
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of report (Date of earliest event reported): May 1, 2008

THE GEO GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or Other Jurisdiction of Incorporation)

1-14260

(Commission File Number)

65-0043078

(IRS Employer Identification No.)

621 NW 53rd Street, Suite 700, Boca Raton, Florida

(Address of Principal Executive Offices)

33487

(Zip Code)

(561) 893-0101

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

TABLE OF CONTENTS

[Section 2 — Financial Information](#)

[Item 2.02 Results of Operations and Financial Condition.](#)

[Section 8 — Other Events](#)

[Item 8.01 Other events](#)

[Section 9 — Financial Statements and Exhibits](#)

[Item 9.01 Financial Statements and Exhibits.](#)

[SIGNATURES](#)

[EX-99.1 Press Release](#)

[EX-99.2 Transcript of Conference Call](#)

[EX-99.3 Press Release](#)

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

On May 1, 2008, The GEO Group, Inc. (“GEO”) issued a press release (the “Press Release”) announcing its financial results for the fiscal quarter ended March 30, 2008, a copy of which is incorporated herein by reference and attached hereto as Exhibit 99.1. GEO also held a conference call on May 1, 2008 to discuss its financial results for the quarter, a transcript of which is incorporated herein by reference and attached hereto as Exhibit 99.2.

In the Press Release, GEO provided certain pro forma financial information for the fiscal quarter ended March 30, 2008 that was not calculated in accordance with Generally Accepted Accounting Principles (the “Non-GAAP Information”). Generally, for purposes of Regulation G under the Securities Exchange Act of 1934, Non-GAAP Information is any numerical measure of a company’s performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. The Press Release presents the financial measure calculated and presented in accordance with GAAP which is most directly comparable to the Non-GAAP Information with a prominence equal to or greater than its presentation of the Non-GAAP Information. The Press Release also contains a reconciliation of the Non-GAAP Information to the financial measure calculated and presented in accordance with GAAP which is most directly comparable to the Non-GAAP Information.

The Press Release includes three non-GAAP measures, Pro Forma Income from Continuing Operations, Adjusted EBITDA and Adjusted Free Cash Flow, that are presented as supplemental disclosures. Pro Forma Income from Continuing Operations is defined as income from continuing operations excluding start-up expenses, international bid and proposal expenses and write-off of deferred financing fees. Adjusted EBITDA is defined as earnings before discontinued operations, interest, taxes, depreciation and amortization, excluding start-up expenses, international bid and proposal expenses and write-off of deferred financing fees. In calculating these adjusted financial measures, GEO excludes certain expenses which it believes are unusual or non-recurring in nature, in order to facilitate an understanding of GEO’s operating performance. GEO’s management uses these adjusted financial measures in conjunction with GAAP financial measures to monitor and evaluate its operating performance and to facilitate internal and external comparisons of the historical operating performance of GEO and its business units. Adjusted Free Cash Flow is defined as income from continuing operations excluding start-up expenses, international bid and proposal expenses, write-off of deferred financing fees and the other items referenced in the Press Release. GEO’s management believes that the Adjusted Free Cash Flow measure provides useful information to GEO’s management and investors regarding cash that GEO’s operating business generates before taking into account certain cash and non-cash items that are non-operational or infrequent in nature.

[Table of Contents](#)

GEO's management believes that these adjusted financial measures are useful to investors to provide them with disclosures of GEO's operating results on the same basis as that used by GEO's management. Additionally, GEO's management believes that these adjusted financial measures provide useful information to investors about the performance of GEO's overall business because such financial measures eliminate the effects of unusual or non-recurring charges that are not directly attributable to GEO's underlying operating performance. GEO's management believes that because it has historically provided similar non-GAAP Financial Information in its earnings releases, continuing to do so provides consistency in its financial reporting and continuity to investors for comparability purposes.

The Non-GAAP Financial Information should be considered in addition to results that are prepared under current accounting standards but should not be considered a substitute for, or superior to, financial information prepared in accordance with GAAP. The Non-GAAP Financial Information may differ from similarly titled measures presented by other companies. The Non-GAAP Financial Information, as well as other information in the Press Release, should be read in conjunction with GEO's financial statements filed with the Securities and Exchange Commission. The information in this Form 8-K is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Section 8 — Other Events

Item 8.01 Other events.

On May 1, 2008, The GEO Group, Inc. ("GEO") issued a press release announcing plans for a 1,225-bed expansion of the Company's 500-bed North Lake Correctional Facility (the "Facility") located in Baldwin, Michigan, at a cost of \$60.0 million. The Company does not currently have a management contract for this facility. The Company believes that this facilities as expanded will be more attractive to clients seeking economies of scale and therefore better position it to help meet the increased demand for correctional and detention beds by federal and state agencies around the country.

Safe-Harbor Statement

This Form 8-K contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding estimated earnings, revenues and costs and our ability to maintain growth and strengthen contract relationships. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to those factors contained in GEO's Securities and Exchange Commission filings, including the forms 10-K, 10-Q and 8-K reports.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

c) Exhibits

- 99.1 Press Release, dated May 1, 2008, announcing GEO's financial results for the fiscal quarter ended March 30, 2008
- 99.2 Transcript of Conference Call discussing GEO's financial results for the fiscal quarter ended March 30, 2008
- 99.3 Press Release, dated May 1, 2008 announcing the expansion of GEO's North Lake Correctional facility.

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 hereunto duly authorized.

THE GEO GROUP, INC.

Date: May 7, 2008

By: /s/ John G. O'Rourke

John G. O'Rourke
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and duly authorized
signatory)



One Park Place, Suite 700 n 621 Northwest 53rd Street n Boca Raton, Florida 33487 n www.thegeogroupinc.com

CR-08-08

THE GEO GROUP REPORTS FIRST QUARTER 2008 RESULTS

- **1Q Income from Continuing Operations Increased to \$12.4 Million — \$0.24 EPS**
- **1Q Pro-Forma Income from Continuing Operations Increased to \$13.6 Million — \$0.26 EPS**
- **1Q Revenue Increased to \$275.0 Million from \$237.0 Million**
- **Maintains Pro Forma 2008 Financial Guidance**

Boca Raton, Fla. — May 1, 2008 — The GEO Group (NYSE: GEO) (“GEO”) today reported first quarter 2008 financial results, including income from continuing operations of \$12.4 million, or \$0.24 per share, based on 51.7 million diluted weighted average shares outstanding, compared with \$5.1 million, or \$0.12 per share, based on 41.6 million diluted weighted average shares outstanding in the first quarter of 2007.

