Reason" pursuant to Section 1 above shall mean a termination by Executive upon:

- (i) Any material reduction in Executive's title or responsibilities;
- (ii) Any reduction in Executive's base salary or annual bonus;
- (iii) A diminution in the Executive's eligibility to participate in bonus, stock options, incentive awards and other compensation plans or a diminution in Executive Benefits (as defined below); or
- (iv) A change in the location of the Executive's principal place of employment by the Company of more than 50 miles from the location which he was principally employed at immediately prior to a Change in Control.

3. Special Termination Payment and Calculation. For purposes of this Agreement, the "Special Termination Payment" shall mean an aggregate amount of money equal to the product of three (3) multiplied by the sum of (x) the Executive's annual base salary as in effect at the time of the termination giving rise to the Special Termination Payment, or if greater the annual base salary in effect for the calendar year prior to the date of termination, plus (y) the greater of (i) the annual bonus the Executive received with respect to calendar year 1999, or (ii) the largest annual bonus the Executive would have received if his employment had not been terminated in the calendar year in which his employment was terminated assuming that all targets and incentives are met (regardless of actual results and criteria). In the event that the Company does not pay the Special Termination Payment by the due date specified in this Agreement, then the unpaid amount shall bear interest at the rate of 18 percent per annum, compounded monthly, until it is paid.
- a. Equalization Payment. If any of the Special Termination Payment will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any similar tax that may hereafter be imposed), the Company shall pay to the Executive in cash an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive after deduction from the Special Termination Payment and the Gross-Up Payment of any Excise Tax imposed upon the Special Termination Payment and any federal, state and local income tax and Excise Tax imposed upon the Gross-Up Payment shall equal to the original amount of the Special Termination Payment, prior to deduction of any Excise Tax imposed with respect to the Special Termination Payment. The Gross-Up Payment is intended to place the Executive in the same economic position he would have been in if the Excise Tax did not apply. The Gross-Up Payment shall be paid to the Executive in full, at the time the Special Termination Payment is paid pursuant to Section 1 hereof. For purposes of determining the Gross-Up Payment pursuant to this Section 3.a, the Special Termination Payment shall also include any amounts which would be considered "Parachute Payments" (within the meaning of Section 280G(b)(2) of the Code) to the Executive, including, but not limited to, the value of any Executive Benefits paid or provided to the Executive during the period provided for in Code Section 280G(b)(2)(C).
- b. Tax Rates. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay Federal income taxes at the highest marginal rate of Federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the date of termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes.
- c. Tax Calculation. Simultaneously with the Company's payment of the Special Termination Payment, the Company shall deliver to the Executive a written statement specifying the total amount of the Special Termination Payment and the Gross-Up Payment, together with all supporting calculations. If the Executive

disagrees with the Company's calculation of either of said payments, the Executive shall submit to the Company, no later than 30 days after receipt of the Company's calculations, a written notice advising the Company of the disagreement and setting forth his calculation of said payments. The Executive's failure to submit such notice within such period shall be conclusively deemed to be an agreement by the Executive as to the amount of the Special Termination Payment and the Gross-Up Payment. If the Company agrees with the Executive's calculations, it shall pay any shortfall to the Executive within 20 days after receipt of such a notice from the Executive, together with interest thereon accruing at the rate of 18 percent per annum, compounded monthly, from the original due date of the Special Termination Payment through the actual date of payment of said shortfall. If the Company does not agree with the Executive's calculations, it shall provide the Executive with a written notice within 20 days after the receipt of the Executive's calculations advising the Executive that the disagreement is to be referred to an independent accounting firm for resolution. Such disagreement shall be referred to an independent "Big 5" accounting firm which is not the regular accounting firm of the Company and which is agreed to by the Company and the Executive within 10 days after issuance of the Company's notice of disagreement (if the parties cannot agree on the identity of the accounting firm which is to resolve the dispute, the accounting firm shall be selected by means of a coin toss conducted in Palm Beach County, Florida by counsel to the Executive on the first business day after such 10 day period in such manner as such counsel may specify). The accounting firm shall review all information provided to it by the parties and submit a written report setting forth its calculation of the Special Termination Payment and the Gross-Up Payment within 15 days after submission of the matter to it, and such decision shall be final and binding on all of the parties. The fees and expenses charged by said accounting firm shall be paid by the Company. If the amount of the Special Termination Payment or Gross-Up Payment actually paid by the Company was less than the amount calculated by the accounting firm, the Company shall pay the shortfall to the Executive within 5 days after the accounting firm submits its written report, together with interest thereon accruing at the rate of 18 percent per annum, compounded monthly, from the original due date of the Special Termination Payment through the actual date of payment of said shortfall.

