

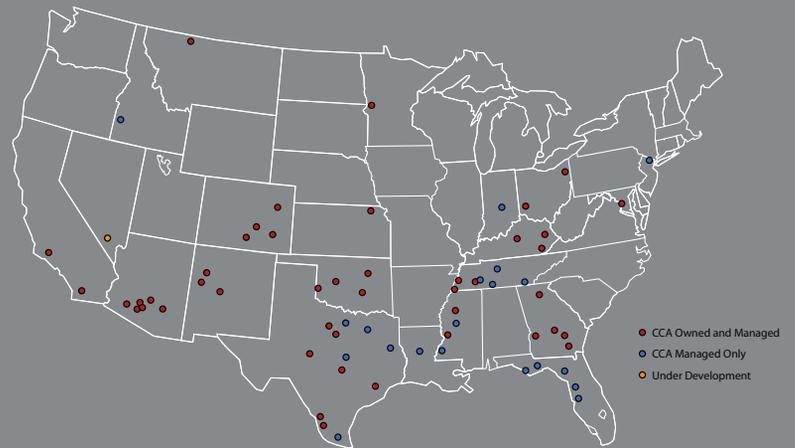


2008 Letter to Shareholders



WHO WE ARE

Corrections Corporation of America is the nation's largest owner and operator of privatized correctional and detention facilities and the leading corrections management provider to federal, state, and local governmental agencies. We currently operate 65 facilities, including 41 company-owned facilities, with a total design capacity of approximately 78,000 beds in 19 states and the District of Columbia. We specialize in owning, operating and managing prisons and other correctional and detention facilities, and providing inmate residential and prisoner transportation services for governmental agencies. We also offer a variety of rehabilitation and educational programs intended to help reduce recidivism and to prepare inmates for their successful re-entry into society.



Operational Overview

- CCA celebrated its 25th anniversary by reporting record revenues and net income in 2008
- Total revenues increased 9.8% to \$1.6 billion
- Diluted earnings per share rose 13.2% to \$1.20
- Invested nearly \$447 million in new facilities and added 8,275 new beds in 2008
- Generated almost \$274 million in cash from operations in 2008

John D. Ferguson, left and
Damon Hininger



CCA celebrated its 25th year in business by reporting record revenues and net income in 2008, highlighting the strong fundamentals of our business even during a year marked by economic turmoil and recession. Total revenues increased 9.8% to nearly \$1.6 billion and net income per diluted share increased 13.2% to \$1.20 compared with the prior year. We believe our excellent results underscore our sound operating model, strong financial condition and the continued demand for new prison beds from federal, state and local customers.

CCA – The National Leader

Corrections Corporation of America is the largest owner and operator of private correctional and detention facilities in the U.S. At year-end 2008, we housed approximately 76,000 inmates in 63 facilities on behalf of multiple local agencies, 20 states, the District of Columbia, and all three federal agencies that are responsible for inmate populations. We operate the fifth largest correctional system in the nation, with only the Federal Bureau of Prisons and three states operating a system larger than CCA.

Our operations currently include 44 company-owned facilities with 61,054 beds and 20 managed-only facilities with 24,519 beds. Last year, 89% of facility contribution was generated from our company-owned facilities. Our company-owned facilities provide a predictable revenue stream based on the staggered expiration of contracts and high renewal rates. Our

contracts typically have terms of one to five years and have multiple renewal options. Certain contracts also have guaranteed occupancy levels with 'take or pay' provisions that add to the predictability of our revenue stream.

CCA's growth has benefited from the significant number of new beds we have added in recent years to attract state and federal customers requiring additional bed capacity. Our expansion program is a key part of our strategy to provide just-in-time bed solutions for existing and potential customers. During 2008, we added 8,275 new beds, with over half this amount coming online during the last two quarters of the year. Additionally, we added 1,020 beds during the first quarter of 2009 to fulfill our contract with the state of California.

Increased Demand for Prison Beds

There are three key drivers contributing to the increased demand for prison beds in the U.S. First, public prisons are overcrowded. According to the Bureau of Justice Statistics – Prisoners 2007 report, there were 19 states operating at 100% or more of their highest capacity measures and the Federal prison system was operating at 136% of capacity.

A second factor contributing to the increased demand for prison beds includes demographic trends that relate to the growing population in the U.S. A recent study released by the Pew Charitable Trust indicates

CCA's financial results for 2008 reflected the strong demand for prison beds across every market segment.

that one in every 100 U.S. adults are in prison or in jail. With the U.S. population estimated to grow by more than 18.5 million between 2007 and 2015, about 20,000 prisoners per year will be added to the system over the next seven years if historical trends in incarceration rates continue. According to a study released by the Pew Charitable Trust in 2007, state prison populations are projected to add more than 90,000 inmates over the next three years. In addition to new prisoners generated through growth in our nation's population, high recidivism rates will also contribute to increased demand for prison beds.

Finally, we believe the constrained public supply of prison beds, combined with substantial lead times to deliver new beds and significant pressure on state budgets will result in more prison beds being outsourced to private sector providers such as CCA. The increased demand for outsourced beds is highlighted by the fact that the private sector accounted for nearly half of all new prison beds added in the U.S. during 2007. We believe the continued constraints on state budgets, particularly during these tough economic times, will benefit the private sector.

Our just-in-time program is designed to meet the needs of states and the federal government to house new inmates on an immediate and cost-effective basis. The success of our program is evident in the absorption rate of new beds we added and the increased per diem rates we achieved in 2008. CCA's total compensated man-days, or the number of calendar days we are compensated for one inmate, rose 5.8% to 27.8 million and our revenue per man-day rose 4.5% to \$57.07 compared with 2007.