First quarter 2008 pro forma income from continuing operations increased to \$13.6 million, or \$0.26 per share, based on 51.7 million diluted weighted average shares outstanding, from \$9.0 million, or \$0.21 per share, based on 41.6 million diluted weighted average shares outstanding, in the first quarter of 2007.

George C. Zoley, Chairman and Chief Executive Officer of GEO, said: “We are very pleased with our strong operational and financial performance in the first quarter of 2008. Our first quarter results demonstrate the strong business demand in our industry and validate our diversified growth strategy through our three business units of U.S. Corrections, International Services, and GEO Care. Our organic growth pipeline remains strong with projects scheduled to open in 2008 and 2009 totaling approximately 9,100 beds under development.”

Pro forma income from continuing operations excludes the items set forth in the table below, which presents a reconciliation of pro forma income from continuing operations to GAAP income from continuing operations for the first quarter of 2008. Please see the section of this press release below entitled “Important Information on GEO’s Non-GAAP Financial Measures” for information on how GEO defines pro forma income from continuing operations.

Table 1. Reconciliation of pro forma income from continuing operations to GAAP income from continuing operations

(In thousands except per share data)

	13 Weeks Ended 30-Mar-08	13 Weeks Ended 1-Apr-07
Income from continuing operations	\$ 12,407	\$ 5,097
Start-up expenses, net of tax	1,048	922
International bid and proposal expenses, net of tax	146	—
Write-off of deferred financing fees, net of tax	—	2,972
Pro forma income from continuing operations	<u>\$ 13,601</u>	<u>\$ 8,991</u>
Diluted earnings per share		
Income from Continuing Operations, net of tax	\$ 0.24	\$ 0.12
Start-up expenses, net of tax	0.02	0.02
International bid and proposal expenses, net of tax	—	—
Write-off of deferred financing fees, net of tax	—	0.07
Diluted pro forma earnings per share	<u>\$ 0.26</u>	<u>\$ 0.21</u>
Weighted average shares outstanding	51,726	41,562

Revenue

GEO reported first quarter 2008 revenue of \$275.0 million compared to \$237.0 million in the first quarter of 2007. First quarter 2008 revenue includes \$29.6 million in pass-through construction revenues, compared to \$21.7 million in pass-through construction revenues for the first quarter of 2007. Exclusive of pass-through construction revenues, GEO reported first quarter 2008 operating revenues of \$245.4 million, compared to \$215.3 million for the first quarter of 2007. U.S. Corrections revenue for the first quarter of 2008 increased to \$179.4 million from \$164.3 million for the first quarter of 2007. International Services revenue for the first quarter of 2008 increased to \$34.7 million from \$28.8 million for the first quarter of 2007. GEO Care revenue for the first quarter of 2008 increased to \$31.3 million from \$22.1 million for the first quarter of 2007.

Adjusted EBITDA

First quarter 2008 Adjusted EBITDA increased to \$36.0 million from \$29.6 million in the first quarter of 2007. Please see the section of this press release below entitled "Important Information on GEO's Non-GAAP Financial Measures" for information on how GEO defines Adjusted EBITDA.

The following table presents a reconciliation from Adjusted EBITDA to GAAP Net Income for the first quarter of 2008.

Table 2. Reconciliation of adjusted EBITDA to GAAP net income

(In thousands)

	<u>13 Weeks Ended</u> <u>30-Mar-08</u>	<u>13 Weeks Ended</u> <u>1-Apr-07</u>
Net income	\$ 12,407	\$ 5,264
Discontinued operations	—	(167)
Interest expense, net	5,732	7,824
Income tax provision	6,906	3,141
Depreciation and amortization	9,073	7,281
EBITDA	<u>\$ 34,118</u>	<u>\$ 23,343</u>
Adjustments, pre-tax		
Start-up expenses	1,657	1,488
International bid and proposal expenses	231	—
Write-off of deferred financing fees	—	4,794
Adjusted EBITDA	<u>\$ 36,006</u>	<u>\$ 29,625</u>

Adjusted Free Cash Flow

Adjusted Free Cash Flow for the first quarter of 2008 increased to \$25.4 million from \$14.6 million for the first quarter of 2007. Please see the section of this press release below entitled “Important Information on GEO’s Non-GAAP Financial Measures” for information on how GEO defines Adjusted Free Cash Flow.

The following table presents a reconciliation from Adjusted Free Cash Flow to GAAP Income from Continuing Operations for the first quarter of 2008.

Table 3. Reconciliation of adjusted free cash flow to GAAP income from continuing operations

(In thousands)

	<u>13 Weeks Ended</u> <u>30-Mar-08</u>	<u>13 Weeks Ended</u> <u>1-Apr-07</u>
Income from continuing operations	\$ 12,407	\$ 5,097
Depreciation and amortization	9,073	7,281
Income tax provision	6,906	3,141
Income taxes paid	(2,828)	(5,617)
Stock based compensation included in G&A	982	573
Maintenance capital expenditures	(2,740)	(2,396)
Equity in earnings of affiliates, net of income tax	(620)	(383)
Minority interest	102	92
Amortization of debt costs and other non-cash interest	278	494
Write-off of deferred financing fees	—	4,794
Start-up expenses	1,657	1,488
International bid and proposal expenses	231	—
Adjusted free cash flow	<u>\$ 25,448</u>	<u>\$ 14,564</u>

Important Information on GEO's Non-GAAP Financial Measures

Pro forma income from continuing operations, adjusted EBITDA, and adjusted free cash flow are non-GAAP financial measures. Pro forma income from continuing operations is defined as income from continuing operations excluding start-up expenses, international bid and proposal expenses, and the write-off of deferred financing fees as set forth in Table 1 above. Adjusted EBITDA is defined as EBITDA excluding start-Up Expenses, international bid and proposal expenses, and the write-off deferred financing fees as set forth in Table 2 above. Adjusted free cash flow is defined as income from continuing operations after giving effect to the items set forth in Table 3 above. A reconciliation of these non-GAAP measures to the most directly comparable GAAP measurements of these items is included in Tables 1, 2, and 3 respectively set forth above in this press release. GEO believes that these financial measures are important operating measures that supplement discussion and analysis of GEO's financial results derived in accordance with GAAP. These non-GAAP financial measures should be read in conjunction with GEO's consolidated financial statements and related notes included in GEO's filings with the Securities and Exchange Commission.

