

PRESS RELEASE

CCA Loses Contracts for 7,594 Prison Beds in Past 16 Months; More Losses Looming

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For Immediate Release

Nashville, TN – Corrections Corporation of America (CCA), the nation's largest private prison company, has lost or terminated contracts totaling 7,594 prison beds within the past 16 months, and is expected to lose at least 3,696 more beds by the end of this calendar year.

CCA announced on January 21, 2010 that based on the State of Arizona's proposed budget, the company likely would lose its contracts to house Arizona prisoners at the company's 752-bed Huerfano County Correctional Center in Colorado and its 2,160-bed Diamondback Corr. Facility in Oklahoma. Last year, CCA generated about \$56.5 million in revenue from those contracts. It has since been confirmed that the Huerfano contract, which expires in March 2010, will not be renewed. Arizona officials have said they intend to return all of their inmates from out-of-state facilities; thus, CCA is expected to lose the Diamondback contract after it expires in May.

On January 13, 2010, CCA announced that the Bureau of Prisons had not renewed its contract to house prisoners at the company's 2,304-bed California City Correctional Center. The contract, estimated at \$553 million over ten years, instead went to competitor Cornell Corrections.

Previously, Alaska removed approximately 770 of its inmates from CCA's Red Rock facility in Arizona in December 2009, and that same month CCA announced the closure of its 1,600-bed Prairie Correctional Facility in Appleton, Minnesota after losing contracts to house Minnesota and Washington inmates at the prison. The Prairie facility shut its doors on February 2, 2010, with CCA laying off 400 employees.

In January 2009, CCA's contracts to manage the B.M. Moore Correctional Center and the Diboll Correctional Center, both in Texas and totaling 1,018 beds, went to competitor Management and Training Corporation. And on October 9, 2008, after CCA terminated its contract to operate the 1,150-bed Bay County Jail in Panama City, Florida, the county's Sheriff's Department took over management of that facility.

Thus, over the past 16 months from October 2008 to the present, CCA has lost contracts totaling 7,594 prison beds, and is expected to lose several thousand more beds when Arizona returns its out-of-state inmates from the company's Diamondback Correctional Facility.

During CCA's fourth quarter 2009 earnings conference call held on February 10, 2010, CCA CEO Damon Hininger acknowledged in response to a question from an analyst with Avondale Partners that the company was facing around 12,000 empty beds. As CCA has approximately 87,000 prison beds available nationwide, this represents a vacancy rate of almost 14%.

Further, two other stock analysts who participated in the conference call inquired about CCA's contract with the State of Tennessee to house inmates at the 1,536-bed Whiteville Correctional Facility. Mr. Hininger was equivocal, saying the "legislature will take this up and think about

potentially funding these beds through this fiscal year and potentially long-term.” However, he failed to mention that the Governor’s recommended budget states the Whiteville prison “will be closed at the end of calendar year 2010, and all inmates will be transferred to other ... facilities.” The proposed budget only includes funding for CCA’s Whiteville prison to the end of the year.

Additionally, Texas’ budget reduction plan, unveiled on February 16, 2010, indicates that \$10.7 million in funding for 817 private prison beds will be eliminated. CCA, which operates seven facilities that hold Texas state inmates, likely would be affected by this reduction. Previously, Texas state Senator John Whitfield, Chairman of the Senate Criminal Justice Committee, had suggested terminating CCA’s contract to house prisoners at the company’s Mineral Wells Pre-Parole Transfer Facility.

Although CCA has several new prisons and facility expansions in the construction phase, they do not make up for the company’s loss of 7,594 contract beds over the past 16 months and the additional 3,696 beds that CCA is expected to lose at its Whiteville prison in Tennessee and Diamondback facility in Oklahoma by the end of this year.

“It’s hard to understand how CCA can continue to maintain its market share and its projected earnings with the loss of so many contracted prison beds,” stated Ken Kopczynski, executive director of the Private Corrections Working Group.

Apparently, CCA’s repeated contract losses and less-than favorable outlook have caused some investors to back off. On February 16, 2010, it was reported that billionaire investor George Soros had disinvested all of his share holdings in CCA. CCA’s Chairman, John D. Ferguson, sold 20,000 shares on February 22. The company’s stock is off about 15% since the beginning of the year.

According to recent news reports, lost contracts, empty prison beds and declining investor confidence aren’t CCA’s only problems. On February 23, Courthouse News Service reported that two former inmates had claimed they were sexually victimized by CCA employees at the company’s Correctional Treatment Facility in the District of Columbia. The former prisoners, who are represented by counsel, have filed separate \$20 million lawsuits against CCA.

The Private Corrections Working Group is a non-profit citizen watchdog organization that works to educate the public about the significant dangers and pitfalls associated with the privatization of correctional services. PCI maintains an online collection of news reports and other resources related to the private prison industry, and holds the position that for-profit prisons have no place in a free and democratic society. Please visit: www.privateci.org.

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