Home Federal Bancorp, Inc.
Form 424B3
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PROSPECTUS

(Proposed Holding Company for Home Federal Bank)
Up to 13,800,000 Shares of Common Stock
(Subject to increase to up to 15,870,000 shares)

New Home Federal Bancorp, Inc., is a newly formed Maryland corporation, that is offering up to 13,800,000 shares of its common stock to the public in connection with the conversion of Home Federal MHC from the mutual to the stock form of organization. As part of the conversion, Home Federal Bank will become our wholly-owned subsidiary. We may increase the maximum number of shares that we sell in the offering by up to 15%, to 15,870,000 shares, as a result of the demand for shares or changes in market and financial conditions. The shares being offered represent the 58.9% ownership interest in Home Federal Bancorp, Inc. now owned by Home Federal MHC, its mutual holding company parent. Home Federal Bancorp, a Federal corporation, currently is the mid-tier holding company of Home Federal Bank and will cease to exist upon completion of the conversion. The remaining 41.1% ownership interest in Home Federal Bancorp is owned by the public and will be exchanged for shares of new Home Federal Bancorp common stock upon the completion of the conversion . If you are now a stockholder of Home Federal Bancorp, your shares will be canceled and exchanged for shares of new Home Federal Bancorp. The number of shares you will receive will be based on an exchange ratio that will depend upon the number of new shares we sell in this offering. All shares of common stock being offered for sale will be sold at a price of $10.00 per share.

If you are a current or former depositor of Home Federal Bank as of the eligibility record dates, you may have priority rights to purchase shares in the subscription offering. if (1) you had at least $50.00 on deposit at Home Federal Bank at the close of business on March 31, 2006; (2) you had at least $50.00 on deposit at Home Federal Bank at the closed of business on September 30, 2007; or (3) you were a depositor or borrower of Home Federal Bank on October 31, 2007 and March 15, 2004, respectively.

If you are a current stockholder of Home Federal Bancorp, your shares will be exchanged automatically for between 7,103,110 and 9,610,090 new shares of new Home Federal Bancorp, or up to 11,051,604 shares in the event the maximum of the offering range is increased by 15%.

If you are not a depositor, but are interested in purchasing shares of our common stock, you may be able to purchase shares of our common stock in the community offering and/or a syndicated community offering (collectively referred to as the offering) to the extent shares remain available after priority orders are filled.

In order to complete the offering, we must sell, in the aggregate, at least 10,200,000 shares. The minimum purchase is 25 shares. The subscription offering is scheduled to end at 12:00 Noon, Mountain time, on December 11, 2007, unless extended for the full 45 day period from the date of this prospectus until December 24, 2007, or thereafter to February 7, 2008 without the approval of the Office of Thrift Supervision. Any further extensions of the subscription offering must be approved by the Office of Thrift Supervision. The subscription offering may not be extended beyond December 17, 2009. Once submitted, orders are irrevocable unless the offering is terminated or extended beyond February 7, 2008. If the offering is extended beyond February 7, 2008, subscribers will have the right to modify or rescind their purchase orders. In the event this occurs, or there is a change in the offering range, we will resolicit purchasers and you will have the opportunity to maintain, change or cancel your order. If you do not provide us with a written indication of your intent after you receive the resolicitation materials, your order will be cancelled and your funds will be returned to you, with interest. New Home Federal Bancorp will hold all subscribers funds received before the completion of the conversion in a segregated account at Home Federal Bank or, at our discretion, at an independent insured depository institution until the conversion is completed or terminated. We will pay interest on all funds received at a rate equal to Home Federal Bank s passbook/statement savings rate, which is currently 0.20% per annum. Funds will be returned promptly with interest if the conversion is terminated.

Home Federal Bancorp s common stock is currently listed on the Nasdaq Global Market under the symbol HOME . We have applied to have the common stock of new Home Federal Bancorp listed for trading on the Nasdaq Global Select Market. For the first 20 trading days after the conversion and offering is completed, we expect new Home Federal Bancorp common stock to trade under the symbol HOMED, thereafter it will revert to the HOME trading symbol. We cannot assure you that our common stock will be approved for listing on the Nasdaq Global Select Market.

Investing in our common stock involves risks. See Risk Factors beginning on page 1.

OFFERING SUMMARY

Price Per Share: $10.00; Minimum Subscription: 25 shares or $250

	Minimum	Maximum	Maximum, as adjusted (1)
Number of Shares	10,200,000	13,800,000	15,870,000
Gross Offering Proceeds	$102,000,000	$138,000,000	$158,700,000
Underwriting Commission	3,228,000	4,370,000	5,026,000
Other Expenses	1,243,000	1,243,000	1,243,000
Net Proceeds to Home Federal Bancorp, Inc.	97,529,000	132,387,000	152,431,000
Net Proceeds Per Share	9.56	9.59	9.61

(1) For information regarding underwriting compensation to be paid to Keefe, Bruyette & Woods, including the assumptions regarding the number of shares sold in the offering that we used to determine the estimated offering expenses, see Pro Forma Data and The Conversion and Stock Offering Marketing Arrangements.

Keefe, Bruyette & Woods will use its best efforts to assist us in our selling efforts, but is not required to purchase any of the common stock that is being offered for sale. Subscribers will not pay any commissions to purchase shares of common stock in the offering.

These securities are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Neither the Securities and Exchange Commission, the Office of Thrift Supervision, nor any other federal agency or state securities regulator has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

For information on how to subscribe, call the stock information center at (208) 468-5151.

KEEFE, BRUYETTE & WOODS

November 9, 2007

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SUMMARY

This summary provides an overview of the key aspects of the stock offering as described in more detail elsewhere in this prospectus and may not contain all the information that is important to you. To completely understand the stock offering, you should read the entire prospectus carefully, including the sections entitled Risk Factors and The Conversion and Stock Offering and the consolidated financial statements and the notes to the consolidated financial statements beginning on page F-1, before making a decision to invest in our common stock.

Overview

New Home Federal Bancorp, is a newly formed Maryland corporation. New Home Federal Bancorp is conducting this offering of between 10,200,000 and 13,800,000 shares of common stock in connection with the conversion of Home Federal MHC from the mutual to the stock form of organization. The shares of new Home Federal Bancorp to be sold represent the 58.9% ownership interest in the mid-tier holding company, Home Federal Bancorp now owned by Home Federal MHC. This ownership interest is being sold to raise additional capital to support the operational growth of Home Federal Bank. The remaining 41.1% ownership interest in Home Federal Bancorp is owned by the public and will be exchanged for shares of new Home Federal Bancorp common stock upon the completion of the conversion . In this exchange, each publicly held share of Home Federal Bancorp common stock will, on the date of completion of the conversion, be automatically converted into and become the right to receive a number of shares of common stock of new Home Federal Bancorp determined pursuant to an exchange ratio. The current public stockholders of Home Federal Bancorp common stock will own the same percentage of common stock in new Home Federal Bancorp after the conversion as they hold in Home Federal Bancorp subject to additional purchases, or the receipt of cash in lieu of fractional shares. The actual number of shares a current stockholder of Home Federal Bancorp receives pursuant to the exchange ratio will therefore depend on the number of shares we sell in our offering, which in turn will depend on the final appraised value of new Home Federal Bancorp. We may increase the maximum number of shares that we sell in the offering by up to 15% to 15,870,000 shares, as a result of the demand for shares or changes in market and financial conditions. The offering includes a subscription offering in which certain persons, including depositors of Home Federal Bank, have prioritized subscription rights. There are limitations on how many shares of common stock a person may purchase in the offering. The amount of capital being raised is based on an appraisal of Home Federal Bancorp. Most of the terms and requirements of this offering are required by regulations of the Office of Thrift Supervision. The same directors and certain officers who manage Home Federal Bancorp will manage new Home Federal Bancorp.

The following tables show how many shares of common stock that may be issued in the offering, and subsequently issued if our new proposed stock benefit plans are adopted.

	Shares to be sold to the public in this offering		Shares to be sold to the employee stock ownership plan (2)		Shares proposed to be sold to directors and officers		Exchange shares		Total shares of common stock to be outstanding after the conversion	
	Amount	%(1)	Amount	%(1)	Amount	%(1)	Amount	%(1)	Amount	%(1)
Minimum	9,321,500	53.9%	816,000	4.7%	62,500	0.3%	7,103,110	41.1%	17,303,110	100.0%
Midpoint	10,977,500	53.9	960,000	4.7	62,500	0.3	8,356,600	41.1	20,356,600	100.0
Maximum	12,633,500	53.9	1,104,000	4.7	62,500	0.3	9,610,090	41.1	23,410,090	100.0
Maximum, as adjusted	14,537,900	54.0	1,269,600	4.7	62,500	0.2	11,051,604	41.1	26,921,604	100.0

	Shares that may be awarded under a restricted stock plan		Shares that may be issued under a stock option plan	
	Amount	%(1)	Amount	%(1)
Minimum	353,510	2.0%	883,776	5.1%
Midpoint	415,894	2.0	1,039,736	5.1
Maximum	478,278	2.0	1,195,696	5.1
Maximum, as adjusted	550,020	2.0	1,375,051	5.1

(1) As a percentage of total shares outstanding after the offering.

(2) Assumes 8% of the shares sold in the conversion are sold to the employee stock ownership plan in the offering.

Dollar amounts in this prospectus are consolidated and refer to Home Federal Bancorp and subsidiary unless otherwise indicated.