2008 Financial Guidance

GEO is maintaining its 2008 earnings guidance in a pro forma range of \$1.27 to \$1.35 per share, exclusive of \$0.13 per share in after-tax start-up expenses associated with facility openings and \$0.02 per share in after-tax international bid and proposal expenses. GEO is maintaining its 2008 operating revenue guidance in the range of \$1.01 billion to \$1.03 billion exclusive of pass-through construction revenues.

For the second quarter of 2008, GEO expects earnings to be in a pro forma range of \$0.30 to \$0.32 per share, exclusive of \$0.02 per share in after-tax start-up expenses and \$0.01 per share in after-tax international bid and proposal expenses. GEO expects second quarter 2007 operating revenues to be in the range of \$245 million to \$250 million exclusive of pass-through construction revenues.

Conference Call Information

GEO has scheduled a conference call and simultaneous webcast at 3:00 PM (Eastern Time) today to discuss GEO's first quarter 2008 financial results as well as GEO's progress and outlook. The call-in number for the U.S. is 1-800-798-2864 and the international call-in number is 1-617-614-6206. The participant pass-code for the conference call is 25310036. In addition, a live audio webcast of the conference call may be accessed on the Conference Calls/Webcasts section of GEO's investor relations home page at www.thegeogroupinc.com. A replay of the audio webcast will be available on the website for one year. A telephonic replay of the conference call will be available until June 1, 2008 at 1-888-286-8010 (U.S.) and 1-617-801-6888 (International). The pass-code for the telephonic replay is 89981286. GEO will discuss Non-GAAP ("Pro Forma") basis information on the conference call. A reconciliation from Non-GAAP ("Pro Forma") basis information to GAAP basis results may be found on the Conference Calls/Webcasts section of GEO's investor relations home page at www.thegeogroupinc.com.

About The GEO Group, Inc.

The GEO Group, Inc. ("GEO") is a world leader in the delivery of correctional, detention, and residential treatment services to federal, state, and local government agencies around the globe. GEO offers a turnkey approach that includes design, construction, financing, and operations. GEO represents government clients in the United States, Australia, South Africa, and the United Kingdom. GEO's worldwide operations include the management and/or ownership of 67 correctional and residential treatment facilities with a total design capacity of approximately 60,000 beds, including projects under development.

Safe-Harbor Statement

This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding estimated earnings, revenues and costs and our ability to maintain growth and strengthen contract relationships. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO's ability to meet its financial guidance for 2008 given the various risks to which its business is exposed; (2) GEO's ability to successfully pursue further growth and continue to enhance shareholder value; (3) GEO's ability to access the capital markets in the future on satisfactory terms or at all; (4) risks associated with GEO's ability to control operating costs associated with contract start-ups; (5) GEO's ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO's operations without substantial costs; (6) GEO's ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (7) GEO's ability to obtain future financing on acceptable terms; (8) GEO's ability to sustain company-wide occupancy rates at its facilities; and (9) other factors contained in GEO's Securities and Exchange Commission filings, including the forms 10-K, 10-Q and 8-K reports.

THE GEO GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRTEEN WEEKS ENDED
MARCH 30, 2008 AND APRIL 1, 2007
(In thousands, except per share data)
(UNAUDITED)

	Thirteen Weeks Ended	
	March 30, 2008	April 1, 2007
Revenues	\$ 274,960	\$ 237,004
Operating expenses	224,336	194,105
Depreciation and amortization	9,073	7,281
General and administrative expenses	17,024	15,053
Operating income	24,527	20,565
Interest income	1,755	3,240
Interest expense	(7,487)	(11,064)
Write off of deferred financing fees from extinguishment of debt	—	4,794
Income before income taxes, minority interest, equity in earnings of affiliate and discontinued operations	18,795	7,947
Provision for income taxes	6,906	3,141
Minority interest	(102)	(92)
Equity in earnings of affiliate	620	383
Income from continuing operations	12,407	5,097
Income from discontinued operations	—	167
Net income	<u>\$ 12,407</u>	<u>\$ 5,264</u>
Weighted-average common shares outstanding:		
Basic	<u>50,353</u>	<u>40,138</u>
Diluted	<u>51,726</u>	<u>41,562</u>
Income per common share:		
Basic:		
Income from continuing operations	\$ 0.25	\$ 0.12
Income from discontinued operations	0.00	0.01
Net income per share-basic	<u>\$ 0.25</u>	<u>\$ 0.13</u>
Diluted:		
Income from continuing operations	\$ 0.24	\$ 0.12
Income from discontinued operations	0.00	0.00
Net income per share-diluted	<u>\$ 0.24</u>	<u>\$ 0.12</u>

The GEO Group, Inc. — Operating Data

	13 Weeks Ended March 30, 2008	13 Weeks Ended April 1, 2007
	*Revenue-producing beds	50,620
*Compensated man-days	4,422,607	4,294,396
*Average occupancy ¹	97.1%	97.9%

*Includes South Africa

¹ Does not include GEO's idle facilities.

THE GEO GROUP, INC.
CONSOLIDATED BALANCE SHEETS
December 30, 2007 and March 30, 2008
(In thousands, except per share data)

	<u>March 30, 2008</u> (UNAUDITED)	<u>December 30, 2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 33,462	\$ 44,403
Restricted cash	13,298	13,227
Accounts receivable, less allowance for doubtful accounts of \$325 and \$445	181,841	172,291
Deferred income tax asset	19,705	19,705
Other current assets	17,778	14,892
Total current assets	266,084	264,518
Restricted Cash	15,909	20,880
Property and Equipment, Net	819,787	783,612
Assets Held for Sale	1,265	1,265
Direct Finance Lease Receivable	44,444	43,213
Deferred Income Tax Assets	4,918	4,918
Goodwill and Other Intangible Assets, Net	36,817	37,230
Other Non Current Assets	37,934	36,998
	\$ 1,227,158	\$ 1,192,634
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 62,992	\$ 48,661
Accrued payroll and related taxes	28,984	34,766
Accrued expenses	80,353	85,528
Current portion of capital lease obligations, long-term debt and non-recourse debt	18,636	17,477
Total current liabilities	190,965	186,432
Deferred Tax Liability	223	223
Minority Interest	1,607	1,642
Other Non Current Liabilities	30,419	30,179
Capital Lease Obligations	15,624	15,800
Long-Term Debt	326,282	305,678
Non-Recourse Debt	121,116	124,975
Total shareholders' equity	540,922	527,705
	\$ 1,227,158	\$ 1,192,634