- d. Subsequent Recalculation. In the event the Internal Revenue Service imposes an Excise Tax with respect to the Special Termination Payment that is greater than the Excise Tax calculated hereunder, the Company shall reimburse the Executive for the full amount necessary to make the Executive whole in accordance with the principles set forth above, including any interest and penalties which may be imposed.

4. Executive Benefits. The term "Executive Benefits" means all health, dental, disability, life insurance, retirement and fringe benefits or programs now or hereafter established by the Company which cover the Company's executives or its employees and applicable family members and which are in effect on the date on which a Change in Control occurs. The term

"Executive Benefits" also includes, for purposes of Section 3, the value of the items provided for in clauses (ii) and (iii) of the first sentence in Section 1.

5. Non-Competition. In the event that Executive's employment is terminated pursuant to Section 1 hereof and Executive timely receives payment of the Special Termination Payment, Executive agrees that for a period of 12 months after such termination of employment not to, directly or indirectly, own, manage, operate, control or participate in the ownership, management operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of, any business (a "Competitive Operation") which competes with any business conducted by the Company, or by any group, division or subsidiary of the Company for which the Executive has had responsibility, in any area where such business is being conducted at the time of such termination. It is understood and agreed that, for the purposes of the foregoing provisions of this Section 5, no business which is conducted by the Company at the time of the Executive's termination and which subsequently is sold or discontinued by the Company shall be deemed to be a Competitive Operation within the meaning of this Section 5. Ownership of an amount not to exceed five percent (5%) of the voting stock of any publicly held corporation shall not constitute a violation hereof.
6. Release and Indemnity. The Company hereby fully and forever releases, acquits, discharges and holds the Executive harmless from any and all, and all manner of, actions and causes of action, claims, suits, costs, debts sums of money, claims and demands, presently known or unknown, whatsoever in law or equity or otherwise, which the Company ever had, now has or may now have, or will have in the future, by reason of any matter, cause or thing whatsoever, from the beginning of the world and all times thereafter. The preceding sentence does not apply to any matters, events, actions, claims, damages or losses arising from, in connection with or relating to (i) any intentional illegal conduct of the Executive, or (ii) conduct of the Executive after the Executive ceases to be employed by the Company. The Company at all times shall indemnify, save harmless and reimburse the Executive, from and against any and all demands, claims, liabilities, losses, actions, suits or proceedings, or other expenses, fees, or charges of any character or nature, which the Executive may incur or with which they may be threatened with, arising from, in connection with, relating to or arising as a result of Executive's employment by the Company or any other relationship that the Executive has with the Company as an officer, director, agent shareholder or otherwise, including without limitation settlement costs and attorneys' fees and court costs at trial and appellate levels which the Executive may incur in connection with settling, defending against or resisting any of the foregoing. The Company shall pay to the Executive any amounts due with respect to said indemnity within 5 business days after the Executive issues a written demand therefor to the Company. The provisions of this section are an expansion of any rights that the Executive may have with respect to the subject matter, and no other agreement or arrangement which the Company may have that benefits the Executive with respect to the subject matter hereof shall be superseded or limited in any way as a result of the parties entering into this Agreement.

7. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when received at the address specified herein. In the case of Executive, notices shall be delivered to him at the home address which he has most recently communicated to the Company in writing. In the care of the Company, notices shall be delivered to the Company's corporate headquarters, and all notices shall be directed to the attention of the Chairman of the Board of the Company, with a copy to the Company's General Counsel.
8. No Mitigation. Executive shall not be required to mitigate the amount of any payment or benefit contemplated by this Agreement upon his termination of employment (whether by seeking new employment or in any other manner), nor shall any such payment or benefit be reduced by any earnings or benefits that Executive may receive from any other source.
9. Modification and Waiver. This Agreement shall not be canceled, rescinded or revoked, nor may any provision of this Agreement be modified, waived or discharged unless the cancellation, rescission, revocation, modification, waiver or discharge is agreed to in writing and signed by Executive and by the Chairman of the Board of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
10. Complete Agreement. This Agreement supersedes all previous severance agreements entered into by Executive and the Company. Except as specifically provided in Section 1 of this Agreement, this Agreement does not affect any deferred compensation agreements, non-qualified retirement plans, or any other agreements entered into by the parties.
11. No Assignment. No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect. This Agreement is binding on all successors of the Company, whether by merger, consolidation, purchase or otherwise, and all references to the Company shall also include references to any such successor.
12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with and subject to, the laws of the State of Florida applicable to agreements made and to be performed entirely within such State, as to all matters governed by state law or, if controlling, by applicable federal law.
13. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

14. Litigation; Venue. Any action at law or in equity under this Agreement shall be brought in the courts of Palm Beach County, Florida, and in no other court (whether or not jurisdiction can be established in another court). Each party hereto waives the right to argue that venue is not appropriate in the courts of Palm Beach County, Florida.
15. Expenses. The Company shall reimburse the Executive for all legal and/or accounting expenses he incurs in connection with the execution, delivery and enforcement of his rights under this Agreement.
16. Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.
17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
18. Special Provisions. The continued validity of this Agreement shall not be affected by any acquisition of capital stock of the Company by TWC and this Agreement shall continue in full force and effect, and transactions that occur after any such acquisition shall continue to be tested pursuant to Section 2.

IN WITNESS WHEREOF, the parties have executed this Executive Severance Agreement effective the 4th day of May, 2001.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

EXECUTIVE:

/s/ Sandra L. Nusbaum

PRINT NAME OF WITNESS BELOW:

Sandra L. Nusbaum

/s/ Wayne Calabrese

Wayne Calabrese

Date: 4 MAY 2001

/s/ Tanya Grooms

PRINT NAME OF WITNESS BELOW:

Tanya Grooms

WACKENHUT CORRECTIONS CORPORATION

/s/ Sandra L. Nusbaum

PRINT NAME OF WITNESS BELOW:

Sandra L. Nusbaum

By: /s/ George R. Wackenhut

Name: George R. Wackenhut

Title: Chairman

Date: 5-4-01

/s/ James D. Rowan

PRINT NAME OF WITNESS BELOW:

James D. Rowan

EXECUTIVE SEVERANCE AGREEMENT

THIS EXECUTIVE SEVERANCE AGREEMENT ("Agreement") is made and entered into this 2nd day of May, 2001, by and between Wackenhut Corrections Corporation, a Florida corporation, its successor or successors, or assigns (hereinafter referred to as the "Company") and John O'Rourke (hereinafter referred to as the "Executive").

The Executive is a key executive of the Company, and the Company desires to provide the Executive with an incentive to remain with the Company if concerns arise over a possible change in control of the Company. The majority shareholder of the Company is The Wackenhut Corporation, a Florida corporation ("TWC").