The Companies:

Home Federal Bancorp, Inc. (new)
500 12th Avenue South
Nampa, Idaho 83651
(208) 466-4634

New Home Federal Bancorp is a newly formed Maryland corporation that will hold all of the outstanding shares of Home Federal Bank following the conversion to stock ownership. New Home Federal Bancorp is conducting the stock offering in connection with the conversion of Home Federal MHC from the mutual to the stock form of organization. Following the completion of the offering, new Home Federal Bancorp will be the savings and loan holding company of Home Federal Bank and its primary regulator will be the Office of Thrift Supervision.

Home Federal MHC
500 12th Avenue South
Nampa, Idaho 83651
(208) 466-4634

Home Federal MHC is a federally chartered mutual holding company that owns 58.9% of the outstanding common stock of Home Federal Bancorp. Home Federal MHC was formed in 2004 in connection with the reorganization of Home Federal Bank into the mutual holding company form of organization. Home Federal MHC is a savings and loan holding company and its business is to own at least a majority of Home Federal Bancorp s outstanding shares of common stock. Following the conversion, Home Federal MHC will cease to exist as a separate entity; it will be replaced by new Home Federal Bancorp.

Home Federal Bancorp, Inc.
500 12th Avenue South
Nampa, Idaho 83651
(208) 466-4634

Home Federal Bancorp, Inc. is a federal corporation and a mid-tier holding company that owns 100% of Home Federal Bank. It was formed in 2004 in connection with the reorganization of Home Federal Bank into the mutual holding company form of organization. Effective with the reorganization, it became a stock holding company and the 58.9% owned subsidiary of Home Federal MHC, a federally chartered mutual holding company.

Home Federal Bancorp conducts its business as a savings and loan holding company and has no significant liabilities. Its primary business consists of directing, planning and coordinating the business activities of Home Federal Bank.

Home Federal Bank
500 12th Avenue South
Nampa, Idaho 83651
(208) 466-4634

Home Federal Bank was founded in 1920 as a building and loan association and reorganized as a federal mutual savings and loan association in 1936. We are a community-based financial institution primarily serving the Boise, Idaho and surrounding metropolitan area known as the Treasure Valley region of southwestern Idaho, including Ada, Canyon, Elmore and Gem counties. We conduct our operations through our 15 full-service banking offices, and two loan centers. Included in our 15 full-service banking offices are six Wal-Mart in-store branch locations. We are in the business of attracting deposits from the public and utilizing those deposits to originate loans. We offer a wide range of loan products to meet the demands of our customers. Historically, lending activities have been primarily directed toward the origination of residential and commercial real estate loans. Real estate lending activities have been primarily focused on first mortgages on owner occupied, one- to four-family residential properties. To an increasing extent in recent years, lending activities have also included the origination of residential and commercial construction and land development loans and home equity loans. While continuing our commitment to residential lending, management expects commercial lending, including commercial real estate, builder finance and commercial business lending, to become increasingly important activities for us. Consistent with this strategy, we appointed Mr. Len E. Williams as President of Home Federal Bank in September 2006 and to Home Federal Bancorp s board of directors in April 2007. Mr. Williams has extensive experience in business related lending. Before starting his tenure with us, Mr. Williams served as Senior Vice President and Head of Business Banking of Fifth Third Bank and held several management positions with Key Bank, including President of Business Banking from 2003 to 2005. We expect him to succeed Mr. Daniel L. Stevens, Home Federal Bancorp s Chairman, President and Chief Executive Officer, as President and Chief Executive Officer of new Home Federal Bancorp, and to become Chief Executive Officer of Home Federal Bank in October 2008. See Business of Home Federal Bancorp, Inc. and Home Federal Bank Lending Activities.

At June 30, 2007, we had total assets of $728.3 million, deposit accounts of $418.7 million and equity of $110.0 million. Home Federal Bank maintains a website at www.myhomefed.com. The information on our website is not part of this prospectus.

Operating Lines

The following reflects our management structure and responsibilities of each of our operating lines before and after the conversion: The information on our website is not part of this prospectus.

Operating Strategy

Our strategies center on our continued development into a full service, community-oriented bank. Our goal is to continue to enhance our franchise value and earnings through controlled growth in our banking operations, especially small business lending, while maintaining the community-oriented customer service and sales focus that has characterized our success to date. In order to be successful in this objective and increase stockholder value, we are committed to the following strategies:

Continue Growing in Our Existing Markets. We believe there is a large customer base in our market that is dissatisfied with the service received from larger regional banks. By offering quicker decision making in the delivery of banking products and services, offering customized products where appropriate, and providing customer access to our senior managers, we hope to distinguish ourselves from larger, regional banks operating in our market areas. Our larger capital base resulting from this offering and our plans to diversify our product mix should allow us to compete effectively against smaller banks.

Continue Our Disciplined Execution. We believe our success as a banking organization depends on a disciplined approach to originating loans and monitoring the performance of our loan portfolio. Despite our growth, we have consistently maintained strong asset quality. We believe our strong asset quality is the result of our underwriting standards, experienced loan officers and the strength of the local economy. We do not originate subprime mortgage loans and currently hold no such loans in our portfolio or service any of these loans. In addition, many of the commercial loans we originate are to borrowers well known by our loan officers from existing and prior banking relationships. At June 30, 2007, our nonperforming assets as a percentage of total assets were 0.07% and for the nine months ended June 30, 2007 our ratio of net charge-offs to average loans was 0.02%. Our year-end (September 30) nonperforming assets as a percentage of total assets and ratio of net charge-offs to average loans have not exceeded 0.17% and 0.10%, respectively, in any of the past five years.

Expanding Our Product Offerings. We intend to continue our emphasis on originating commercial lending products that diversify our loan portfolio by increasing the percentage of our assets consisting of higher-yielding construction and land development, commercial real estate and commercial business loans with higher risk-adjusted returns, shorter maturities and more sensitivity to interest rate fluctuations, while still providing high quality loan products for single-family residential borrowers. We also intend to selectively add products to provide diversification of revenue sources and to capture our customer s full relationship. We intend to continue to expand our business by cross selling our loan and deposit products and services to our customers in order to increase our fee income.

Focus on Our Branch Expansion. Branch expansion has played a significant role in our ability to grow loans, deposits and customer relationships. Since August 2000 we have opened eight branches in our existing markets. We are planning four to six new branches that we intend to open within the next 24 months. There is currently one new branch under construction in Nampa, Idaho and plans are being finalized for the construction of a new branch office in the Meridian, Idaho market in 2008. Our long-term strategy is to build two or three branches per year if appropriate sites can be identified and obtained. We will also actively search for appropriate acquisitions to enhance our ability to deliver products and services in our existing markets and to expand into surrounding markets. However, there are currently no specific acquisitions under consideration.

Increasing Our Core Transaction Deposits. A fundamental part of our overall strategy is to improve both the level and the mix of deposits that serve as a funding base for asset growth. By growing demand deposit accounts and other transaction accounts, we intend to reduce our reliance on higher-cost certificates of deposit and borrowings such as advances from the Federal Home Loan Bank of Seattle. In order to expand our core deposit franchise, we are focusing on introducing additional products and services to obtain money market and time deposits by bundling them with other consumer services. Business deposits are being pursued by the introduction of cash management products and by specific targeting of small business customers.

Hire Experienced Employees With a Customer Service Focus. Our ability to continue to attract and retain banking professionals with strong business banking and service skills, community relationships and significant knowledge of our markets is key to our success. We believe that by focusing on experienced bankers who are established in their communities, we enhance our market position and add profitable growth opportunities. We emphasize to our employees the importance of delivering exemplary customer service and seeking opportunities to build further relationships with our customers. Our goal is to compete by relying on the strength of our customer service and relationship banking approach.

Continuing an internal management culture which is driven by a focus on profitability, productivity and accountability for results and which responds proactively to the challenge of change. The primary method for reinforcing our culture is the comprehensive application of our Pay for Performance total compensation program. Every employee has clearly defined accountabilities and performance standards that tie directly or indirectly to our profitability. All incentive compensation is based on specific profitability measures, sales volume goals or a combination of specific profitability measures and individual performance goals. This approach encourages all employees to focus on our profitability and has created an environment that embraces new products, services and delivery systems.

The Conversion and Stock Offering

Home Federal MHC is currently in the mutual form of ownership. Our depositors and certain borrowers as members have the right to vote on certain matters, such as the conversion. The conversion is a series of transactions by which we are reorganizing from a mutual holding company structure, where the mid-tier holding company, Home Federal Bancorp, is 58.9% owned by a mutual holding company, Home Federal MHC, and 41.1% owned by other stockholders (who are sometimes referred to as the public stockholders), to a stock holding company which will be 100% owned by public stockholders. As part of the conversion, Home Federal Bancorp and Home Federal MHC will cease to exist as separate entities, and Home Federal Bank will be owned directly by new Home Federal Bancorp. Voting rights in new Home Federal Bancorp will be vested solely in the public stockholders following the conversion.

As a result of the conversion of Home Federal MHC into new Home Federal Bancorp, the shares of common stock of the mid-tier holding company, Home Federal Bancorp, owned by Home Federal MHC will be cancelled. New shares of common stock, representing the 58.9% ownership interest of Home Federal MHC in the mid-tier holding company, Home Federal Bancorp, are being offered for sale by new Home Federal Bancorp in this offering. The remaining 41.1% ownership interest in Home Federal Bancorp is currently owned by public stockholders and will be exchanged for shares of new Home Federal Bancorp s common stock based on an exchange ratio of 1.1360 to 1.5369. The exchange ratio may be increased to as much as 1.7674 in the event the maximum of the offering range is increased by 15%. The actual exchange ratio will be determined at the closing of the offering and will depend on the number of shares of new Home Federal Bancorp s common stock that are sold in the offering.

