



# Partnership Prisons: The Best of Both Worlds

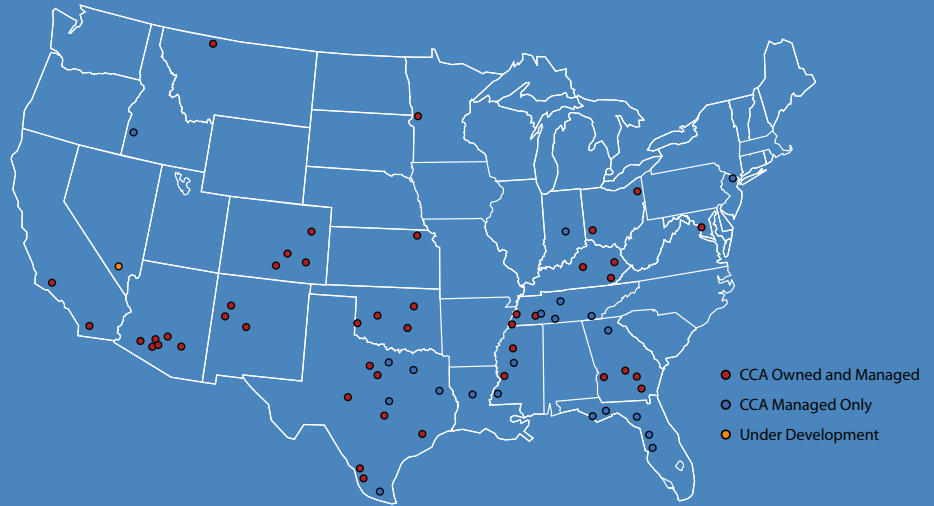


America's Leader in Partnership Corrections

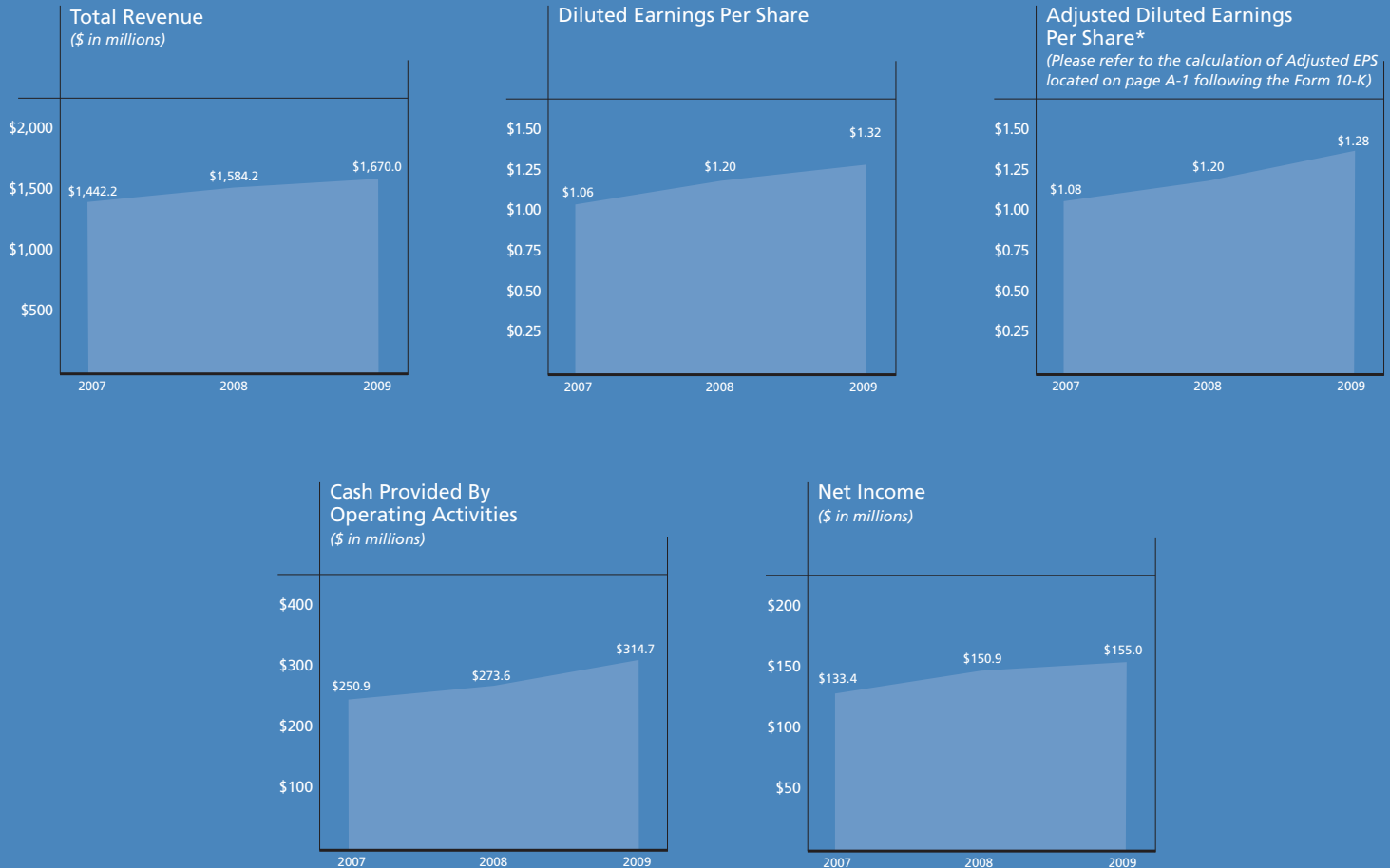


## Who We Are

Corrections Corporation of America is the nation's largest owner and operator of partnership correctional facilities and the leading corrections management provider to federal, state, and local governmental agencies. We currently operate 65 facilities, including 44 company-owned facilities, with a total design capacity of approximately 87,000 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.



## Financial Overview



\*Refer to the reconciliation of non-GAAP data on page A-1 following CCA's 2009 10-K.

# Partnership Prisons: “The Best of Both Worlds” – Combining the essential oversight and accountability of government with the flexibility, efficiency and cost effectiveness of private business.



CCA reported record revenues and net income in 2009, highlighting our excellence and effectiveness as America’s #1 leader in partnership corrections.

Total revenues rose to almost \$1.7 billion in 2009, net income was \$155.0 million and net income per diluted share was up 10% to \$1.32 compared with 2008. We achieved these outstanding results -- despite the weak economy -- because of our sound operating model, our strong financial condition, and the continued demand for new prison beds from our state and federal partners.

## CCA – The Preferred Choice for Partnership Corrections

CCA achieved our number-one market share in partnership corrections by offering the essential combination of oversight and accountability from the government with the flexibility, efficiency, and cost effectiveness from private business. CCA manages approximately 45% of all privately managed prison beds in the United States and is ranked as the fifth-largest correctional system in the nation, either public or private. At year-end 2009, we provided safe, cost-effective management services to approximately 78,000 inmates in 65 facilities in 19 states and the District of Columbia.

All three federal corrections agencies – the Bureau of Prisons, the United States Marshals Service, and Immigration and Customs Enforcement – as well as state governments – increasingly contract with CCA to manage inmate and detainee populations. The reason is two-fold:

- 1) We offer our government partners true value, cost effectiveness, improved operating efficiencies, and a safety and security record that exceeds the industry.
- 2) Partnering with CCA allows governments to house and rehabilitate inmates at a lower cost to taxpayers.

The benefits of partnering with CCA are clear. CCA typically provides a lower cost of construction and shorter construction times than government agencies. And, we use our own financial resources to build prisons. That allows our government partners to avoid large capital investments, thereby freeing up their limited capital for other infrastructure needs, such as better schools, safer roads and healthier communities.

Our prisons are designed from the ground up to provide solid security and include tested, effective technologies to provide the greatest efficiency. It’s that efficiency, along with our size and purchasing power, that allows us to regularly provide operational savings of 15% or more to our government partners. And today, every penny counts.

CCA’s prisons also provide a needed economic boost to local communities. Unlike government facilities, CCA pays local property and sales taxes, which become a major new revenue source for the community. Our new facilities not only create construction jobs during the building phase, but hundreds of jobs once the

facility is built. A prison is staffed 24-hours a day, seven days a week, and requires all the services of a small town to operate around the clock.

Nothing is more important than the safety and security of America's families and communities, and that means the security standards of a correctional facility must be better than high – they must be the highest. We've incorporated industry best practices and embraced accreditation standards set by the American Correctional Association (ACA), which represents the highest correctional standards in the U.S. Every CCA facility operates under almost 500 rigorous ACA standards – every hour of every day – and more than 1,200 CCA operating and auditing standards.

### **Record 2009 Financial Results**

CCA's record revenues of \$1.7 billion in 2009 were driven by an increase in revenue per compensated man-day and continued growth in inmate populations entrusted to our care. Our revenues benefit from the recurring revenue stream of our management contracts that typically have terms of one to five years and multiple renewal options.