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the Company and the Executive agree as follows:

1. Termination of Executive Employment. If the Executive's employment is terminated by the Company for any reason at any time during the 12 month period commencing on the date on which a Change in Control (as defined in Section 2 below) occurs, by the Executive for "Good Reason" (as defined in Section 2 below) at any time during the 12 month period commencing on the date on which a Change in Control occurs, or for any reason (including the delivery of a written resignation to the Company by the Executive or his authorized representative on the Executive's or his estate's behalf) after the date which is 12 months following the date a Change in Control occurs and prior to the date which is 24 months following the date a Change in Control occurs, then (i) the Company shall pay the Special Termination Payment (as defined in Section 3 below) to the Executive (or his estate) within ten days after said termination, (ii) all awards granted pursuant to the Wackenhut Corrections Corporation Stock Option Plans and any other unvested stock options or other interests the Executive holds in the Company's stock or the stock of a subsidiary of the Company shall become fully vested all restrictions on restricted stock units shall lapse, and all performance targets with respect to performance units or shares will be deemed to have been met as of the date the Executive's employment is terminated, (iii) the Company shall transfer all of its interest in any automobile used by the Executive pursuant to the Company's Executive Automobile Policy (the "Executive Automobile Policy") and shall pay the balance of any outstanding loans or leases on such automobile (whether such obligations are those of the Executive or the Company) so that the Executive owns the automobile outright (in the event such automobile is leased, the Company shall pay the residual cost of such lease), (iv) the Company shall pay to the Executive, within ten days after said termination, the present value of all cash payments pursuant to the WCC Retirement Agreement entered into between the Company and the Executive (the "Retirement Agreement") as if the Executive had remained employed with the Company through the Retirement Date defined therein, in complete satisfaction of the amount due to the Executive thereunder (the "Retirement Agreement Payoff"), (v) the Company shall continue to provide the Executive (and if applicable, his beneficiaries) with the Executive Benefits (as described in Section 4), at no cost to the Executive in no less than the same amount and, on the same terms and conditions as in effect on the date on which the Change in Control occurs for a period of 3 years after the date of

termination of the Executive's employment with the Company, regardless of the cost to the Company, or, alternatively, if the Executive (or his estate) elects at any time in a written notice delivered to the Company to waive any particular Executive Benefits, the Company shall make a cash payment to the Executive within ten days after receipt of such election in an amount equal to the present value of the Company's cost of providing such Executive Benefits from the date of such election to the end of the foregoing 3-year period, and such present value shall be determined by reference to the Company's then-current cost levels and a discount rate equal to 120 percent of the short-term applicable Federal rate provided for in Section 1274(d) of the Internal Revenue Code (the "Code") for the month in which the Change in Control occurs; and (vi) the Company shall pay to the Executive, within 10 days after said termination, an amount equal to the sum of (a) the dollar value of vacation time that would have been credited to the Executive pursuant to the Company's Vacation Policy (the "Vacation Policy") if the Executive had remained employed by the Company through the "Anniversary Date" (as defined in the Vacation Policy) immediately following his termination of employment, multiplied by a fraction, the numerator of which is the number of days which elapsed from the Executive's Anniversary Date immediately preceding the date of termination through the date of such termination, and the denominator of which is 365, plus (b) the dollar value of vacation time which the Executive was entitled to have taken immediately prior to the Executive's termination, which was not in fact taken by the Executive; the dollar value of vacation time referred to above shall be equal to the amount which would have been paid to the Executive by the Company during such vacation time had the vacation time in fact been taken by the Executive immediately prior to the Executive's termination. If the Executive dies during the 3-year period contemplated by clause (v) of the foregoing sentence, the Company shall provide the Executive Benefits, to the extent applicable, to the Executive's estate, or make any applicable cash payments in lieu thereof to said estate. The present value represented by the Retirement Agreement Payoff referred to above shall be calculated (i) using a discount rate equal to the lower of the rate provided for in Code Section 280G(d)(4), or six and one-half percent (6.5%), and (ii) without regard to any mortality factors or related probabilities. The Executive shall be deemed to be employed by the Company if the Executive is employed by the Company or any subsidiary of the Company in which the Company owns a majority of the subsidiary's voting securities. Notwithstanding anything else in this Agreement to the contrary, subsequent reemployment of the Executive by the Company or any successor of the Company following a Change in Control will not cause the Executive to forfeit any compensation or benefits provided in this Agreement.