Terms of the Offering

We are offering between 10,200,000 and 13,800,000 shares of common stock, to those with subscription rights in the following order of priority:

(1) Depositors who held at least $50 with us on March 31, 2006.

(2) The Home Federal Bancorp employee stock ownership plan.

(3) Depositors who held at least $50 with us on September 30, 2007.

(4) Depositors and borrowers with us as of October 31, 2007 and March 16, 2004, respectively, to the extent not already included in a prior category.

We may increase the maximum number of shares that we sell in the offering by up to 15% to 15,870,000 shares as a result of market demand, regulatory considerations or changes in financial conditions with the approval of the Office of Thrift Supervision and without any notice to you. If we increase the number of shares in the offering, you will not have the opportunity to change or cancel your stock order. The offering price is $10.00 per share. All purchasers will pay the same purchase price per share. No commission will be charged to purchasers in the offering.

If we receive subscriptions for more shares than are to be sold in the subscription offering, shares will be allocated in order of the priorities described above under a formula outlined in the plan of conversion and reorganization. If we increase the number of shares to be sold above 13,800,000, the employee stock ownership plan will have the first priority right to purchase any shares exceeding that amount to the extent that its subscription has not previously been filled. Any shares remaining will be allocated in the order of priorities described above. Shares of common stock not subscribed for in the subscription offering will be offered to the general public in a direct community offering with a preference to natural persons residing in Ada, Canyon, Elmore and Gem counties, Idaho and, if necessary, a syndicated community offering. The direct community offering, if any, shall begin at the same time as, during or promptly after the subscription offering. See The Conversion and Stock Offering Subscription Offering and Subscription Rights, Direct Community Offering and Syndicated Community Offering.

Keefe, Bruyette & Woods, our financial advisor and selling agent in connection with the offering, will use its best efforts to assist us in selling our common stock in the offering. Keefe, Bruyette & Woods is not obligated to purchase any shares of common stock in the offering. For further information about the role of Keefe, Bruyette & Woods in the offering, see The Conversion and Stock Offering Marketing Arrangements.

Reasons for the Conversion and Offering

We believe that this is the right time for Home Federal MHC to convert to the stock form. Generally, the conversion and stock offering will give us the financial strength to continue to grow our bank, better enable us to serve our customers in our market area, help us retain and attract qualified management through stock-based compensation plans, and provide us with easier access to the capital markets through possible future equity and debt offerings.

We believe that the conversion also will help us grow our loan portfolio, particularly in the commercial lending area. The increased capital from the offering proceeds will enable us to make larger loans than we have been able to in the past and make us a more effective competitor in our market areas. In order to capitalize on these opportunities we have hired and plan to hire several additional commercial lending officers who will focus on increasing our commercial loan portfolio. We believe that, as a stock-form institution, we may be in a better position to attract and retain quality loan officers. In addition, we plan to expand our banking franchise by opening additional branch offices. We are planning four to six new branches that we intend to open within the next 24 months. There is currently one new branch under construction in Nampa, Idaho and plans are being finalized for the construction of a new branch office in the Meridian, Idaho market in 2008. We hope to be able to use these new branches to enhance our commercial lending efforts in which we open new offices. In addition, we believe that there may be opportunities to make acquisitions of other financial institutions in the future, although we do not currently have any plans, agreements or understandings regarding any acquisition transactions. The proceeds from the offering as well as the stock form of ownership will facilitate our ability to consider acquisitions in the future.

The Exchange of Home Federal Bancorp Common Stock

If you are now a stockholder of Home Federal Bancorp, the existing publicly traded mid-tier holding company, your shares will be cancelled and exchanged for new shares of new Home Federal Bancorp common stock. The exchange of shares is subject to the completion of the conversion inculding the approval of the members of Home Federal MHC, the stockholders of Home Federal Bancorp, Inc. and the approval of the appraisal update by the Office of Thrift Supervision. The number of shares you receive will be based on an exchange ratio determined as of the closing of the conversion. The actual number of shares you receive will depend upon the number of shares we sell in our offering, which in turn will depend upon the final appraised value of new Home Federal Bancorp. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offering. The table also shows how many shares a hypothetical owner of Home Federal Bancorp common stock would receive in the exchange, based on the number of shares sold in the offering.

	Shares to be sold in the offering		Shares of new Home Federal Bancorp stock to be exchanged for current Home Federal Bancorp common stock		Total shares of new Home Federal Bancorp common stock to be outstanding after the conversion	Exchange ratio	100 shares of Home Federal Bancorp common stock would be exchanged for the following number of shares of new Home Federal Bancorp	Value of new Home Federal Bancorp shares to be received in exchange for 100 shares of Home Federal Bancorp common stock assuming value at $10.00 per share
	Amount	Percent	Amount	Percent				
Minimum	10,200,000	58.9%	7,103,110	41.1%	17,303,110	1.1360	113	$1,130
Midpoint	12,000,000	58.9	8,356,600	41.1	20,356,600	1.3364	133	1,330
Maximum	13,800,000	58.9	9,610,090	41.1	23,410,090	1.5369	153	1,530
15% above the maximum	15,870,000	58.9	11,051,604	41.1	26,921,604	1.7674	176	1,760

If you currently own shares of Home Federal Bancorp which are held in street name, they will be exchanged without any action on your part. If you currently are the record owner of shares of Home Federal Bancorp and hold certificates for these shares you will receive, after the conversion and offering is completed, a transmittal form with instructions to surrender your stock certificates. New certificates of our common stock will be mailed within five business days after the exchange agent receives properly executed transmittal forms and stock certificates. You should not submit a stock certificate for exchange until you receive a transmittal form.

No fractional shares of our common stock will be issued to any public stockholder of Home Federal Bancorp upon consummation of the conversion. For each fractional share that would otherwise be issued, we will pay an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the $10.00 per share subscription price.

Under federal law and regulations, current public stockholders of Home Federal Bancorp do not have dissenters rights or appraisal rights.

Outstanding options to purchase shares of Home Federal Bancorp common stock also will convert into and become options to purchase new shares of new Home Federal Bancorp, Inc. common stock. The number of shares of common stock to be received upon exercise of these options will be determined pursuant to the exchange ratio. The aggregate exercise price, duration and vesting schedule of these options will not be affected by the conversion. At June 30, 2007, there were 559,228 outstanding options to purchase shares of Home Federal Bancorp common stock, 49,233 of which have vested. Such options will be converted into options to purchase 635,283 shares of common stock at the minimum of the offering range and 859,478 shares of common stock at the maximum of the offering range. Because Office of Thrift Supervision regulations prohibit us from repurchasing our common stock during the first year following the conversion unless compelling business reasons exist for such repurchases, we may use authorized but unissued shares to fund option exercises that occur during the first year following the conversion. If all existing options were exercised for authorized, but unissued shares of common stock following the conversion, stockholders would experience dilution of approximately 3.5%.

How We Determined the Offering Range and the $10.00 Price Per Share

The offering range is based on an independent appraisal of the market value of the common stock to be issued in the offering. RP Financial, LC., an appraisal firm experienced in appraisals of financial institutions, has advised us that, as of September 14, 2007, the estimated pro forma market value of our common stock, including exchange shares, ranges from a minimum of $173.0 million to a maximum of $234.1 million, with a midpoint of $203.6 million. Based on this valuation range, the percentage of Home Federal Bancorp s common stock owned by Home Federal MHC, and the $10.00 price per share, the respective boards of directors of Home Federal Bank, Home Federal MHC and Home Federal Bancorp determined to offer shares of new Home Federal Bancorp s common stock ranging from a minimum of 10,200,000 shares to a maximum of 13,800,000 shares, with a midpoint of 12,000,000 shares. The pro forma market value can be adjusted upward by us subsequent to the expiration date of the offering and prior to closing to reflect the demand for shares in the offering or changes in market and financial conditions without the resolicitation of subscribers if supported by an appropriate change in our independent appraisal and the approval of the Office of Thrift Supervision. At the adjusted maximum, the estimated pro forma market value of new Home Federal Bancorp s common stock would be $269.2 million and the number of shares offered would equal 15,870,000 shares.

The independent appraisal was based in part on our financial condition and results of operations, the pro forma impact of the additional capital raised by the sale of common stock in the offering, and an analysis of a peer group of companies that RP Financial considered comparable to us. The peer group, which consists of 10 publicly traded thrift institutions, includes companies that range in asset size from $531 million to $1.2 billion, have market capitalizations that range from $53.2 million to $174.6 million, and have been in fully converted form for more than one year. A majority of the peer group companies are located in the Western states.

The independent valuation was prepared by RP Financial in reliance upon the information contained in this prospectus, including the consolidated financial statements of Home Federal Bancorp. RP Financial also considered the following factors, among others:

- the present results and financial condition of Home Federal Bank, and the projected results and financial condition of new Home Federal Bancorp, a Maryland corporation;
- the economic and demographic conditions in Home Federal Bank s existing market area;
- certain historical, financial and other information relating to Home Federal Bank;
- a comparative evaluation of the operating and financial characteristics of Home Federal Bank with those of other similarly situated publicly traded savings institutions located in the United States;
- the impact of the conversion and the offering on Home Federal Bancorp s stockholders equity and earnings potential;
- the proposed dividend policy of new Home Federal Bancorp; and
- the trading market for securities of comparable institutions and general conditions in the market for such securities.