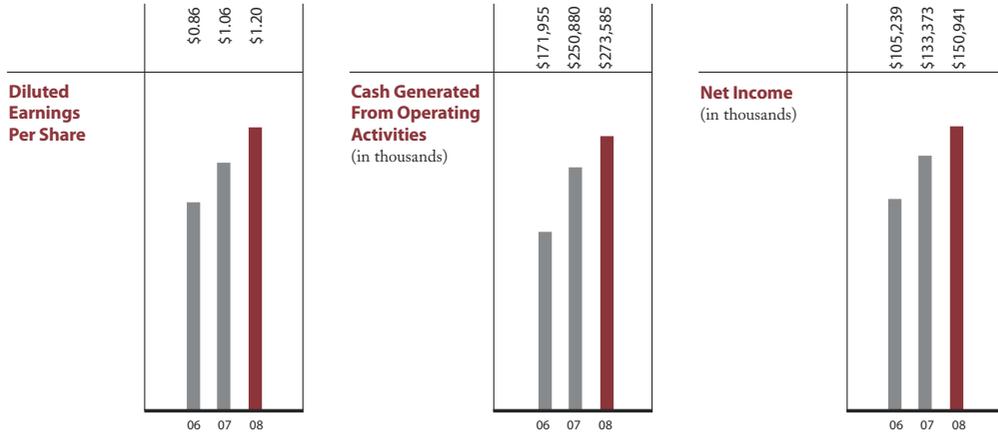
Record 2008 Financial Results

CCA achieved record revenues and net income in 2008. Revenues totaled \$1.6 billion and benefited from an increase in per diem rates and higher inmate populations. Our per diem rates rose 4.5% compared with the prior year. Our average compensated population rose 5.5% to 75,986 from 72,050 compared with 2007 and reflected the strong demand for beds from California, Arizona and Immigration and Customs Enforcement, or ICE. Management revenue from state customers rose 15.6% to \$831.9 million in 2008 and accounted for 52% of management revenues. Our revenue from Federal customers rose 5.9% to \$628.9 million, or 40% of management revenues for 2008.

Net income was a record \$150.9 million in 2008. Net income per diluted share rose 13.2% to \$1.20 compared with 2007. The growth in our earnings benefited from our higher revenue base and an increase in our operating margin per compensated man-day of 30.4% in 2008. We have invested a significant amount of resources in improving our operating efficiency that includes new prison designs that are more cost-efficient to operate, adopted best practices that we developed from our broad experience in the industry, and leveraged our information technology to reduce costs. We are very pleased with the improved operating efficiency of our facilities while maintaining our very high level of safety and security.

In November 2008, our Board of Directors approved a stock repurchase program to buy back up to \$150 million of our common stock. We believe this authorization underscores

Financial Overview



our confidence in the future of CCA and our strong financial position to fund this program.

In 2008, cash generated by operating activities totaled \$273.6 million and we ended the year with \$34.1 million in cash. We also had \$191.3 million of availability under our revolving credit facility. We used our strong financial position to invest over \$446.9 million in new bed capacity during 2008 and repurchase \$16.6 million of CCA stock during the year.

We believe our financial strength sets us apart from our competitors in our ability to fund new facilities and expand existing ones, particularly during a soft economy. Based on our cash on hand, cash generated from operations, funds available from our revolving credit facility, and no debt maturities until May 2011, we believe we have the ability to fund our capital requirements as well as our stock repurchase program in the coming year.

Focus on the Future

We are pleased with our aggressive development efforts in 2008 that provide us with an attractive inventory of beds as we enter 2009. We believe our inventory of beds provides CCA with a competitive advantage for winning new contract awards, as this just-in-time availability offers our customers immediate solutions to overcrowding conditions as well as inmate population growth.

We are taking a more conservative approach to adding new capacity during 2009 due to challenging economic conditions. However, inmate populations continued to grow during past recessions in the U.S., albeit at a slower rate, and have then accelerated following economic recovery. We believe our future growth will benefit from our compelling value proposition and the flexible solutions we provide.

We expect the long-term trend in prison populations to grow, providing CCA with continued growth opportunities. We believe our leadership position in the industry, strong balance sheet and ability to meet the future needs of our customers provide us continued opportunities to build shareholder value.

We value your investment in CCA and look forward to reporting on our progress in 2009.

John D. Ferguson
Chairman of the Board and Chief Executive Officer

Damon Hininger
President and Chief Operating Officer

**Corporate Office**

Corrections Corporation of America
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Nashville, TN 37215
(615) 263-3000
Website: www.correctionscorp.com

Stock Information

Our Common Stock is listed on the New York Stock Exchange, under the symbol CXW.

Stock Transfer Agent and Registrar

American Stock Transfer and Trust Company
59 Maiden Lane
New York, NY 10038
800-937-5449

Inquiries regarding stock transfers, lost certificates or address changes should be directed to the registrar and transfer agent at the address above.

Form 10-K and NYSE Certifications

Upon written request, we will provide without charge a copy of our Form 10-K for the fiscal year ended December 31, 2008. Requests should be directed to:

Investor Relations
Corrections Corporation of America
10 Burton Hills Boulevard
Nashville, TN 37215

Our Form 10-K is also available on our website at www.correctionscorp.com.

The Company has submitted an unqualified Section 12(a) CEO Certification to the NYSE in 2008, pursuant to Section 303A.12 of the NYSE Listed Company Manual. The Company filed with the SEC the CEO/CFO Certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to the Company's Annual Report on Form 10-K for 2008.