2. Definition.

A. Change in Control For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(i) any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), (other than the Company, TWC or any trustee or other fiduciary holding securities under any employee benefit plan of the Company), is

or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (or a successor by merger, consolidation or similar transaction, referred to in this Section as a "Successor") representing a percentage of the combined voting power of the Company's (or its successor's) then outstanding securities which is greater than the percentage of the combined voting power represented by securities of the Company (or its successor) then owned by TWC; provided, however, that for purposes of this clause (i), the percentage so owned by TWC shall not be treated as beneficially owned by any direct or indirect shareholder of TWC; and provided further, that the transfer of securities of the Company owned by TWC to any direct or indirect shareholders of TWC in connection with any one or more spin-offs, split-offs, split-ups, corporate distributions or similar transactions consummated as part of an integrated plan involving TWC's direct or indirect shareholders (a "Restructuring Transaction") shall not be deemed to constitute a Change in Control; or

(ii) after consummation of a Restructuring Transaction, any person, as defined above (other than the Company, TWC or any trustee or other fiduciary holding securities under any employee benefit plan of the Company), is or becomes the beneficial owner, as defined above, directly or indirectly, of securities of the Company or its successor representing a majority of the combined voting power of the Company's (or its successor's) then outstanding securities; provided, however, that the ownership of securities of the Company constituting such a majority by a person immediately after consummation of a Restructuring Transaction and by such person thereafter shall not constitute a Change in Control; and provided further, that the subsequent acquisition of securities by another person which causes such other person to own such a majority will constitute a Change in Control; or

(iii) the Company consummates (1) an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets except pursuant to a merger, consolidation or similar transaction involving the Company and a successor (as defined above) (said merger, consolidation or similar transaction shall be tested only pursuant to clause (i) above) or (2) a plan of complete liquidation of the Company; or

(iv) any "person," as such term is used in Section 13(d) and 14(d) of the Exchange (other than the Company, TWC, members of the TWC Controlling Shareholder Group, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or TWC), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of TWC representing 30% or more of the combined voting power of TWC's then outstanding securities; or

(v) the shareholders of TWC approve a merger or consolidation of TWC with any other corporation or entity, other than a merger or consolidation which would result in the voting securities of TWC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 80% of the combined voting power of the voting securities of TWC or such surviving entity outstanding immediately after such merger or consolidation; or

(vi) TWC consummates (1) an agreement for the sale or disposition by TWC of all or substantially all of TWC's assets except pursuant to a merger, consolidation or similar transaction involving TWC where TWC is not the surviving entity (said merger, consolidation or similar transaction shall be tested only pursuant to clause (v) above) or (2) a plan of complete liquidation of TWC; or

(vii) the total combined voting power of TWC (or any successor entity) represented by shares of voting stock owned by members of the TWC Controlling Shareholder Group is reduced to 30 percent or less.

Notwithstanding the foregoing, in no event shall a Change in Control be deemed to have occurred with respect to the Executive if the Executive is part of a purchasing group which consummates a transaction causing a Change in Control. The Executive shall be deemed "part of a purchasing group" for purposes of the preceding sentence if the Executive is a direct or indirect equity participant in the purchasing company or group. Furthermore, the occurrence of any of the events listed in clauses (iv), (v), (vi) or (vii) above shall not constitute a Change in Control if they occur after consummation of a Restructuring Transaction.

The "TWC Controlling Shareholder Group" includes (i) George R. Wackenhut, (ii) the spouse and lineal descendants of George R. Wackenhut, (iii) any trust whose only beneficiaries are persons described in the foregoing clauses (i) and (ii), and (iv) Affiliates of the persons described in the foregoing clauses (i), (ii) and (iii). An "Affiliate" of a person includes only a corporation, limited liability company, partnership, or similar entity where all of the voting securities or ownership interests of said entity are directly owned by such person. Unless otherwise defined, a "person" includes any natural person and any corporation, limited liability company, partnership, trust or other entity.