The following table presents a summary of selected pricing ratios for the companies comprising the peer group used by RP Financial in its independent appraisal report dated September 14, 2007 and the pro forma pricing ratios for us, as calculated in the table on page 21 in the section of this prospectus entitled Pro Forma Data. Compared to the median pricing of the peer group, our pro forma pricing ratios at the midpoint of the offering range indicated a premium of 86.9% on a price-to-earnings basis and discounts of 25.0% on a price-to-book value basis and 27.9% on a price-to-tangible book value basis. The estimated appraised value and the resulting premiums and discounts took into consideration the potential financial impact of the conversion and offering and RP Financial s analysis of the results of operations and financial condition of Home Federal Bancorp compared to the peer group.

	Price-to-earnings multiple(1)	Price-to-book value ratio	Price-to-tangible book value ratio
New Home Federal Bancorp			
Minimum of offering range	24.34x	88.26%	88.26%
Midpoint of offering range	27.66	96.34	96.34
Maximum of offering range	33.77	103.20	103.20
Maximum of offering range, as adjusted	34.10	110.13	110.13
Valuation of peer group companies as of September 14, 2007(2)			
Average	18.90x	129.19%	145.75%
Median	14.80	128.49	133.67

(1) Reflects our pro forma price-to-earnings multiples based on pro forma net income for the 12 months ended June 30, 2007.
(2) Reflects earnings for the most recent twelve month period for which data was publicly available.

The independent appraisal is not necessarily indicative of post-offering trading value. You should not assume or expect that the valuation of new Home Federal Bancorp as indicated above means that the common stock will trade at or above the $10.00 purchase price after the offering is completed.

The independent appraisal will be updated before we complete the conversion. Any changes in the appraisal would be subject to the approval of the Office of Thrift Supervision The estimated pro forma market value of new Home Federal Bancorp may be increased by up to 15%, or up to $269.2 million. See Pro Forma Data.

After-Market Performance Information Provided by the Independent Appraiser

The following table, prepared by our independent appraiser, presents for all second step conversions that began trading from January 1, 2006 to September 14, 2007, the percentage change in the trading price from the initial trading date of the offering to the dates shown in the table. The table also presents the average and median trading prices and percentage change in trading prices for the same dates. This information relates to stock performance experienced by other companies that may have no similarities to us with regard to market capitalization, offering size, earnings quality and growth potential, among other factors.

The table is not intended to indicate how our common stock may perform. Data represented in the table reflects a small number of transactions and is not indicative of general stock market performance trends or of price performance trends of companies that undergo conversions. Furthermore, this table presents only short-term price performance and may not be indicative of the longer-term stock price performance of these companies. There can be no assurance that our stock price will appreciate or that our stock price will not trade below $10.00 per share. The movement of any particular company s stock price is subject to various factors, including, but not limited to, the amount of proceeds a company raises, the company s historical and anticipated operating results, the nature and quality of the company s assets, the company s market area and the quality of management and management s ability to deploy proceeds (such as through loans and investments, the acquisition of other financial institutions or other businesses, the payment of dividends and common stock repurchases). In addition, stock prices may be affected by general market and economic conditions, the interest rate environment, the market for financial institutions and merger or takeover transactions and the presence of professional and other investors who purchase stock on speculation, as well as other unforeseeable events not in the control of management. Before you make an investment decision, please carefully read this prospectus, including Risk Factors.

After Market Trading Activity
Second Step Offerings
Completed Closing Dates between January 1, 2006 and September 14, 2007

Transaction	Conversion Date	Appreciation from Initial Trading Date(1) 1 Day	1 Week	1 Month	Through September 14, 2007
Abington Bancorp, Inc. (NASDAQ: ABBC)	6/28/07	(4.0)%	(1.6)%	(7.5)%	(4.2)%
Peoples United Financial, Inc. (NASDAQ: PBCT)	4/16/07	3.8	2.0	(0.3)	(14.9)
Osage Bancshares, Inc. (NASDAQ: OSBK)	1/18/07	(0.5)	(0.5)	(6.8)	(9.1)
Westfield Financial, Inc. (AMEX: WFD)	1/4/07	7.0	7.5	9.0	(0.1)
Citizens Community Bancorp, Inc. (NASDAQ: CZ WI)	11/1/06	(2.5)	(1.0)	(3.3)	(7.7)
Liberty Bancorp, Inc. (NASDAQ: LBCP)	7/24/06	2.5	1.0	1.5	7.2
First Clover Leaf Fin. Corp. (NASDAQ: FCLF)	7/11/06	3.9	6.0	11.2	15.0
Monadnock Bancorp, Inc. (OTCBB : MN KB)	6/29/06		(5.0)	(13.8)	(17.5)
Average		1.3	1.1	(1.2)	(3.9)
Median		1.3	0.3	(1.8)	(6.0)

(1) The offering price for each transaction was $10.00 per share.

Termination of the Offering

The subscription offering will end at 12:00 Noon, Mountain time, on December 11, 2007, unless extended. The direct community offering and syndicated community offering, if any, will also end at 12:00 Noon, Mountain time, on December 11, 2007. If fewer than the minimum number of shares are subscribed for in the subscription offering and we do not get orders for at least the minimum number of shares by February 7, 2008, we will either:

(1) promptly return any payment you made to us, with interest, or cancel any withdrawal authorization you gave us; or

(2) extend the offering, if allowed, and give you notice of the extension and of your rights to cancel, change or confirm your order. If we extend the offering and you do not respond to the notice, then we will cancel your order and return your payment, with interest, or cancel any withdrawal authorization you gave us. We must complete or terminate the offering by December 17, 2009.

How We Will Use the Proceeds Raised From the Sale of Common Stock

We intend to use the net proceeds received from the stock offering as follows:

	Minimum	Maximum	Maximum, as adjusted
		(In Thousands)	
Gross proceeds	$102,000	$138,000	$158,700
Less: estimated underwriting commission and other offering commissions	4,471	5,613	6,269
Net proceeds	97,529	132,387	152,431
Less:			
Net proceeds to Home Federal Bank	48,765	66,194	76,216
Loan to our employee stock ownership plan	8,160	11,040	12,696
Net cash proceeds retained by new Home Federal Bancorp	40,604	55,153	63,519

We expect to expand our branch network and are planning four to six new branches that we intend to open within the next 24 months. There is currently one new branch under construction in Nampa, Idaho and plans are being finalized for the construction of a new branch office in the Meridian, Idaho market in 2008. Our long-term strategy is to build two or three branches per year if appropriate sites can be identified and obtained. We expect that each new branch office will cost between $1.3 million to $2.2 million, depending upon the location, cost of land, and the size and design of the building and permitting costs, which may vary from one jurisdiction to another. Initially, the net proceeds from the offering will be utilized to fund new loan originations, particularly in the commercial lending area.

Except as described above, neither new Home Bancorp, Inc. and Home Federal has any specific plans for the investment of the proceeds of this offering and has not allocated a specific portion of the proceeds to any particular use. The net proceeds retained by new Home Federal Bancorp will initially be deposited with Home Federal Bank and may ultimately be used to support lending and investment activities, future expansion of operations through the establishment or acquisition of banking offices or other financial service providers, to pay dividends or for other general corporate purposes, including repurchasing shares of its common stock. No such acquisitions are specifically being considered at this time. Initially, a substantial portion of the net proceeds will be invested in short-term investments, investment-grade debt obligations and mortgage-backed securities.

See Risk Factors and How We Intend to Use the Proceeds From This Offering.

Our Dividend Policy

Home Federal Bancorp has paid quarterly cash dividends since the quarter ended June 30, 2005. During the quarter ended June 30, 2007, the cash dividend was $0.055 per share. We intend to continue to pay cash dividends on a quarterly basis after we complete the conversion and the offering. We currently expect that the level of cash dividends per share after the conversion and offering will be substantially consistent with the current amount of dividends per share paid by Home Federal Bancorp on its common stock as adjusted for the additional shares issued pursuant to the exchange ratio. For example, based on the current cash dividend of $0.055 per share and an assumed exchange ratio of 1.5369 at the maximum of the offering range, the cash dividend, if paid, would be approximately $.035 per share. However, the dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements, our financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced in the future. Additionally, we can not guarantee that the amount of dividends that we pay after the conversion will be equal to the per share dividend amount that Home Bancorp s stockholders currently receive, as adjusted to reflect the exchange ratio.

Market for Common Stock

Home Federal Bancorp s common stock is currently listed on the Nasdaq Global Market under the symbol HOME . We have applied to have the common stock of new Home Federal Bancorp listed for trading on the Nasdaq Global Select Market. For the first 20 trading days after the conversion and offering is completed, we expect new Home Federal Bancorp common stock to trade under the symbol HOMED, thereafter it will revert to the HOME" trading symbol.

Limitations on the Purchase of Common Stock in the Conversion

The minimum purchase is 25 shares.

The maximum purchase in the subscription offering and community offering by any person or group of persons through a single deposit account is 5% of the common stock sold in the offering. For example, if 12,000,000 shares are sold at the midpoint of the offering range, any person or group of persons through a single deposit account may purchase up to 600,000 shares. If 13,800,000 shares are sold at the maximum of the offering range, any person or group of persons through a single deposit account may purchase up to 690,000 shares. Finally, if 10,200,000 shares are sold at the minimum of the offering range, any person or group of persons through a single deposit account may purchase up to 510,000 shares.

The maximum purchase in the subscription offering and community offering combined by any person, related persons or persons acting together is 5% of the common stock sold in the offering. This means that the same limitations that are described in the preceding paragraph are applicable to purchases combined by any person, related persons or persons acting together.