CORPORATE PARTICIPANTS**Pablo Paez**

The GEO Group — Director — Corporate Relations

George Zoley

The GEO Group — Chairman & CEO

Jerry O'Rourke

The GEO Group — CFO

CONFERENCE CALL PARTICIPANTS**Kevin Campbell**

Avondale — Analyst

Manav Patnaik

Lehman Brothers — Analyst

T. C. Robillard

Banc of America Securities — Analyst

Emily Shanks

Lehman Brothers — Analyst

Shields Day

Regiment Capital — Analyst

PRESENTATION

Operator

GOOD DAY, LADIES AND GENTLEMEN, AND WELCOME TO THE QUARTER ONE 2008 GEO GROUP EARNINGS CONFERENCE CALL. MY NAME IS DENISE, AND I WILL BE YOUR COORDINATOR FOR TODAY. AT THIS TIME, ALL PARTICIPANTS ARE IN LISTEN-ONLY MODE. WE WILL CONDUCT A QUESTION-AND-ANSWER SESSION TOWARDS THE END OF THIS CONFERENCE. (OPERATOR INSTRUCTIONS) AS A REMINDER, THIS CONFERENCE IS BEING RECORDED FOR REPLAY PURPOSES. I WOULD NOW LIKE TO TURN THE PRESENTATION OVER TO YOUR HOST FOR TODAY'S CALL, MR. PABLO PAEZ, DIRECTOR OF CORPORATE RELATIONS. PLEASE PROCEED, SIR.

PABLO PAEZ - THE GEO GROUP — DIRECTOR — CORPORATE RELATIONS

Thank you, operator. Good afternoon, everyone and thank you for joining us for today's discussion of The GEO Group's first quarter 2008 earnings results. With us today is George Zoley, Chairman and Chief Executive Officer; Wayne Calabrese, Vice Chairman, President and Chief Operating Officer; Jerry O'Rourke, Chief Financial Officer; and Brian Evans, Vice President of finance, treasurer and Chief Accounting Officer. This afternoon we will discuss our first quarter performance and current business development activities and we will conclude the call with a question-and-answer session. This conference is also being webcast live on our website at www.thegeogroupinc.com. A replay of the audio webcast will be available on the website for one year. A telephone replay will also be available through June 1st at 1-888-286-8010. The passcode for the telephone replay is 89981286.

During the call we will discuss non-GAAP basis information. A reconciliation from non-GAAP basis information to GAAP basis results may be found on the conference call section of our investor relations webpage. Before I turn the call over to George, please let me remind you that much of the information we will discuss today, including the answer we give in response to your questions, may include forward-looking statements regarding our beliefs and current expectations with respect to various matters. These forward-looking statements are intended to fall within the Safe harbor Provisions of the securities laws. Our actual results may differ materially from those in the forward-looking statements, as a result of various factors contained in our Securities & Exchange Commission filings including the Forms 10-K, 10-Q, and 8-K reports. With that please allow me to turn this call over to George Zoley. George?

GEORGE ZOLEY - THE GEO GROUP - CHAIRMAN & CEO

Thank you, Pablo, and good afternoon to everyone. Thank you for joining us today as I provide an overview of our financial results for the first quarter 2008 and update you on the projects currently under develop and new business opportunities. When I conclude my prepared remarks I'll open up the call to a question-and-answer session. After reporting what was the best yearly results in our Company's history in 2007, I'm very pleased to announce that our first quarter in 2008 results continue to show strong performance from all three of our business units of U.S. Corrections, GEO Care and International Services. We believe that our first quarter performance validates the strong business demand and key growth drivers in our industry, as well as the continued success of our Company's uniquely diversified growth platform. Our three business units delivered strong year-over-year financial growth, driven primarily by the activation of seven new projects totaling 4,200 beds brought online in the last three quarters of 2007, the activation of the 576-bed Robert Deyton facility in Georgia for the U.S. Marshalls Service in February of this year, and overall strong performance of a number of our correctional and residential treatment facilities, both at the state and federal levels.

Our first quarter pro forma earnings increased 51% to \$13.6 million, or \$0.26 per share based on 51.7 million shares, compared to \$9 million, or \$0.21 per share based on 41.6 million shares for the first quarter of 2007. Our pro forma earnings for the first quarter exclude approximately \$1 million, or \$0.02 per share in after-tax start-up expenses and approximately \$150,000 in after-tax international bid and proposal costs. On a GAAP basis, our first quarter 2008 income from continuing operation was \$12.4 million, or \$0.24 per share based on 51.7 million shares, compared to \$5.1 million, or \$0.12 per share based on 41.6 million shares during the first quarter of 2007. Our revenue during the first quarter increased to \$275 million from \$237 million for the first quarter of 2007. Our first quarter revenues reflect \$29.6 million in pass-through construction revenues as compared to \$21.7 million in pass-through construction revenues for the same period in 2007. Our top-line growth has been driven by the factors I mentioned at the beginning of the call; new contract activations in the past three quarters of 2007, which totaled seven new or expand projects with approximately 4,200 beds and \$94 million in additional annualized operating revenues. the activation of the Robert Deyton facility Georgia for the U.S. Marshalls Service during the first quarter, and strong performance from a number of our state and Federal facilities.

Looking ahead we believe that throughout 2008 we will continue to deliver strong results for GEO. Over the next three quarters, we expect to activate seven new projects, representing approximately 5,300 new beds, and \$92 million of additional annualized operating revenues. Our Company-wide average per diem rate for the first quarter was \$59.74, compared to \$53.80 for the same period in 2007. The increase in our Company-wide average per diem reflects improved pricing at a number of our correctional contracts as well as the change of mix of our contracts, with a higher concentration of GEO Care contracts from a year ago. Our Company-wide paid level of occupancy was approximately 97%, excluding our idle facilities in Baldwin, Michigan and Bronte, Texas. Our adjusted EBITDA increases 22% to \$36 million for the first quarter from \$29.6 million for the same period in 2007. Our adjusted free cash flow for the first quarter increased 74% to \$25.4 million from \$14.6 million for the same period a year ago. The significant year-over-year growth n our revenue, our net income, our adjusted EBITDA, and our free cash flow in the first quarter of 2008 demonstrates the strong demand in our industry, and validates our investment and diversified growth strategy.