B. Good Reason. Termination by Executive of his employment for "Good Reason" pursuant to Section 1 above shall mean a termination by Executive upon:

- (i) Any material reduction in Executive's title or responsibilities;
- (ii) Any reduction in Executive's base salary or annual bonus;
- (iii) A diminution in the Executive's eligibility to participate in bonus, stock options, incentive awards and other compensation plans or a diminution in Executive Benefits (as defined below); or
- (iv) A change in the location of the Executive's principal place of employment by the Company of more than 50 miles from the location which he was principally employed at immediately prior to a Change in Control.

3. Special Termination Payment and Calculation. For purposes of this Agreement, the "Special Termination Payment" shall mean an aggregate amount of money equal to the product of three (3) multiplied by the sum of (x) the Executive's annual base salary as in effect at the time of the termination giving rise to the Special Termination Payment, or if greater the annual base salary in effect for the calendar year prior to the date of termination, plus (y) the greater of (i) the annual bonus the Executive received with respect to calendar year 1999, or (ii) the largest annual bonus the Executive would have received if his employment had not been terminated in the calendar year in which his employment was terminated assuming that all targets and incentives are met (regardless of actual results and criteria). In the event that the Company does not pay the Special Termination Payment by the due date specified in this Agreement, then the unpaid amount shall bear interest at the rate of 18 percent per annum, compounded monthly, until it is paid.

- a. Equalization Payment. If any of the Special Termination Payment will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any similar tax that may hereafter be imposed), the Company shall pay to the Executive in cash an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive after deduction from the Special Termination Payment and the Gross-Up Payment of any Excise Tax imposed upon the Special Termination Payment and any federal, state and local income tax and Excise Tax imposed upon the Gross-Up Payment shall be equal to the original amount of the Special Termination Payment, prior to deduction of any Excise Tax imposed with respect to the Special Termination Payment. The Gross-Up Payment is intended to place the Executive in the same economic position he would have been in if the Excise Tax did not apply. The Gross-Up Payment shall be paid to the Executive in full, at the time the Special Termination Payment is paid pursuant to Section 1 hereof. For purposes of determining the Gross-Up Payment pursuant to this Section 3.a, the Special Termination Payment shall also include any amounts which would be considered "Parachute Payments" (within the meaning of Section 280G(b)(2) of the Code) to the Executive, including, but not limited to, the value of any Executive Benefits paid or provided to the Executive during the period provided for in Code Section 290G(b)(2)(C).
- b. Tax Rates. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay Federal income taxes at the highest marginal rate of Federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's residence on the date of termination, net of the maximum reduction in Federal income taxes which could be obtained from deduction of such state and local taxes.
- c. Tax Calculation. Simultaneously with the Company's payment of the Special Termination Payment, the Company shall deliver to the Executive a written statement specifying the total amount of the Special Termination Payment and the Gross-Up Payment, together with all supporting calculations. If the Executive