If any of the following persons purchase common stock, their purchases when combined with your purchases cannot exceed 5% of the common stock sold in the offering:

(1) your spouse, or your relatives or your spouse s relatives living in your house;

(2) companies or other entities in which you have a 10% or greater equity or substantial beneficial interest or in which you serve as a senior officer or partner;

(3) a trust or other estate if you have a substantial beneficial interest in the trust or estate or you are a trustee or fiduciary for the trust or other estate; or

(4) other persons who may be acting together with you (including, but not limited to, persons who file jointly a Schedule 13G or Schedule 13D Beneficial Ownership Report with the Securities and Exchange Commission, persons living at the same address or persons exercising subscription rights through qualifying deposits registered at the same address, whether or not related).

In addition to the above purchase limitations, there is an ownership limitation for stockholders other than our employee stock ownership plan. Shares of common stock that you purchase in the offering individually and together with persons described above, *plus* any shares you and they receive in exchange for existing shares of Home Federal Bancorp common stock, may not exceed 5% of the total shares of common stock to be issued and outstanding after the completion of the conversion.

Subject to Office of Thrift Supervision approval, we may increase or decrease the purchase limitations in the offering at any time. Our tax-qualified benefit plans, including our employee stock ownership plan, are authorized to purchase up to 10% of the shares sold in the offering without regard to these purchase limitations. See The Conversion and Stock Offering Limitations on Stock Purchases.

Steps We May Take if We Do Not Receive Orders for the Minimum Number of Shares

If we do not receive orders for at least 10,200,000 shares of common stock in the subscription, community and/or syndicated community offering, we may take several steps in order to issue the minimum number of shares of common stock in the offering range. Specifically, we may:

- increase the purchase and ownership limitations; and/or
- seek regulatory approval to extend the offering beyond the February 7, 2008 expiration date, provided that any such extension will require us to resolicit subscriptions received in the offering.

Alternatively, we may terminate the offering, return funds with interest and cancel deposit account withdrawal authorizations.

How to Purchase Common Stock

Note: Once we receive your order, you cannot cancel or change it without our consent. If new Home Federal Bancorp intends to sell fewer than 10,200,000 shares or more than 15,870,000 shares, all subscribers will be notified and given the opportunity to change or cancel their orders. If you do not respond to this notice, we will return your funds promptly with interest or cancel your withdrawal authorization.

If you want to subscribe for shares, you must complete an original stock order form and drop it off at any Home Federal Bank branch or send it, together with full payment or withdrawal authorization, to Home Federal Bank in the postage-paid envelope provided. You must sign the certification that is part of the stock order form. We must receive your stock order form before the end of the offering period.

You may pay for shares in any of the following ways:

- ***By check or money order*** made payable to Home Federal Bancorp, Inc.
- ***By authorizing a withdrawal from an account at Home Federal Bank, including certificates of deposit, designated o n the stock order form.*** To use funds in an individual retirement account (IRA) at Home Federal, you must transfer your account to an unaffiliated institution or broker. Please contact the stock information center as soon as possible for assistance.
- ***In cash,*** if delivered in person to any full-service banking office of Home Federal Bank, although we request that you exchange cash for a check with any of our tellers.

We will pay interest on your subscription funds at the rate Home Federal Bank pays on passbook/statement savings accounts from the date it receives your funds until the conversion is completed or terminated. All funds received before the completion of the conversion will be held in a segregated account at Home Federal Bank or, at our discretion, at an independent insured depository institution. All funds authorized for withdrawal from deposit accounts with Home Federal Bank will earn interest at the applicable account rate until the conversion is completed. There will be no early withdrawal penalty for withdrawals from certificates of deposit at Home Federal Bank used to pay for stock.

You may subscribe for shares of common stock using funds in your IRA at Home Federal Bank or elsewhere. However, common stock must be held in a self-directed retirement account. Home Federal Bank s IRAs are not self-directed, so they cannot be invested in common stock. If you wish to use some or all of the funds in your Home Federal Bank IRA, the applicable funds must be transferred to a self-directed account reinvested by an independent trustee, such as a brokerage firm. If you do not have such an account, you will need to establish one before placing your stock order. An annual administrative fee may be payable to the independent trustee. **Because individual circumstances differ and processing of retirement fund orders takes additional time, we recommend that you contact the stock information center promptly, preferably at least two weeks before the**

end of the offering period, for assistance with purchases using your IRA or other retirement account that you may have. Whether you may use such funds for the purchase of shares in the stock offering may depend on timing constraints and possible limitations imposed by the institution where the funds are held.

Purchases of Common Stock by Our Officers and Directors

Our directors and executive officers, as a group, beneficially owned approximately 4.42% of Home Federal Bancorp s outstanding common stock as of June 30, 2007 which shall be exchanged for new Home Federal Bancorp common stock. Collectively, our directors and executive officers intend to subscribe for 62,500 shares regardless of the number of shares sold in the offering. This number equals 0.2% of the 23,410,090 shares that would be issued at the maximum of the offering range. If fewer shares are issued in the conversion, then officers and directors will own a greater percentage of new Home Federal Bancorp. These shares do not include any shares that may be awarded or issued in the future under any stock option plan or recognition and retention plan we intend to adopt. Directors and executive officers will pay the same $10.00 per share price for these shares as everyone else who purchases shares in the conversion.

These proposed purchases of common stock by our directors and executive officers, together with shares exchanged, the purchase by the employee stock ownership plan of 8% of the aggregate shares sold in the offering, as well as the potential acquisition of common stock through the proposed stock option plan and recognition and retention plan will result in ownership by insiders of new Home Federal Bancorp in excess of 13.9% of the total shares outstanding after the offering at the maximum of the offering range. As a result, it could be more difficult to obtain majority support for stockholder proposals opposed by the Board and management. See Risk Factors Risks Related to This Offering The amount of common stock we will control, our articles of incorporation and bylaws, and state and federal law could discourage hostile acquisitions of control of new Home Federal Bancorp.

Tax Consequences of the Conversion

We have received the opinion of Silver Freedman & Taff, L.L.P. and Munther Goodrum Sperry, Chartered, Boise, Idaho, respectively, that, under federal and Idaho income tax law and regulation, there will be no taxable gain or loss and no change in tax basis upon the receipt of exchange shares and that the conversion will not be a taxable event for us. This opinion, however, is not binding on the Internal Revenue Service. See The Conversion and Stock Offering Effects of the Conversion Tax Effects of the Conversion.

Benefits to Management from the Offering

Our employees, officers and directors will benefit from the offering as a result of various stock-based benefit plans. Full-time employees, including officers, are participants in our existing employee stock ownership plan, which will purchase additional shares of common stock in the offering. The employee stock ownership plan intends to purchase in the offering 8% of the aggregate shares sold in the offering, or if shares are not available, in the open market after the conversion. Our employee stock ownership plan expects to purchase up to 8.0% of the shares of common stock we sell in the offering, or 1,104,000 shares of common stock, assuming we sell the maximum number of the shares proposed to be sold which when combined with the existing shares held by the employee stock ownership plan will be less than 8.0% of the shares outstanding following the conversion as required by Office of Thrift Supervision regulations. A loan from new Home Federal Bancorp to the employee stock ownership plan, funded by a portion of the proceeds from this offering, will be used to purchase these shares. The loan will accrue interest at an appropriate interest rate in effect at the time the employee stock ownership loan is entered into. The employee stock ownership plan provides a retirement benefit to all employees eligible to participate in the plan.

Subsequent to completion of the offering, we intend to implement new stock option and stock recognition and retention plans which will benefit our employees and directors no earlier than six months after the conversion. Under these plans, we may award stock options and shares of restricted stock to employees and directors. Stock options will be granted at an exercise price equal to 100% of the fair market value of our common stock on the option grant date. Under the new stock option plan, we may grant stock options in an amount up to 10% of new

Home Federal Bancorp s common stock sold in the offering. Under the stock recognition and retention plan, we may award restricted stock in an amount equal to 3.5% of new Home Federal Bancorp s common stock sold in the offering. Shares of restricted stock will be awarded at no cost to the recipient. All the stock benefit plans will comply with all applicable Office of Thrift Supervision regulations. The new stock option and stock recognition and retention plans will supplement our existing 2005 Stock Option and Incentive Plan and 2005 Recognition and Retention Plan, which will continue as plans of new Home Federal Bancorp. Both the employee stock ownership plan and the recognition and retention plan will increase the voting control of management without a cash outlay by the recipient.

The number of options granted or shares awarded under the proposed and existing stock option plans and stock recognition and retention plans may not in the aggregate, pursuant to Federal regulations, exceed 10% and 4%, respectively, of our total outstanding shares (including shares sold to our employee stock ownership plan).

The additional shares purchased by the employee stock ownership plan and our new stock-based incentive plans will increase our future compensation costs, thereby reducing our earnings. We cannot determine the actual amount of these new stock-related compensation and benefit expenses at this time because applicable accounting practices generally require that they be based on the fair market value of the options or shares of common stock at the date of the grant; however, we expect them to be significant. We will recognize expenses for our employee stock ownership plan when shares are committed to be released to participants accounts and will recognize expenses for restricted stock awards and stock options generally over the vesting period of awards made to recipients. We estimate, once these plans are adopted, the increase in compensation expense will be approximately $1.6 million on an after-tax basis, based on the maximum of the valuation range. Additionally, stockholders will experience a reduction in their ownership interest if newly issued shares of common stock are used to fund stock options and restricted stock awards. In the event newly issued shares of our common stock are used to fund stock options and restricted stock option awards in an amount equal to 8.7% and 3.5% , respectively, of the shares sold in the offering, stockholders would experience dilution in their ownership interest of 4.9% and 2.0%, respectively, or 6.7% in the aggregate. See Risk Factors Risks Related to this Offering After this offering, our compensation expenses will increase and our return on equity will be low compared to other companies. These factors could negatively impact the price of our stock. and Management Benefits to Be Considered Following Completion of the Conversion and Reorganization.