Now moving to our guidance for 2008. As announced in our press release, we are maintaining our earnings per share guidance for the full-year 2008 in a pro forma range of \$1.27 to \$1.35, and our 2008 operating revenue guidance in the range of \$1.01 billion to \$1.03 billion, excluding pass-through construction revenues. We expect second quarter 2008 revenues to be in the range of \$245 million to \$250 million, excluding pass-through construction revenues, and earnings to be in the pro forma range of \$0.30 to \$0.32 per share.

I would now like to discuss our announcement this morning as well as our projects currently under development. This morning we announced plans for moving forward with a 1,225-bed expansion of our 500-bed North Lake Correctional Facility in Baldwin, Michigan, which is currently idle. This 1,125-bed expansion is expected to cost approximately \$60 million and we expect to complete the expansion by the second quarter of 2009. We have determined that our North Lake Michigan facility needs to be expanded in order to achieve the desired economics for the Company and the economies of scale for our perspective clients. We believe that the expanded facility with 1,725 beds will help to meet the increased demand for correctional and detention bed space by state and federal agencies.

At the Federal level, the Federal Bureau of Prisons recently issued two presolicitation notices for criminal alien requirements, CAR-8 and CAR-9, with a combined total of 4,000 new beds and a minimum of 900 beds per facility. Under both of these procurements the BOP intends to award a firm fix-priced contract with award fee incentives. The contract awards will have a potential term of ten years, consisting of one four-year base period, and three two-year option periods. The official solicitation for CAR-8 was issued on April 29th, and under this procurement the BOP is seeking contractors for the management and operation of the existing correctional facilities to house a primarily criminal alien population. We expect the official solicitation for CAR-9 to be issued later this week or early next week.

Under this procurement operators will be allowed to provide existing facilities with expansion beds or new facilities. For existing facilities the existing beds must be available within 120 days from contract award, and the expansion beds must be available within 300 days from contract award. For new facilities, beds must be available within 425 days from contract award. As a result of the expansion of our North Lake facility we will restructure our credit facility to support our capital projects. Under our existing credit facility we have the ability to access an additional \$150 million through the accordion features of \$75 million, under both our term loan and our revolver. We expect to complete the restructuring of our credit facility by the end of the year.

I'd like to now update you on our projects currently under development, and beginning with our project activations in 2008. As I mentioned earlier, we have activated the 576-bed Robert Deyton facility for the U.S. Marshall Service in Clayton County, Georgia. We are continuing with our announced expansion of the facility by an additional 192 beds. We expect to complete this expansion by year-end 2008. In March, we successfully completed a 200-bed emergency bed expansion of our central Arizona state prison, increasing the capacity of the facility from 1,000 to 2,000 offenders through the use of existing dormitory space and additional bunk beds. In Louisiana, we are completing a 744-bed expansion to the 416-bed LaSalle detention facility for ICE. We expect to complete the expansion this week, and began intake of additional detainees next week. In Clayton, New Mexico, we are completing the construction of a new 625-bed facility for the use of the New Mexico Corrections Department. The facility is being financed with tax-exempt, non-recourse revenue bond financing issued by the town of Clayton. Our current target opening date for this facility is August.

In Texas, we are working on three separate projects that are scheduled to open in late third quarter, and early fourth quarter of this year. In Montgomery County, the county is completing the construction of an 1,100-bed non-recourse bond financed defense facility which we expect will be used by state or federal agencies. We expect to activate this managed-only facility in September. In Maverick County, the county is constructing 654-bed detention facility which is being financed through the issuance non-recourse project revenue bonds. We anticipate that the project will be completed and ready for occupancy by the county or federal detention agencies in September. In Laredo we are building the 1,500-bed Rio Grande detention facility for the U.S. Marshalls. This facility will cost approximately \$86 million when completed and is being Company financed. We expect to activate the facility October of this year. Finally, in Mississippi, the state is building a non-recourse bond finance, 500-bed expansion to our East Mississippi correctional facility. We expect to open the expansion in October.

Moving to our project activations in 2009, in Florida we are expanding our recently-completed 1,500-bed Graceville Correctional Facility by 398 beds. We expect the expansion to be completed by the end of the second quarter of 2009. In Colorado, we are continuing the site plan review process for the approval to begin construction of a 1,100-bed expansion of our Company-owned Aurora detention center. Assuming we obtain our planning and building permit approvals by this summer, we expect the expansion to be completed and ready for occupancy during the fourth quarter of 2009. The expansion will cost approximately \$72 million which will be funded through Company financing. All together, we have ten new project activations, seven are scheduled to open in 2008, and three that are scheduled for 2009. These new activations total 9,100 beds. We believe this represents the largest and most diversified organic growth pipeline in our industry.

Now I would like to discuss our capital expenditure requirements, as well as our new business development activities. We are currently developing a number of projects using Company financing. Including the expansion of our North Lake mass facility in Michigan we estimate our current capital projects will cost approximately \$294 million through 2009, of which approximately \$88 million was completed in 2007. We estimate our development CapEx requirements for 2008 to be approximately \$111 million. This breaks down to be approximately \$33 million for the first quarter, \$32 million for the second quarter, \$19 million for the third quarter, and \$27 million for the fourth quarter. We currently have approximately \$33 million in cash on hand to fund these projects and during 2008, we expect to generate approximately \$90 million in adjusted free cash flow. In addition, we have approximately \$74 million available after letters of credit and outstanding borrowings of \$20 million at March 30th, under our \$150 million revolving credit facility, which bears interest at LIBOR plus 1.5%. As I mentioned earlier, we expect to restructure our credit facility by the end of the year in order to secure sufficient financing to complete our announced capital projects.

Moving to our pending proposals and new business development opportunities, we are completing — competing for a number of opportunities at the state and federal levels in the United States. As I discussed earlier, the Bureau of Prisons recently issued two presolicitation notices for criminal alien requirements, CAR-8 and CAR-9, with a combined total of 4,000 new beds and minimum of 900 beds per facility. The official solicitation CAR-8 was issued April 29th, and we expect the CAR-9 solicitation will be issued later this week or early next week. Proposals under both procurements are due June 30th. Under both of these procurements the BOP intends to award firm fix-price contracts with award fee incentives. The contract awards will have potential terms of ten years, consisting of four-year base period with three-tier options. In addition, I mentioned on our conference call Congress has fully funded all three federal detention agencies and specifically approved funding that supports a 4,500 bed increase in immigration detention beds to 32,000 beds from the prior year's 27,500 beds. We expect to see additional opportunities at the federal level related to the continued demand for detention bed space by all three federal agencies.