disagrees with the Company's calculation of either of said payments, the Executive shall submit to the Company, no later than 30 days after receipt of the Company's calculations, a written notice advising the Company of the disagreement and setting forth his calculation of said payments. The Executive's failure to submit such notice within such period shall be conclusively deemed to be an agreement by the Executive as to the amount of the Special Termination Payment and the Gross-Up Payment. If the Company agrees with the Executive's calculations, it shall pay any shortfall to the Executive within 20 days after receipt of such a notice from the Executive, together with interest thereon accruing at the rate of 18 percent per annum, compounded monthly, from the original due date of the Special Termination Payment through the actual date of payment of said shortfall. If the Company does not agree with the Executive's calculations, it shall provide the Executive with a written notice within 20 days after the receipt of the Executive's calculations advising the Executive that the disagreement is to be referred to an independent accounting firm for resolution. Such disagreement shall be referred to an independent "Big 5" accounting firm which is not the regular accounting firm of the Company and which is agreed to by the Company and the Executive within 10 days after issuance of the Company's notice of disagreement (if the parties cannot agree on the identity of the accounting firm which is to resolve the dispute, the accounting firm shall be selected by means of a coin toss conducted in Palm Beach County, Florida by counsel to the Executive on the first business day after such 10 day period in such manner as such counsel may specify). The accounting firm shall review all information provided to it by the parties and submit a written report setting forth its calculation of the Special Termination Payment and the Gross-Up Payment within 15 days after submission of the matter to it, and such decision shall be final and binding on all of the parties. The fees and expenses charged by said accounting firm shall be paid by the Company. If the amount of the Special Termination Payment or Gross-Up Payment actually paid by the Company was less than the amount calculated by the accounting firm, the Company shall pay the shortfall to the Executive within 5 days after the accounting firm submits its written report, together with interest thereon accruing at the rate of 18 percent per annum, compounded monthly, from the original due date of the Special Termination Payment through the actual date of payment of said shortfall.

- d. subsequent Recalculation. In the event the Internal Revenue Service imposes an Excise Tax with respect to the Special Termination Payment that is greater than the Excise Tax calculated hereunder, the Company shall reimburse the Executive for the amount necessary to make the Executive whole in accordance with the principles set forth above, including any interest and penalties which may be imposed.

4. Executive Benefits. The term "Executive Benefits" means all health, dental, disability, life insurance, retirement and fringe benefits or programs now or hereafter established by the Company which cover the Company's executives or its employees and applicable family members and which are in effect on the date on which a Change in Control occurs. The term

"Executive Benefits" also includes, for purpose of Section 3, the value of the items provided for in clauses (ii) and (iii) of the first sentence in Section 1.

5. Non-Competition. In the event that Executive's employment is terminated pursuant to Section 1 hereof and Executive timely receives payment of the Special Termination Payment, Executive agrees that for a period of 12 months after such termination of employment not to, directly or indirectly, own, manage, operate, control or participate in the ownership, management operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of any business (a "Competitive Operation") which competes with any business conducted by the Company, or by any group, division or subsidiary of the Company for which the Executive has had responsibility, in any area where such business is being conducted at the time of such termination. It is understood and agreed that, for the purposes of the foregoing provisions of this Section 5, no business which is conducted by the Company at the time, of the Executive's termination and which subsequently is sold or discontinued by the Company shall be deemed to be a Competitive Operation within the meaning of this Section 5. Ownership of an amount not to exceed five percent (5%) of the voting stock of any publicly held corporation shall not constitute a violation hereof.
6. Release and Indemnity. The Company hereby fully and forever releases, acquits, discharges and holds the Executive harmless from any and all, and all manner of actions and causes of action, claims, suits, costs, debts, sums of money, claims and demands, presently known or unknown, whatsoever in law or equity or otherwise, which the Company ever had, now has or may now have, or will have in the future, by reason of any matter, cause or thing whatsoever, from the beginning of the world and all times thereafter. The preceding sentence does not apply to any matters, events, actions, claims, damages or losses arising from, in connection with or relating to (i) any intentional illegal conduct of the Executive, or (ii) conduct of the Executive after the Executive ceases to be employed by the Company. The Company at all times shall indemnify, save harmless and reimburse the Executive, from and against any and all demands, claims, liabilities, losses, actions, suits or proceedings, or other expenses, fees, or charges of any character or nature, which the Executive may incur or with which they may be threatened with, arising from, in connection with, relating to or arising as a result of Executive's employment by the Company or any other relationship that the Executive has with the Company as an officer, director, agent shareholder or otherwise, including without limitation settlement costs and attorneys' fees and court costs at trial and appellate levels which the Executive may incur in connection with settling, defending against or resisting any of the foregoing. The Company shall pay to the Executive any amounts due with respect to said indemnity within 5 business days after the Executive issues a written demand therefor to the Company. The provisions of this section are an expansion of any rights that the Executive may have with respect to the subject matter, and no other agreement or arrangement which the Company may have that benefits the Executive with respect to the subject matter hereof shall be superseded or limited in any way as a result of the parties entering into this Agreement.