The following table summarizes the new stock benefits that our officers, directors and employees may receive following the offering at the maximum of the offering range. It assumes that the proposed new stock option plan is approved by stockholders within one year after completion of the offering to permit the granting of options to purchase a number of shares equal to 8.7% of the shares sold in the offering and the proposed new stock recognition and retention plan is approved by stockholders within one year after completion of the offering to permit the awarding of a number of shares of common stock equal to 3.5% of the shares sold in the offering. It further assumes that, at the maximum of the offering range, a total of 13,800,000 shares will be sold to the public and that our tangible regulatory capital is 10% or more following the proposed stock issuance.

Number of Shares Based on Minimum of Offering	Number of Shares Based on Maximum of Offering	Plan	As a % of Shares Issued in the Conversion	Individuals Eligible to Receive Awards	As a % of Total Shares Sold in the Offering	Value of Benefits Based on Minimum of Offering Range (1)	Value of Benefits Based on Maximum of Offering Range (1)
						(In Thousands)	
816,000	1,104,000	Employee stock ownership plan	4.7 %	Employees	8.0 %	$ 8,160	$ 11,040
353,510	478,278	Restricted stock plan	2.0	Directors/ Employees	3.5	3,535	4,783
883,776	1,195,696	Stock option plan	5.1	Directors/ Employees	8.7	2,395	3,240
			11.9%				

(1) The actual value of the restricted stock awards will be determined based on their fair value as of the date the grants are made. For purposes of this table, fair value is assumed to be the offering price of $10.00 per share. The fair value of stock options has been estimated at $2.71 per option using the Black-Scholes option pricing model with the following assumptions: a grant-date share price and option exercise price of $10.00; dividend yield of 1.6%; expected option life of 10 years; risk free interest rate of 5.03% (based on the ten-year Treasury Note rate); and a volatility rate of 11.31% based on an index of publicly traded mutual holding company institutions. The actual expense of the stock options will be determined by the grant-date fair value of the options, which will depend on a number of factors, including the valuation assumptions used in the option pricing model ultimately adopted.

The value of the restricted stock awards will be based on the price of Home Federal Bancorp s common stock at the time those shares are granted, which, subject to stockholder approval, cannot occur until at least six months after the offering is completed. The following table presents the total value of all restricted shares to be available for award and issuance under the new stock recognition and retention plan, assuming the shares for the plan are issued in a range of market prices from $8.00 per share to $14.00 per share.

As a result of a weakness in inmate populations from the District of Columbia, the 1,500-bed D.C. Correctional Treatment Facility experienced a decline in occupancy from 78% during the first quarter of 2007 to 56% during the first quarter of 2008, negatively impacting margins on our owned and managed business. We are currently in negotiations with the District of Columbia to permit the utilization of available space by the USMS, but can provide no assurance that we will be successful.

Managed-Only Facilities

Our operating margins decreased at managed-only facilities during the three months ended March 31, 2008 to 12.0% from 15.4% during the three months ended March 31, 2007. The managed-only business remains very competitive which continues to put pressure on per

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Share Price	353,510 Shares Awarded at Minimum of Range	415,894 Shares Awarded at Midpoint of Range

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diem rates resulting in only marginal increases in the managed-only revenue per compensated man-day. Compensated occupancy at managed-only facilities remained constant at 96.5% during the first quarter of 2008 and 2007 despite placing 384 beds into service in June 2007 at the Gadsden Correctional Institution located in Quincy, Florida and 235 beds into service in July 2007 at the Bay Correctional Facility located in Panama City, Florida. At the time we entered into the agreements to expand the facilities, we negotiated the continued management of the expanded inmate populations at these facilities in exchange for a per diem rate reduction, which contributed to the reduction in the operating margin percentage for our managed-only business.

Operating expenses per compensated man-day increased to $34.54 during the first quarter of 2008 from $32.73 during the same period in the prior year. The increase in operating expenses per compensated man-day was caused in part by unfavorable experience in inmate medical related expenses as well as increased litigation related expenses, both of which can fluctuate from quarter to quarter depending on claims experience for inmate medical expense and based on changes in our assumptions, new developments, or by the effectiveness of our litigation and settlement strategies.

During September 2005, we announced that Citrus County renewed our contract for the continued management of the Citrus County Detention Facility. The terms of the new agreement included a 360-bed expansion that was substantially completed during the first quarter of 2007 for a cost of approximately $18.5 million, funded by utilizing cash on hand. The facility, which now has a design capacity of 760 beds, experienced an increase in inmate populations during 2008. During the first quarter of 2008, the facility maintained an average daily inmate population of 695 inmates compared with an average daily inmate population of 458 inmates during the first quarter of 2007, which resulted in an increase in revenue and operating margin at this facility, and partially offset the decline in operating margins at managed-only facilities.

In April 2008, we agreed with the New Mexico Department of Corrections to suspend operations of the 192-bed Camino Nuevo Correctional Center in Albuquerque, New Mexico, and transfer exiting populations to our New Mexico Women s Correctional Facility in Grants, New Mexico. Operations were suspended due to consistently low inmate populations that were not adequate to maintain efficient operations. We agreed with the New Mexico Department of Corrections that if New Mexico s female inmate populations increase to a rate sufficient to efficiently operate the facility in the future that we would re-establish operations at such time. The Camino Nuevo facility operated at a loss of $0.3 million in the first quarter of 2008 compared with an operating income of $0.1 million in the same period in the prior year, inclusive of depreciation expense.

Although the managed-only business is attractive because it requires little or no upfront investment and relatively modest ongoing capital expenditures, we expect the managed-only business to remain competitive. Due to budgetary challenges within the state of Florida, we will likely experience further reductions to the per diem rate we currently charge the state of Florida at our Bay Correctional Facility, Gadsden Correctional Institution, and the Lake City Correctional Facility. Any reduction to our per diem rates at these facilities would likely result in a further deterioration in our operating margins. However, we are working with the state of Florida to mitigate the financial impact of the per diem reductions.

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During the three months ended March 31, 2008 and 2007, managed-only facilities generated 9.8% and 13.1%, respectively, of our total facility contribution. We define facility contribution as a facility s operating income or loss before interest, taxes, goodwill impairment, depreciation, and amortization.

General and administrative expense

For the three months ended March 31, 2008 and 2007, general and administrative expenses totaled $19.6 million and $17.3 million, respectively. General and administrative expenses consist primarily of corporate management salaries and benefits, professional fees and other administrative expenses. General and administrative expenses increased from the first three months of 2007 primarily as a result of an increase in salaries and benefits for an increase in corporate staffing levels to help ensure the quality and effectiveness of our facility operations and to intensify our efforts on developing new bed capacity. Stock-based compensation also increased to $2.0 million during the first quarter of 2008 from $1.2 million during the first quarter of 2007.

As a result of our intensified efforts to develop new capacity, we incurred charges of $0.5 million during the first quarter of 2008, compared with $0.1 million during the first quarter of 2007, in connection with the abandonment of certain development projects. General and administrative expenses could increase in the future for the write-off of additional pre-acquisition costs we incur in the event we decide to abandon any such projects.

Depreciation and amortization

For the three months ended March 31, 2008 and 2007, depreciation and amortization expense totaled $21.4 million and $18.2 million, respectively. The increase in depreciation and amortization from the comparable period in 2007 resulted from the combination of additional depreciation expense recorded on the various facility expansion and development projects, most notably our Saguaro Correctional Facility, and the additional depreciation on our investments in technology and other capital expenditures. We currently expect depreciation and amortization expense to increase in future quarters as we complete additional facility expansion and development projects.

Interest expense, net

Interest expense is reported net of interest income and capitalized interest for the three months ended March 31, 2008 and 2007. Gross interest expense, net of capitalized interest, was $14.7 million and $16.6 million, respectively, for the three months ended March 31, 2008 and 2007. Gross interest expense is based on outstanding borrowings under our revolving credit facility, our outstanding senior notes, as well as the amortization of loan costs and unused facility fees. We expect gross interest expense to increase in future quarters as we utilize our revolving credit facility to fund our expansion and development projects.

Gross interest income was $1.1 million and $2.7 million for the three months ended March 31, 2008 and 2007, respectively. Gross interest income is earned on cash collateral requirements, a direct financing lease, notes receivable, investments, and cash and cash

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equivalents, and decreased due to the lower cash and investment balances, which were used to fund our expansion and development projects.

Capitalized interest was $3.6 million and $1.5 million during the first quarter of 2008 and 2007, respectively, and was associated with various construction and expansion projects further described under Liquidity and Capital Resources hereafter.

Income tax expense

We incurred income tax expense of $21.6 million and $19.6 million for the three months ended March 31, 2008 and 2007, respectively.

Our effective tax rate was 38.3% during the first quarter of 2008 compared with 37.7% during the same period in the prior year. We currently expect our annual effective tax rate to increase slightly in 2008 compared to 2007 as a result of an increase in our projected taxable income in states with higher statutory tax rates and the full year impact of an adverse change in Texas tax law. Our effective tax rate is estimated based on our current projection of taxable income, and could fluctuate based on changes in these estimates, the implementation of additional tax strategies, changes in federal or state tax rates, changes in estimates related to uncertain tax positions, or changes in state apportionment factors, as well as changes in the valuation allowance applied to our deferred tax assets that are based primarily on the amount of state net operating losses and tax credits that could expire unused.