At the state level, in Virginia we submitted a unsolicited proposal for a 1,500 to 2,000-bed medium security custody correctional facility to be located in Charlotte County, Virginia under a state statute that allows companies to submit unsolicited proposals. We are pleased that the house and senate recently passed legislation providing for \$8.7 million of planning money for this project. We hope the governor will sign this bill shortly. In Virginia Department of Corrections is continuing to move forward with GEO with Phase II of this procurement, with the state expecting to authorize the issuance of project revenue bonds to finance the new facility. We expect to sign an interim agreement shortly and to move forward with the initial design and engineering phases of the project followed by the execution of the final contract in late 2008 or early 2009. Virginia's DOC has projected that these new beds will need to come on line by early 2011.

We continue to see a very strong market at the state and federal level. A number of states around the country are going through their legislative sessions and are likely to consider additional correctional bed capacity through private organizations to meet their ongoing needs. We believe the states of Florida, Oklahoma, Idaho, California, Georgia, and others have an aggregate need for at least 15,000 new beds. For instance, in the state of Florida the legislature has recently approved a budget line which provides for the privatization of one new 2,000-bed managed-only prison. With regard to upcoming bids the state of Texas recently issued solicitations for the rebid of several existing and managed-only facilities, including four GEO-managed facilities totaling approximately 3,000 beds. We expect to submit our proposals by June for the continued management of the four managed-only facilities and hope to be successful. Contract awards for these facilities are expected in the fourth quarter of the year, with contract commencement in the first quarter of 2009.

Now turning to our international business unit, we continue to work with our GEO UK subsidiary as we pursue new business opportunities in the UK market. In England the Ministry of Justice has issued RFPs for two new 600-bed prison projects. We responded to both RFPs but unfortunately our Company was not selected by the UK government for these particular projects. We continue to believe the UK market offers significant new business opportunities. The Ministry of Justice as announced plans to increase prison capacity with a development of between 10,000 and 20,000 new beds. We believe the next round of RFPs will include up to three large prisons, or superjails, housing around 2,500 offenders each, which will allow our GEO UK subsidiary to be more competitive, given GEO's prior experience in managing large-scale detention and correctional facilities. We expect at least one of these 2,500 bed procurements to be issued by year end.

In South Africa we have responded to a request for a prequalification for the design, construction, financing, and operation of five new 3,000-bed prisons last quarter. We are waiting to be short listed for these projects totaling 15,000 beds. Based on the successful development and operation of our South African 3,000-bed prison, we believe we are very well positioned to capitalize on these new opportunities in South Africa. In Australia we have received notice from the state of Victoria of their intention to extend our existing contract for the provision of healthcare services for nine of the state's adult prisons for an additional 12-month period, commencing July 2008. Annual revenues from this contract exceed \$12 million. We are also in discussions with the state of Victoria to extend our contract for the 785-bed Fulham Correctional Center for an additional three years beginning June 2009. Annual revenues from this contract exceed \$33 million. Additionally we are currently participating in a rebid process for a prison transportation contract currently held by one of our competitors with the Victoria Corrections Department. The contract will begin in June 2009, with anticipated annual revenues of approximately \$7.5 million.

With regards to mental health and residential treatment opportunities, our GEO Care team has been marketing to several states around the country, and we expect to compete for several new projects in the year term. In the commonwealth of Pennsylvania, they have decided to cancel their RFP for the management of two forensic centers. We believe this decision may have been influenced by the increased political focus on Pennsylvania due to the democratic presidential primary election. While we had included a half-year contribution of \$10 million in revenues from this RFP in our guidance, we don't expect the cancellation to have a material impact on our guidance. Although this was a disappointing outcome we continue to be very optimistic about GEO Care's new business opportunities. We have recently submitted a proposal in response to an RFP for the provision of mental health care services for the entire state prison system in Pennsylvania. Further, we are currently in discussions with several states around the country, and we are hopeful that GEO Care will be successful in winning one or two new contracts in 2008, as it has done for the last two years.

With regards to new replacement facility openings, GEO Care recently activated the new 238-bed South Florida Evaluation and Treatment Center in Florida City, which replaced the old center located in downtown Miami. Following the opening of the new South Florida Evaluation and Treatment Center, the Florida legislature has proposed budget language that provides for the closure of the 100-bed South Florida Evaluation and Treatment Center annex effective September 30th. The closure of the annex will result in a loss of approximately \$3.3 million in revenues for GEO Care in 2008. But simultaneously, the Florida legislature has also proposed an increase of the capacity of the new South Florida Evaluation and Treatment Center and the Treasure Coast Forensic Treatment Center for total of 73 beds. The increased capacity of both centers will result in an increase of approximately \$2 million in revenues for GEO Care in 2008, largely offsetting the closure of the annex. We don't expect the closure of the annex to have any material impact on our previously-issued guidance for 2008. Additionally, GEO Care and GEO expect to open the new 720-bed Florida Civil Commitment Center in April 2009. The new facility will replace the old center in Arcadia, Florida.

In summary, we are very pleased with the financial performance of all three of our business units in the first quarter, and we remain optimistic about our outlook for 2008 and our business development efforts. We have what we believe is the largest organic pipeline in our industry, with 9,100 beds under development for 2008 and 2009. We expect to compete for more than 20,000 beds in the U.S. and overseas over the next 12 months and we hope to win at least our market share. Additionally, we are continuing to evaluate a number of facilities that can be expanded for our existing clients.

This concludes my presentation, and now I would like to open the call for any questions.

QUESTION AND ANSWER

Operator

(OPERATOR INSTRUCTIONS) Your first question comes from the line of Kevin Campbell from Avondale. Please proceed.

Kevin Campbell - Avondale — Analyst

Good afternoon. Thanks for taking my question. George, could you give us some greater clarity or detail on the Texas rebids. I know you gave us the size of the facilities, but was there a revenue amount that was at risk?

George Zoley - The GEO Group — Chairman & CEO

I really can't give you much specifics on a situation in which we are in active rebid status, so giving you the revenues —

Kevin Campbell - Avondale — Analyst

Yes, that might give away what maybe you might bid, I suppose, huh?