7. Notices. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when received at the address specified herein. In the case of Executive, notices shall be delivered to him at the home address which he has most recently communicated to the Company in writing. In the case of the Company, notices shall be delivered to the Company's corporate headquarters, and all notices shall be directed to the attention of the Chairman of the Board of the Company, with a copy to the Company's General Counsel.
8. No Mitigation. Executive shall not be required to mitigate the amount of any payment or benefit contemplated by this Agreement upon his termination of employment (whether by seeking new employment or in any other manner), nor shall any such payment or benefit be reduced by any earnings or benefits that Executive may receive from any other source.
9. Modification and Waiver. This Agreement shall not be canceled, rescinded or revoked nor may any provision of this Agreement be modified, waived or discharged unless the cancellation, rescission, revocation, modification, waiver or discharge is agreed to in writing and signed by Executive and by the Chairman of the Board of the Company. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.
10. Complete Agreement. This Agreement supersedes all previous severance agreements entered into by Executive and the Company. Except as specifically provided in Section 1 of this Agreement, this Agreement does not affect any deferred compensation agreements, non-qualified retirement plans, or any other agreements entered into by the parties.
11. No Assignment. No right, benefit or interest hereunder, shall be subject to anticipation, alienation, sale, assignment, encumbrance, charge, pledge, hypothecation, or set-off in respect of any claim, debt or obligation, or to execution, attachment, levy or similar process, or assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall, to the full extent permitted by law, be null, void and of no effect. This Agreement is binding on all successors of the Company, whether by merger, consolidation, purchase or otherwise, and all references to the Company shall also include references to any such successor.
12. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with and subject to, the laws of the State of Florida applicable to agreements made and to be performed entirely within such State, as to all matters governed by state law or, if controlling, by applicable federal law.
13. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof which shall remain in full force and effect.

14. Litigation; Venue. Any action at law or in equity under this Agreement shall be brought in the courts of Palm Beach County, Florida, and in no other court (whether or not jurisdiction can be established in another court). Each party hereto waives the right to argue that venue is not appropriate in the courts of Palm Beach County, Florida.
15. Expenses. The Company shall reimburse the Executive for all legal and/or accounting expenses he incurs in connection with the execution, delivery and enforcement of his rights under this Agreement.
16. Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable taxes.
17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
18. Special Provisions. The continued validity of this Agreement shall not be affected by any acquisition of capital stock of the Company by TWC and this Agreement shall continue in full force and effect, and transactions that occur after any such acquisition shall continue to be tested pursuant to Section 2.

IN WITNESS WHEREOF, the parties have executed this Executive Severance Agreement effective the 2nd day of May, 2001.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

EXECUTIVE:

/S/ SANDRA L. NUSBAUM

PRINT NAME OF WITNESS BELOW:
SANDRA L. NUSBAUM

/S/ JOHN O'ROURKE

JOHN O'ROURKE

DATE: May 4, 2001

/S/ TANYA GROOMS

PRINT NAME OF WITNESS BELOW:
TANYA GROOMS

WACKENHUT CORRECTIONS CORPORATION

/S/ SANDRA L. NUSBAUM

PRINT NAME OF WITNESS BELOW:
SANDRA L. NUSBAUM

/S/ G.R. WACKENHUT

NAME: GEORGE R. WACKENHUT

TITLE: CHAIRMAN

/S/ JAMES P. ROWAN

PRINT NAME OF WITNESS BELOW:
JAMES P. ROWAN

DATE: May 4, 2001