Discontinued operations

In November 2007, we accepted an unsolicited offer to sell a facility located in Houston, Texas and leased to a third-party operator. In accordance with Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets , we classified the $7.6 million net book value of the facility as held for sale as of December 31, 2007, and reclassified the results of operations of the facility to discontinued operations for all periods presented. During February 2008, at the request of the operator we agreed to extend the proposed closing date and fix the sales price through June 30, 2008. During the three months ended March 31, 2008 and 2007, this facility generated $0.2 million each respective period of rental revenue, net of depreciation and taxes.

LIQUIDITY AND CAPITAL RESOURCES

Our principal capital requirements are for working capital, capital expenditures, and debt service payments. Capital requirements may also include cash expenditures associated with our outstanding commitments and contingencies, as further discussed in the notes to the financial statements and as further described in our 2007 Form 10-K. Additionally, we may incur capital expenditures to expand the design capacity of certain of our facilities (in order to retain management contracts) and to increase our inmate bed capacity for anticipated demand from current and future customers. We may acquire additional correctional facilities that we believe have favorable investment returns and increase value to our stockholders. We will also consider opportunities for growth, including potential acquisitions of businesses within our line of business and those that provide complementary services, provided we believe such opportunities will broaden our market share and/or increase the services we can provide to our customers.

As a result of increasing demand from both our federal and state customers and the utilization of a significant portion of our existing available beds, we have intensified our efforts to deliver new capacity to address the lack of available beds that our existing and potential customers are experiencing. We can provide no assurance, however, that the increased capacity that we construct will be utilized. The following addresses certain significant projects that are currently in process:

In July 2006, we were notified by the state of Colorado that the State had accepted our proposal to expand our 700-bed Bent County Correctional Facility in Las Animas, Colorado by 720 beds to fulfill part of a 2,250-bed request for proposal issued by the state of Colorado in December 2005. As a result of the award, we have now entered into an Implementation Agreement with the state of Colorado for the expansion of our Bent County Correctional Facility by 720 beds. In addition, during November 2006 we entered into another Implementation Agreement to also expand our 768-bed Kit Carson Correctional Center in Burlington, Colorado by 720 beds. Construction of the Bent and Kit Carson facilities is estimated to cost approximately $87.0 million. The Kit Carson expansion was substantially completed during the first quarter of 2008 while the Bent expansion is anticipated to be completed during the second quarter of 2008.

In August 2006, we also announced our intention to expand our Tallahatchie County Correctional Facility in Tutwiler, Mississippi by 360 beds. Based on anticipated demand, we announced in March 2007 that we expected to complete an additional 360-bed expansion at this facility. Both of these expansions were completed during the fourth quarter of 2007. In order to satisfy demand for prison beds for the state of California and/or other state customers, during July 2007 we announced our intention to further expand our Tallahatchie facility by an additional 848 beds to ultimately bring the design capacity at this facility to a total of 2,672 beds and expect to complete this expansion during the second quarter of 2008. We currently estimate these expansions to cost approximately $93.5 million in the aggregate. As previously described herein, we expect to house up to 2,592 inmates from the state of California at the Tallahatchie facility pursuant to the newest contract with the CDCR.

In March 2007, we announced our intention to expand our 767-bed Leavenworth Detention Center in Leavenworth, Kansas by 266 beds. We anticipate that construction will be completed during the second quarter of 2008, at an estimated cost of approximately $22.0 million. This expansion will also include a renovation of the existing building infrastructure to accommodate higher detainee populations. The Leavenworth facility housed approximately 962 USMS detainees as of March 31, 2008.

In May 2007, we announced our intention to expand two of our owned facilities located in Oklahoma based on our expectation of increased demand from the state of Oklahoma and a number of other existing state customers. We are expanding our 1,032-bed Cimarron Correctional Facility in Cushing, Oklahoma and our 1,010-bed Davis Correctional Facility in Holdenville, Oklahoma by 660 beds each. Currently, the state of Oklahoma occupies both facilities which are running at or near full capacity. Both expansions are expected to be completed by the end of the third quarter of 2008 at an estimated total cost of approximately $90.0 million.

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In July 2007, we announced the commencement of construction of a new 1,668-bed correctional facility in Adams County, Mississippi. Construction of the new facility is estimated to be completed during the fourth quarter of 2008 at an estimated cost of approximately $105.0 million. During May 2008, we announced that we would increase the size of the Adams County Correctional Center to 2,232 beds at an incremental cost of $30.0 million. We currently expect construction of these beds to be complete in the first quarter of 2009. We do not currently have a management contract to utilize these new beds, but will market the new beds to various existing and potential customers.

In October 2007, we announced our intention to construct our new 3,060-bed La Palma Correctional Center located in Eloy, Arizona, which we expect to be fully utilized by the CDCR. We expect to complete construction of the new La Palma Correctional Center during the second quarter of 2009 at an estimated total cost of $205.0 million. However, we expect to open a portion of the new facility to begin receiving inmates from the state of California during the third quarter of 2008, with the continued receipt of California inmates through completion of construction, as phases of the facility become available.

In February 2008, we announced our intention to construct our new 2,040-bed Trousdale Correctional Center in Trousdale County, Tennessee. We have begun construction of our new Trousdale Correctional Center and expect to complete construction of the facility during the fourth quarter of 2009 at an estimated cost of approximately $143.0 million.

The following table summarizes the aforementioned construction and expansion projects:

Facility	No. of beds	Estimated completion date	Estimated remaining cost to complete as of March 31, 2008 (in thousands)
Bent County Correctional Facility Las Animas, CO	720	Second quarter 2008	$ 2,244
Leavenworth Detention Center Leavenworth, KS	266	Second quarter 2008	3,548
Tallahatchie County Correctional Facility	720	Second quarter 2008	
Tutwiler, MS	128	Third quarter 2008	27,513
Cimarron Correctional Facility Cushing, OK	660	Third quarter 2008	26,419
Davis Correctional Facility Holdenville, OK	660	Third quarter 2008	20,328
La Palma Correctional Center Eloy, AZ	3,060	Third quarter 2008 - Second quarter 2009	114,797
Adams County Correctional Center	1,668	Fourth quarter 2008	
Adams County, MS	564	First quarter 2009	70,395

Trousdale Correctional Center		Fourth quarter	
Hartsville, TN	2,040	2009	140,980
Total	10,486		$ 406,224

In addition to the foregoing, the following expansions and development projects were completed during 2007 and the first quarter of 2008:

Facility	No. of beds	Completion date	Cost (in thousands)
Citrus County Detention Facility Lecanto, FL	360	First quarter 2007	$ 18,500
Crossroads Correctional Center Shelby, MT	96	First quarter 2007	5,000
Saguaro Correctional Facility Eloy, AZ	1,896	Second quarter 2007	102,600
Tallahatchie County Correctional Facility Tutwiler, MS	720	Fourth quarter 2007	40,000
North Fork Correctional Facility Sayre, OK	960	Fourth quarter 2007	53,000
Eden Detention Center Eden, TX	129	First quarter 2008	19,500(1)
Kit Carson Correctional Center Burlington, CO	720	First quarter 2008	42,000
Total	4,881		$280,600

(1) The cost included a renovation of the facility pursuant to a new contract award from the BOP to house up to 1,558 federal inmates. As of March 31, 2008, we housed 1,395 BOP inmates at the Eden facility.

We continue to pursue additional expansion and development opportunities to satisfy the increasing demand from existing and potential customers. In order to help ensure the timely completion of pre-fabricated housing units and to help avoid potential increases in costs associated with constructing new bed capacity, during the fourth quarter of 2007, we entered into an agreement with a company to design, fabricate, and install pre-finished concrete modular housing structures for an aggregate cost of $32.7 million. We may terminate the agreement at any time for any reason, including our convenience, without substantial penalty. We have designated $16.3 million for housing structures at our Trousdale development project pursuant to this agreement.

In order to retain federal inmate populations we currently manage in the San Diego Correctional Facility, we may be required to construct a new facility in the future. The San Diego Correctional Facility is subject to a ground lease with the County of San Diego. Under the provisions of the lease, the facility is divided into three different properties (Initial, Existing and Expansion Premises), all of which have separate terms ranging from June 2006 to December 2015.

Ownership of the Initial portion of the facility containing approximately 950 beds reverts to the County upon expiration of the lease on December 31, 2015. The County has the right to purchase the Initial portion of the facility, but no sooner than December 31, 2011, at a price generally equal to the cost of the premises, less an allowance for the amortization over a 20-

year period. The lease for the Expansion portion of the facility containing approximately 200 beds expires December 31, 2011. However, the County may terminate the lease for the Expansion portion of the facility by providing us with 270 days notice after March 31, 2008. The third portion of the lease (Existing Premises) included 200 beds that expired in June 2006 and was not renewed.

Upon expiration of the lease for the Initial Premises, or should the County exercise its right to purchase the Initial Premises or terminate our lease for the Expansion Premises, we will likely be required to relocate a portion of the existing federal inmate population to other available beds within or outside the San Diego Correctional Facility, which could include the construction of a new facility. However, we can provide no assurance that we will be able to retain these inmate populations.

During the first quarter of 2008, we capitalized $3.5 million of expenditures related to technology, compared with $5.5 million during the first quarter of 2007. We expect to incur approximately $10.0 million in information technology expenditures during the remainder of 2008. During 2007, we capitalized $16.2 million of expenditures related to technology. We also currently expect to pay approximately $50.0 million to $55.0 million in federal and state income taxes during 2008, compared with $51.3 million during 2007.