George Zoley - The GEO Group — Chairman & CEO

— that. It's four or five facilities totaling 3,000 beds, and we've had them for a number of years. We are going to compete aggressively and we hope to retain them.

Kevin Campbell - Avondale — Analyst

Okay.

George Zoley - The GEO Group — Chairman & CEO

They're managed-only facilities, so you know the margins in the managed-only business.

Kevin Campbell - Avondale — Analyst

Sure. And if you look at the expansion costs for the facility in Michigan, I think — the costs are pretty low per bed, does that — does your \$60 million estimate include FF&E and capitalized interest, or is it just the construction costs by themselves?

George Zoley - The GEO Group — Chairman & CEO

That's another competitive situation. (LAUGHTER)

Kevin Campbell - Avondale — Analyst

Okay.

George Zoley - The GEO Group — Chairman & CEO

I really can't go in to specifics of. But you know we have an existing facility, and basically we're building only housing units.

Kevin Campbell - Avondale — Analyst

Okay.

George Zoley - The GEO Group — Chairman & CEO

That's about as much as I can say.

Kevin Campbell - Avondale — Analyst

And I don't know if you can answer this either, but typically you guys don't build on speculation, you generally have very good visibility, and I think you guys pride yourself on not doing that, and is it safe to assume that you've got fairly good visibility as to who might use these beds?

George Zoley - The GEO Group — Chairman & CEO

Well, I think I mentioned in my conference call script, a number of opportunities that would aff — put these facilities to good use.

Kevin Campbell - Avondale — Analyst

Okay. And —

George Zoley - The GEO Group — Chairman & CEO

At either the federal or the state level.

Kevin Campbell - Avondale — Analyst

Okay. And lastly, could you talk about Coke County. I didn't hear that mentioned in your script, what's going on there?

George Zoley - The GEO Group — Chairman & CEO

Well, we own it now, and we are looking at different possible uses, so it's still under review and research, but there's no new announcement at this time.

Kevin Campbell - Avondale — Analyst

Okay.

George Zoley - The GEO Group — Chairman & CEO

We do now own it aught right.

Kevin Campbell - Avondale — Analyst

All right, thank you.

Operator

Your next question comes from the line of Manav Patnaik from Lehman Brothers. Please proceed.

Manav Patnaik - Lehman Brothers — Analyst

Yes, hi guys. Just a few questions. I guess on The GEO Care opportunity in Pennsylvania, could you give us a little more color on at least what you feel — you mentioned the — I guess the political issues as to why they took back or canceled the contracts spec. Could you maybe give a little more color as to what was going on there, and do you foresee any similar risks to maybe other contract bids or just any other part of your — of your division?

George Zoley - The GEO Group — Chairman & CEO

We really don't have much to add other than we received an nice letter thanking us for our submittals, and notifying us of the cancellation RFP, and statement that they hoped that we would be bidding on future opportunities. So we don't know if there's finality to this decision, or there's a possibility it could be reviewed at later date.

Manav Patnaik - Lehman Brothers — Analyst

Okay. And on the international side, could you give us a little more color as to — you mentioned the two UK RFPs where you were not selected. Could you maybe give us a little color on what the competitive situation was there? Was there a particular reason or something you guys lacked with respect to not selected for those two opportunities.

George Zoley - The GEO Group — Chairman & CEO

I think I said in the past that when the competition involves these smaller facilities, like 500 beds or a little bit more, that there's a lot more competition and just about anybody can be selected on any particular day. That's why we believe there's — there's greater hope for success when the procurement's for the superjails involving 2,500 bed facilities that will be coming out, as I said, by the end of the year.

Manav Patnaik - Lehman Brothers — Analyst

Okay. And finally, in the state section you mentioned California, amongst other states, with the need for 15,000 beds. Could you maybe give us a quick read on what you're seeing is the situation in California today and what the possible timeline there could be for maybe a few more beds coming out of there?

George Zoley - The GEO Group — Chairman & CEO

Well, there's a number of states that are just concluding their legislative session, or still in session. I think California is still in session. Florida recently — I think they're adjourning their session this week, and they approved 2,000 beds to be privately developed and managed. California, I believe is still in session. I think they're still looking at the alternatives of how to expand their capacity. With respect to the — the governor's budget proposal to release 22,000 prisoners, we're not aware of any movement in that direction to do that, and if that does not occur, we believe the only logical alternative to releasing prisoners is to add capacity and we think that's under active review through a number of different initiatives that would be done primarily in state, and possibly some out of state.

Manav Patnaik - Lehman Brothers — Analyst

All right. Great. Thanks, guys.

Operator

Your next question comes from the line of T.C. Robillard from Banc of America Securities.

T. C. Robillard - Banc of America Securities — Analyst

Great, thanks. Good afternoon, guys. Just one quick housekeeping question. What was — do you have at your fingertips cash from operations in the quarter?

Jerry O'Rourke - The GEO Group — CFO

Give us a second.

T. C. Robillard - Banc of America Securities — Analyst

Okay, and while you are looking that up, can you give us an update on the Newcastle facility in terms of — have you started to replace the Arizona inmates with the Indiana inmates? Just trying to get a sense as to how that smoothly that transition's going?

George Zoley - The GEO Group — Chairman & CEO

There has been a steady backfilling of the beds by Indiana prisoners regarding those prisoners that are from Arizona and returning back to Arizona, and we expect that process to be completed by the middle or end of next month.

T. C. Robillard - Banc of America Securities — Analyst

Okay. And then just lastly, I know that you guys have — there's been a little bit of — of local business opposition to the — to the expansion of our Aurora facility, which I'm sure is probably standard operating procedure when I comes to dealing on a local level. Is this something that's normal as a normal little hiccup, or does this run the risk of pushing your ability to break ground on that in the summer?

George Zoley - The GEO Group — Chairman & CEO

Well, it's not surprising that somebody would be in opposition to a prison ex — or a detention expansion project, but we did get a unanimous vote from the planning commission and it'll go to the city council in about a month for final approval.

T. C. Robillard - Banc of America Securities — Analyst

And does this opposition, is there any — do they have any teeth to it, or is the situation where if you get the next round of approvals, you're all set to go forward with the expansion?

George Zoley - The GEO Group — Chairman & CEO

Was there any pun intended because the opponent is Camp Bow-Wow?

T. C. Robillard - Banc of America Securities — Analyst

No pun intended, but (LAUGHTER).

