



CCA Announces Acquisition of Avalon Correctional Services, Inc.

October 29, 2015

NASHVILLE, Tenn., Oct. 29, 2015 (GLOBE NEWSWIRE) -- **CCA** (NYSE:CXW) (the "Company" or "Corrections Corporation of America"), America's largest owner of partnership correctional, detention, and re-entry facilities, announced today that it has closed on the acquisition of 100% of the stock of Avalon Correctional Services, Inc. ("Avalon"), a privately held community corrections company, along with a facility operated by Avalon, and has entered into an agreement to purchase an additional facility operated by Avalon that is expected to close later in the fourth quarter of 2015. The aggregate purchase price of \$157.5 million, excluding transaction-related expenses, includes two earn-outs, including one for \$2.0 million based on the achievement of certain utilization milestones over the next 12 months, and another for \$5.5 million based on the completion of and transition to a newly constructed facility that will deliver the contracted services currently provided at the Dallas Transitional Center. CCA currently expects both earn-outs to be achieved. The completed transactions were funded utilizing cash from the Company's revolving credit facility.

Founded in 1985, Avalon provides high-quality residential reintegration programming designed to help residents return to their communities with better life management skills, long term employment opportunities and permanent housing. Avalon and CCA have strong geographic and partner overlap, with Avalon operating seven facilities in Texas, three facilities in Oklahoma, and one facility in Wyoming, and common partners including the Texas Department of Criminal Justice, the Oklahoma Department of Corrections, and the Federal Bureau of Prisons.

Adding 3,157 re-entry beds from these transactions, CCA will own or operate 17 re-entry facilities containing 4,365 beds, significantly strengthening its ability to further expand the real estate and services needed by its partners while creating a platform for further organic and external growth in the re-entry market.

"We are excited to have Avalon join CCA's expanding network of high-quality residential re-entry operations," said Damon Hininger, CCA's chief executive officer. "Avalon has a track record of providing exceptional community corrections programming for more than 30 years, which we believe will be enhanced even further by the combined industry knowledge, expertise and resources of CCA."

Hininger added, "The residential re-entry space is a natural extension of the broad re-entry programming and capacity solutions we offer in our correctional facilities. Our government partners around the country are seeking ways to help ex-offenders gain the tools and skills needed to return to their communities successfully, which reduces recidivism and improves the quality of life for former inmates and their families. We believe CCA provides the expertise and compelling value proposition to be the ideal provider of these solutions."

On an annual basis, the acquisition is expected to increase CCA's total revenues by approximately \$35.0 million to \$40.0 million and contribute approximately \$0.06 to \$0.08 in Funds From Operations per share. Excluding transaction related expenses, CCA expects the per share impact to be neutral for 2015 due to certain transitional expenses.

About CCA

CCA, a publicly traded real estate investment trust (REIT), is the nation's largest owner of partnership correction and detention facilities and one of the largest prison operators in the United States. Following the completion of our previously announced development projects and the acquisition of Avalon, we will own or control 66 correctional, detention and re-entry facilities, with a design capacity of approximately 75,000 beds, and manage 11 additional facilities owned by our government partners with a total design capacity of approximately 14,000 beds, in 20 states and the District of Columbia. CCA specializes in owning, operating and managing prisons and other correctional facilities and providing residential, community re-entry and prisoner transportation services for governmental agencies. In addition to providing fundamental residential services, our facilities offer a variety of rehabilitation and educational programs, including basic education, faith-based services, life skills and employment training and substance abuse treatment. These services are intended to reduce recidivism and to prepare offenders for their successful re-entry into society upon their release.

Forward-Looking Statements

This press release contains statements as to our 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) general economic and market conditions, including the impact governmental budgets can have on our per diem rates, occupancy, and overall utilization; (ii) fluctuations in our 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; (iii) our ability to obtain and maintain correctional facility management contracts, including, but not limited to, sufficient governmental appropriations, contract compliance and as a result of inmate disturbances; (iv) changes in the privatization of the corrections and detention industry, the public acceptance of our services, the timing of the opening of and demand for new prison facilities and the commencement of new management contracts; (v) changes in government policy and in legislation and regulation of the corrections and detention industry that affect our business, including but not limited to, California's continued utilization of out of state private correctional capacity and the continued utilization of the South Texas Family Residential Center by U.S. Immigration and Customs Enforcement; (vi) our ability to successfully integrate operations of Avalon and realize projected returns resulting therefrom; (vii) our ability to meet and maintain REIT qualification status; and (viii) increases in costs to construct or expand correctional and other 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 our control, such as weather, labor conditions and material shortages, resulting in increased construction costs. Other factors that could cause operating and financial results to differ are described in the filings we make from time to time 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:

Investors: Cameron Hopewell - Managing Director, Investor Relations - (615) 263-3024

Media: Steve Owen - Managing Director, Public Affairs - (615) 263-3107

 [Primary Logo](#)

Corrections Corporation of America