We have the ability to fund our capital expenditure requirements, including the aforementioned construction projects, as well as our information technology expenditures, working capital, and debt service requirements, with cash on hand, net cash provided by operations, and borrowings available under our revolving credit facility.

During December 2007, we entered into a new $450.0 million senior secured revolving credit facility arranged by Banc of America Securities LLC and Wachovia Capital Markets, LLC. The new senior secured revolving credit facility replaces our previous $250.0 million revolving credit facility. The new revolving credit facility will be utilized to fund development projects in anticipation of increasing demand by existing and potential new customers, as well as for working capital, capital expenditures and general corporate purposes. At our option, interest on outstanding borrowings will be based on either a base rate plus a margin ranging from 0.00% to 0.50% or a London Interbank Offered Rate, or LIBOR, plus a margin ranging from 0.75% to 1.50%. The applicable margins are subject to adjustments based on our leverage ratio. The revolving credit facility currently bears interest at a base rate plus a margin of 0.00% or a LIBOR plus a margin of 0.75%.

As of March 31, 2008, our liquidity was provided by cash on hand of $50.5 million, and $345.1 million available under our $450.0 million revolving credit facility. During the three months ended March 31, 2008 and 2007, we generated $77.0 million and $68.8 million, respectively, in cash through operating activities, and as of March 31, 2008, we had net working capital of $98.9 million. We currently expect to be able to meet our cash expenditure requirements for the next year utilizing these resources. We also have an option to increase the availability under the new revolving credit facility by up to $300.0 million subject to, among other things, the receipt of commitments for the increased amount. In addition, we have an effective shelf registration statement under which we may issue an indeterminate amount of securities from time to time when we determine that market

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conditions and the opportunity to utilize the proceeds from the issuance of such securities are favorable.

At March 31, 2008, the interest rates on our outstanding indebtedness are fixed, with the exception of the interest rate applicable to $70.0 million outstanding under our revolving credit facility, with a total weighted average effective interest rate of 7.2%, while our total weighted average maturity was 4.3 years. Standard & Poor s Ratings Services currently rates our unsecured debt and corporate credit as BB , while Moody s Investors Service currently rates our unsecured debt as Ba2 .

Operating Activities

Our net cash provided by operating activities for the three months ended March 31, 2008 was $77.0 million, compared with $68.8 million for the same period in the prior year. Cash provided by operating activities represents the year to date net income plus depreciation and amortization, changes in various components of working capital, and various non-cash charges, including primarily deferred income taxes. The increase in cash provided by operating activities for the three months ended March 31, 2008 was primarily due to the increase in operating income caused by an increase in inmate populations.

Investing Activities

Our cash flow used in investing activities was $158.3 million for the three months ended March 31, 2008 and was primarily attributable to capital expenditures during the quarter of $158.4 million and included expenditures for the aforementioned facility development and expansions of $149.6 million. Our cash flow used in investing activities was $45.1 million for the three months ended March 31, 2007 and was primarily attributable to capital expenditures during the quarter of $44.1 million and included expenditures for facility development and expansions of $33.6 million. Cash flow used in investing activities during the first quarter of 2007 was also attributable to $1.1 million of additional purchases of investments in auction rate certificates.

Financing Activities

Our cash flow provided by financing activities was $73.8 million for the three months ended March 31, 2008 and was primarily attributable to $70.0 million of borrowings from our revolving credit facility, as well as cash flows associated with exercising stock options, including the related income tax benefit of equity compensation, net of the purchase and retirement of common stock. Our cash flow provided by financing activities was $6.0 million for the three months ended March 31, 2007 and was primarily attributable to the cash flows associated with exercising stock options, including the related income tax benefit of equity compensation, net of the purchase and retirement of common stock.

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Contractual Obligations

The following schedule summarizes our contractual cash obligations by the indicated period as of March 31, 2008 (in thousands):

	Payments Due By Year Ended December 31,						
	2008 (remainder)	2009	2010	2011	2012	Thereafter	Total
Long-term debt	$	$	$	$ 450,000	$ 70,000	$ 525,000	$ 1,045,000
Contractual facility expansions	6,898	3,146					10,044
Operating leases	2,913	3,508	3,629	3,066	2,089	6,309	21,514
Total contractual cash obligations	$ 9,811	$ 6,654	$ 3,629	$ 453,066	$ 72,089	$ 531,309	$ 1,076,558

The cash obligations in the table above do not include future cash obligations for interest associated with our outstanding indebtedness. Further, the cash obligations in the table above also do not include future cash obligations for uncertain tax positions recorded pursuant to FIN 48, as defined below, as we are unable to make reliable estimates of the timing of such payments, if any, to the taxing authorities. During the three months ended March 31, 2008, we paid $17.2 million in interest, including capitalized interest. We had $34.9 million of letters of credit outstanding at March 31, 2008 primarily to support our requirement to repay fees and claims under our workers compensation plan in the event we do not repay the fees and claims due in accordance with the terms of the plan. The letters of credit are renewable annually. We did not have any draws under any outstanding letters of credit during the three months ended March 31, 2008 or 2007.

INFLATION

We do not believe that inflation has had a direct adverse effect on our operations. Many of our management contracts include provisions for inflationary indexing, which mitigates an adverse impact of inflation on net income. However, a substantial increase in personnel costs, workers compensation or food and medical expenses could have an adverse impact on our results of operations in the future to the extent that these expenses increase at a faster pace than the per diem or fixed rates we receive for our management services.

SEASONALITY AND QUARTERLY RESULTS

Our business is somewhat subject to seasonal fluctuations. Because we are generally compensated for operating and managing facilities at an inmate per diem rate, our financial results are impacted by the number of calendar days in a fiscal quarter. Our fiscal year follows the calendar year and therefore, our daily profits for the third and fourth quarters include two more days than the first quarter (except in leap years) and one more day than the second quarter. Further, salaries and benefits represent the most significant component of operating expenses. Significant portions of the Company s unemployment taxes are recognized during the first quarter, when base wage rates reset for state unemployment tax purposes. Finally, quarterly results are affected by government funding initiatives, the timing of the opening of new facilities, or the commencement of new management contracts and related start-up expenses which may mitigate or exacerbate the impact of other seasonal

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influences. Because of these seasonality factors, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our primary market risk exposure is to changes in U.S. interest rates. We are exposed to market risk related to our revolving credit facility because the interest on our revolving credit facility is subject to fluctuations in the market. If the interest rate for our outstanding indebtedness under the revolving credit facility was 100 basis points higher or lower during the three months ended March 31, 2008, our interest expense, net of amounts capitalized, would have been increased or decreased by less than $0.1 million.

As of March 31, 2008, we had outstanding $450.0 million of senior notes with a fixed interest rate of 7.5%, $375.0 million of senior notes with a fixed interest rate of 6.25%, and $150.0 million of senior notes with a fixed interest rate of 6.75%. Because the interest rates with respect to these instruments are fixed, a hypothetical 100 basis point increase or decrease in market interest rates would not have a material impact on our financial statements.

We may, from time to time, invest our cash in a variety of short-term financial instruments. These instruments generally consist of highly liquid investments with original maturities at the date of purchase of three months or less. While these investments are subject to interest rate risk and will decline in value if market interest rates increase, a hypothetical 100 basis point increase or decrease in market interest rates would not materially affect the value of these investments.

ITEM 4. CONTROLS AND PROCEDURES.

An evaluation was performed under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as of the end of the period covered by this quarterly report. Based on that evaluation, our senior management, including our Chief Executive Officer and Chief Financial Officer, concluded that as of the end of the period covered by this quarterly report our disclosure controls and procedures are effective in causing material information relating to us (including our consolidated subsidiaries) to be recorded, processed, summarized and reported by management on a timely basis and to ensure that the quality and timeliness of our public disclosures complies with SEC disclosure obligations. There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

See the information reported in Note 8 to the financial statements included in Part I, which information is incorporated hereunder by this reference.

ITEM 1A. RISK FACTORS.

There have been no material changes in our Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2007.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

Audit Committee Matters.

Section 10A(i)(1) of the Exchange Act, as added by Section 202 of the Sarbanes-Oxley Act of 2002, requires that the Company s Audit Committee (or one or more designated members of the Audit Committee who are independent directors of the Company s board of directors) pre-approve all audit and non-audit services provided to the Company by its external auditor, Ernst & Young LLP. Section 10A(i)(2) of the Exchange Act further requires that the Company disclose in its periodic reports required by Section 13(a) of the Exchange Act any non-audit services approved by the Audit Committee to be performed by Ernst & Young.

Consistent with the foregoing requirements, during the first quarter, the Company s Audit Committee pre-approved the engagement of Ernst & Young for audit and audit-related services, as defined by the SEC, for assistance with (1) the review of the Company s financial statements for the first quarter of 2008; (2) certain tax consulting services; (3) certain loan covenant requirements, and (4) the annual subscription to accounting research software tools provided by Ernst & Young.

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ITEM 6. EXHIBITS.

The following exhibits are filed herewith:

Exhibit Number	Description of Exhibits
31.1	Certification of the Company s Chief Executive Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Company s Chief Financial Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Company s Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Company s Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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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.

CORRECTIONS CORPORATION OF AMERICA

Date: May 7, 2008

/s/ John D. Ferguson
John D. Ferguson
President and Chief Executive Officer

/s/ Todd J Mullenger
Todd J Mullenger
Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

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