

# News Release



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## **CORRECTIONS CORPORATION OF AMERICA ENTERS INTO NEW CONTRACT WITH THE STATE OF CALIFORNIA**

**Nashville, Tenn., October 20, 2006 – Corrections Corporation of America (CCA) (NYSE: CXW)** announced today that as a result of an emergency proclamation declared by the Governor of California, it has entered into a new agreement with the State of California Department of Corrections and Rehabilitation (“CDCR”) to house California male inmates at the following company-owned facilities:

Florence Correctional Center, Florence, AZ  
Diamondback Correctional Facility, Watonga, OK  
North Fork Correctional Facility, Sayre, OK  
West Tennessee Detention Facility, Mason, TN  
Tallahatchie County Correctional Facility, Tutwiler, MS

The terms of the agreement, which are subject to appropriations, include an initial three-year term and may be extended for successive two-year terms by mutual agreement. In addition the contract provides for a 90% guarantee of the capacity allocated to CDCR offenders. The 90% guarantee applies to beds allocated to the CDCR at each facility on the earlier of achieving 90% of the capacity designated for CDCR offenders at each facility or 120 days after the first inmate arrives at the facility. CCA currently expects to initially provide a total capacity of 1,000 beds to the CDCR.

Upon completion of the Company’s Saguaro Correctional Facility in Eloy, Arizona, currently scheduled to open in June 2007, additional capacity will be created at the Company’s Diamondback and Tallahatchie facilities as a result of relocating to Saguaro inmates from the state of Hawaii. The Company may offer this additional capacity to the CDCR. If the CDCR were to agree to utilize this capacity such capacity would be subject to the 90% guarantee; however, the Company can provide no assurance that the CDCR will utilize any additional capacity. The Company currently houses approximately 1,600 inmates from the state of Hawaii at the Diamondback and Tallahatchie facilities.

Based on the current ramp-up schedule, CCA expects to begin receiving inmates on or about November 1, 2006, with utilization of approximately 1,000 beds by the end of first quarter 2007. The Company intends to provide updated earnings guidance for the fourth quarter and full-year of 2006 in its third quarter earnings release.

“We welcome the opportunity to provide needed capacity to the State of California Department of Corrections and Rehabilitation and are grateful CCA was selected to assist the CDCR in managing their inmate population needs,” stated John Ferguson, president and CEO. “This

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represents the first time the CDCR has utilized the private sector for the housing of secure adult inmates out of state.”

### **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 40 company-owned facilities, with a total design capacity of approximately 72,500 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; and (iv) 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.

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