



## Corrections Corporation of America Announces a New Contract with the State of California and Construction of a New 3,060-Bed Facility in Arizona

October 5, 2007

**Nashville, Tenn., October 5, 2007 – Corrections Corporation of America (CCA) (NYSE: CXW)**, the nation's largest provider of corrections management services to government agencies, announced today that it has entered into a new agreement with the State of California Department of Corrections and Rehabilitation ("CDCR") for the housing of up to 7,772 inmates from the state of California. The new contract replaces and supersedes the previous contract CCA had with the CDCR, which provided housing for up to 5,670 inmates. Additionally, CCA announced that it expects to begin construction of its new 3,060-bed La Palma Correctional Center located in Eloy, Arizona, which it expects to be fully utilized by the CDCR.

CCA expects 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, CCA expects 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.

CCA currently houses approximately 1,400 California inmates at its West Tennessee Detention Facility, Florence Correctional Center and Tallahatchie County Correctional Facility. CCA currently expects that it will ultimately provide the CDCR up to 960 beds at its Florence facility, 80 beds at its West Tennessee facility, 2,592 beds at its Tallahatchie facility, 1,080 beds at its North Fork facility and 3,060 beds at the new La Palma facility, with the final transfer from California occurring during the second quarter of 2009.

The new agreement, which is subject to appropriations by the California legislature, expires June 30, 2011, and provides for a minimum payment based on the greater of the actual occupancy or 90% of the capacity made available to the CDCR at each facility in which inmates are housed. In certain instances, however, the 90% guarantee will apply by housing units or by total beds allocated at a specific facility, and the guarantee may also apply 120 days after the first inmate arrives or when 90% of the relevant capacity is achieved, whichever occurs earlier. With respect to the new La Palma facility, the CDCR will be required to make a minimum payment based on the greater of the actual occupancy or 90% of the capacity available to the CDCR according to an activation schedule. All other terms of the contract remain substantially the same as the previous contract with the CDCR.

"We are proud of the confidence that the State of California Department of Corrections and Rehabilitation has expressed in CCA by entering into this new agreement increasing the overall population that we may house on their behalf," stated John Ferguson, president and CEO. "We are also pleased to be able to continue to satisfy the CDCR's out-of-state inmate population needs through the development of the new La Palma Correctional Center."

Ferguson continued, "This new facility will provide very meaningful economic benefits to the City of Eloy, the surrounding communities as well as to the state of Arizona by bringing over 500 new jobs, property tax revenue and community partnership opportunities."

### About CCA

CCA is the nation's largest owner and operator of privatized correctional and detention facilities and one of the largest prison operators in the United States, behind only the federal government and three states. CCA currently operates 65 facilities, including 41 company-owned facilities, with a total design capacity of approximately 75,000 beds in 19 states and the District of Columbia. CCA specializes in owning, operating and managing prisons and other correctional facilities and providing inmate residential and prisoner transportation services for governmental agencies. In addition to providing the fundamental residential services relating to inmates, our facilities offer a variety of rehabilitation and educational programs, including basic education, religious services, life skills and employment training and substance abuse treatment. These services are intended to reduce recidivism and to prepare inmates for their successful re-entry into society upon their release. CCA also provides health care (including medical, dental and psychiatric services), food services and work and recreational programs.

### Forward-Looking Statements

This press release contains statements as to CCA's beliefs and expectations of the outcome of future events that are forward-looking statements as defined within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. These include, but are not limited to, the risks and uncertainties associated with: (i) fluctuations in the Company's operating results because of, among other things, changes in occupancy levels, competition, increases in cost of operations, fluctuations in interest rates and risks of operations; (ii) changes in the privatization of the corrections and detention industry, the public acceptance of the Company's services and the timing of the opening of and demand for new prison facilities; (iii) increases in costs to expand correctional facilities that exceed original estimates, or the inability to complete such projects on schedule as a result of various factors, many of which are beyond the Company's control, such as weather, labor conditions and material shortages, resulting in increased construction costs; (iv) risks associated with judicial challenges regarding the transfer of California inmates to out of state private correctional facilities; and (v) general economic and market conditions. Other factors that could cause operating and financial results to differ are described in the filings made from time to time by CCA with the Securities and Exchange Commission.

CCA takes no responsibility for updating the information contained in this press release following the date hereof to reflect events or circumstances occurring after the date hereof or the occurrence of unanticipated events or for any changes or modifications made to this press release or the information contained herein by any third-parties, including, but not limited to, any wire or internet services.

Contact:

Media - Louise Grant, 615-263-3106

Investors – Karin Demler, 615-263-3005