

Cornell Companies, Inc.**Non-GAAP Financial Measures and Reconciliations:****Pro Forma Revenues, Income from Operations, Net Income and Earnings per Share**

(in thousands, except per share data)



	<u>YTD</u> <u>12/31/2006</u>	<u>QTD</u> <u>12/31/2006</u>	<u>YTD</u> <u>9/30/2006</u>	<u>QTD</u> <u>9/30/2006</u>	<u>YTD</u> <u>6/30/2006</u>	<u>QTD</u> <u>6/30/2006</u>	<u>QTD</u> <u>3/31/2006</u>
Revenues							
GAAP revenues from operations	360,855	94,127	266,728	92,383	174,345	90,497	83,847
Less: Start-up revenue	-	-	-	-	-	-	-
Pro forma revenues from operations	<u>360,855</u>	<u>94,127</u>	<u>266,728</u>	<u>92,383</u>	<u>174,345</u>	<u>90,497</u>	<u>83,847</u>
Income from Operations							
GAAP income from operations	44,798	13,322	31,476	10,556	20,921	13,711	7,209
Plus:							
New Morgan Academy loss from operations	2,613	961	1,652	782	870	434	436
Pre-opening and start-up expenses, net of start-up revenue	2,657	-	2,657	-	2,657	-	2,657
Pro forma income from operations	<u>50,068</u>	<u>14,283</u>	<u>35,785</u>	<u>11,338</u>	<u>24,448</u>	<u>14,145</u>	<u>10,302</u>
Net Income							
GAAP net income	11,873	4,721	7,152	2,584	4,568	3,881	684
Plus:							
New Morgan Academy net loss	2,496	567	1,929	783	1,146	569	577
Pre-opening and start-up expenses, net of start-up revenue	1,568	-	1,568	-	1,568	-	1,568
Pro forma net income	<u>15,937</u>	<u>5,288</u>	<u>10,649</u>	<u>3,367</u>	<u>7,282</u>	<u>4,450</u>	<u>2,829</u>
Earnings per Share							
GAAP income per share -- diluted	\$ 0.84	\$ 0.33	\$ 0.51	\$ 0.18	\$ 0.33	\$ 0.28	\$ 0.05
Plus:							
New Morgan Academy	\$ 0.18	\$ 0.04	\$ 0.14	\$ 0.06	\$ 0.08	\$ 0.04	\$ 0.04
Pre-opening and start-up expenses, net of start-up revenue	\$ 0.11	\$ -	\$ 0.11	\$ -	\$ 0.11	\$ -	\$ 0.11
Pro forma earnings per share -- diluted	<u>\$ 1.13</u>	<u>\$ 0.37</u>	<u>\$ 0.76</u>	<u>\$ 0.24</u>	<u>\$ 0.52</u>	<u>\$ 0.32</u>	<u>\$ 0.20</u>