George Zoley - The GEO Group — Chairman & CEO

No, we think we have a well-designed facility. We have made a number of concessions that were requested regarding water flow on the property, and exit routes, as well as entrances in to the facility, so we think we're well under control as to the site planning criteria that's required to be met.

T. C. Robillard - Banc of America Securities — Analyst

Okay. And Jerry, the cash from ops number?

Jerry O'Rourke - The GEO Group — CFO

It was about \$2 million for the first quarter.

T. C. Robillard - Banc of America Securities — Analyst

Okay. Thanks, guys.

George Zoley - The GEO Group — Chairman & CEO

Thank you.

Operator

(OPERATOR INSTRUCTIONS) Your next question comes from the line of Emily Shanks from Lehman Brothers. Please proceed.

Emily Shanks - Lehman Brothers — Analyst

Hi, good afternoon. A couple of follow-up questions. Around the accordion feature, have you been in discussions with any banks about potential backstops for that?

George Zoley - The GEO Group — Chairman & CEO

As you're aware, at this time last year we had redone our complete senior debt facility to the tune of about \$365 million, and then we subsequently relevered with the proceeds of taking \$200 million out of the equity offering and bringing that down. We have a very strong relationship with both [B&P Parabaugh] as our lead banker, and the syndicate of banks, we continue to have talks with them, and embedded in our current agreement is this accordion feature, which allows us to go back and get \$150 million of that which we previously paid down a year ago. So we believe that is very doable, we'll do it on our own timelines to give us liquidity we need to continue to have dry power.

Emily Shanks - Lehman Brothers — Analyst

Okay, great, but that, just to be clear, is the traditional accordion in that it's not committed yet?

George Zoley - The GEO Group — Chairman & CEO

That is correct.

Emily Shanks - Lehman Brothers — Analyst

Okay, okay, thank you. And could you let me know what tax rate you're assuming for your EPS guidance?

Jerry O'Rourke - The GEO Group — CFO

38% to 39% for the year.

Emily Shanks - Lehman Brothers — Analyst

Okay, great. And then it is possible to break out the non-recourse debt that's under the current portion on the balance sheet?

Jerry O'Rourke - The GEO Group — CFO

We haven't done that in the past. We can look at that.

Emily Shanks - Lehman Brothers — Analyst

Okay. I can follow up with you guys after. That was it. Thank you.

Operator

(OPERATOR INSTRUCTIONS). Your next question comes from the line of Shields Day, from Regiment Capital.

Shields Day - Regiment Capital — Analyst

Oh, hi, guys. Actually my question was answered by the previous caller. Thank you.

George Zoley - The GEO Group — Chairman & CEO

Thank you.

Operator

You have no further questions in queue. I'll now turn the call back over to be George Zoley for closing remarks.

George Zoley - The GEO Group — Chairman & CEO

Well, we thank you for joining us on this call and look forward to addressing you on our next call. Thank you.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a great day.



One Park Place, Suite 700 n 621 Northwest 53rd Street n Boca Raton, Florida 33487 n www.thegeo groupinc.com

CR-08-09

THE GEO GROUP ANNOUNCES 1,225-BED EXPANSION OF THE 500-BED NORTH LAKE CORRECTIONAL FACILITY IN BALDWIN, MICHIGAN

Boca Raton, Fla. — May 1, 2008 — The GEO Group, Inc. (NYSE:GEO) (“GEO”) announced today plans for a 1,225-bed expansion of the 500-bed North Lake Correctional Facility (the “Facility”) located in Baldwin, Michigan. The expansion of this company-owned Facility, which is currently idle, will increase the Facility’s total capacity to 1,725 beds. GEO expects the 1,225-bed expansion to cost approximately \$60 million and to be completed by the second quarter of 2009. GEO expects to market the Facility to federal and state agencies around the country. George C. Zoley, Chairman of the Board and Chief Executive Officer of GEO, said, “We are planning to move forward with the expansion of our North Lake Correctional Facility, which we believe will position GEO to help meet the increased demand for correctional and detention beds by federal and state agencies around the country. We look forward to the successful completion of this important expansion and to the reactivation of this company-owned Facility.” GEO expects to restructure its existing credit facility by the end of 2008 to support its current capital projects including the expansion of the North Lake Correctional Facility. GEO can add up to \$150 million in borrowing capacity through an accordion feature in its existing credit facility. The GEO Group, Inc. (“GEO”) is a world leader in the delivery of correctional, detention, and residential treatment services to federal, state, and local government agencies around the globe. GEO offers a turnkey approach that includes design, construction, financing, and operations. GEO represents government clients in the United States, Australia, South Africa, Canada, and the United Kingdom. GEO’s worldwide operations include 67 correctional and residential treatment facilities with a total design capacity of approximately 60,000 beds.

About The GEO Group, Inc.

The GEO Group, Inc. (“GEO”) is a world leader in the delivery of correctional, detention, and residential treatment services to federal, state, and local government agencies around the globe. GEO offers a turnkey approach that includes design, construction, financing, and operations. GEO represents government clients in the United States, Australia, South Africa, and the United Kingdom. GEO’s worldwide operations include the management and/or ownership of 67 correctional and residential treatment facilities with a total design capacity of approximately 59,000 beds, including projects under development.

Safe-Harbor Statement

This press release contains forward-looking statements regarding future events and future performance of GEO that involve risks and uncertainties that could materially affect actual results, including statements regarding estimated earnings, revenues and costs and our ability to maintain growth and strengthen contract relationships. Factors that could cause actual results to vary from current expectations and forward-looking statements contained in this press release include, but are not limited to: (1) GEO’s ability to meet its financial guidance for 2008 given the various risks to which its business is exposed; (2) GEO’s ability to successfully pursue further growth and continue to enhance shareholder value; (3) GEO’s ability to access the capital markets in the future on satisfactory terms or at all; (4) risks associated with GEO’s ability to control operating costs associated with contract start-ups; (5) GEO’s ability to timely open facilities as planned, profitably manage such facilities and successfully integrate such facilities into GEO’s operations without substantial costs; (6) GEO’s ability to win management contracts for which it has submitted proposals and to retain existing management contracts; (7) GEO’s ability to obtain future financing on acceptable terms; (8) GEO’s ability to sustain company-wide occupancy rates at its facilities; and (9) other factors contained in GEO’s Securities and Exchange Commission filings, including the forms 10-K, 10-Q and 8-K reports.