We also reported record net income of \$155.0 million. Our growth in earnings benefited from a 5.7% increase in our facility operating margin due to higher revenues and favorable operating efficiencies. We continued to invest significant resources in improving our operational efficiency and are pleased with our progress.

Last year, we repurchased 10.7 million shares of CCA stock at an average price of \$11.72 per share under a stock repurchase program authorized by our Board of Directors. In early 2010, our Board approved an additional \$250 million stock repurchase program. Our repurchases represent opportunistic uses of our capital resources to maximize the returns to our stockholders. We believe the

additional authorization highlights the confidence in the future of our business while leveraging our strong financial position and cash flows to fund the program.

We also utilized our capital resources to add approximately 9,800 new beds over the past two years, providing us with the flexibility to attract new customers that require just-in-time delivery to relieve prison overcrowding or house the continued growth in their inmate populations. Our compensated man-days rose 3.9% to 28.5 million in 2009 due primarily to increased demand from federal and state partners. The Federal Bureau of Prisons and U.S. Marshals Service contracted for more beds, while California and Arizona were the primary contributors to new state business. Management revenue from our federal partners increased 4.9% to \$659.5 million and our state partner revenues were up 6.8% to \$875.6 million compared with 2008.

CCA continues to generate strong cash flows from operations that play an important part in funding our continued growth. In 2009, cash generated by operating activities totaled \$314.7 million and we ended the year with \$45.9 million in cash. We used our strong financial position to invest \$97.4 million in new prison construction and expansions, \$125.0 million to repurchase CCA stock, and \$48.9 million in maintenance capital expenditures and information technology investments.

We believe we have the ability to fund our capital expenditures for 2010, estimated to be \$144 million to \$168 million, stock repurchase program, working capital and debt service requirements with cash on hand, net cash provided by operations and borrowings available under our revolving credit facility. We believe our strong financial position sets us apart from our competition and provides CCA more opportunities to invest in our business to provide continued growth opportunities.

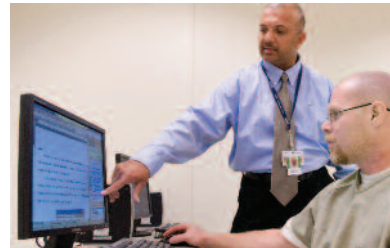
“We expect CCA's future growth will benefit from our compelling value proposition, our ability to quickly address the demand for new prison beds, our focus on providing safe and secure facilities and our leadership position in the industry.”



Damon T. Hininger, left and John D. Ferguson

## Partnership in action

The benefits of partnering with CCA are clear. We provide our government partners with a safe and secure alternative to house and rehabilitate inmates at a lower cost to taxpayers, thereby freeing up their limited capital for other infrastructure needs, such as better schools, safer roads and healthier communities.



### Focus on the Future

As part of our strategy to utilize our cash flow to build future earnings and cash flow for CCA, we made significant investments in adding new prison beds over the past two years. We have more than 12,000 beds in inventory or under development for future growth without the need for additional external capital. These beds have the potential to generate solid growth in earnings and cash flow. In the interim, our carrying costs on these beds are relatively modest.

We believe that our inventory of beds gives us a competitive advantage in winning contracts. Prison overcrowding is a crisis that threatens the safety of communities across America, and governments recognize that partnering with CCA provides them a secure, cost effective and immediate solution. We work with states to achieve the smartest, safest solutions to reduce overcrowding. We can provide an immediate inventory of beds and securely transfer those inmates to our facilities. We also work with our state and federal partners to build new facilities – and we do it much faster and more cost effectively than the government could – to meet their growing need for prison space.

We expect our future growth will benefit from our compelling value proposition, our ability to quickly address the demand for new prison beds, our focus on providing safe and secure facilities, and our leadership position in the industry. We believe our position as the preferred partner in the industry, strong balance sheet, and ability to meet the future needs of our customers will provide us continued opportunities to build shareholder value.

We value your investment in CCA and look forward to reporting on our progress in 2010.

John D. Ferguson  
Chairman of the Board

Damon T. Hininger  
President and Chief Executive Officer



America's Leader in Partnership Corrections

#### Corporate Office

Corrections Corporation of America  
10 Burton Hills Boulevard  
Nashville, TN 37215  
(615) 263-3000  
Website: [www.correctionscorp.com](http://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, 2009. 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](http://www.correctionscorp.com).

The Company has submitted an unqualified Section 12(a) CEO Certification to the NYSE in 2009, 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 2009.

## Partnership in action

