

I am writing to brief you in advance about a new program - the CCA *corrections investment Initiative* - that we plan to begin discussing with you and other key decision-makers in the State of in the coming weeks. In short, CCA is earmarking \$250 million for purchasing and managing government-owned corrections facilities. The program is a new opportunity for federal, state or local governments that are considering the benefits of partnership corrections.

As you know, CCA has built upon a three-decade reputation of private-sector excellence by constructing and managing new corrections facilities for our government partners and by entering into management contracts for operations at existing facilities. We're proud to consistently deliver safe and efficient operations and high quality educational and rehabilitation programming for inmates and detainees under our care.

Our decision to earmark funds for the purchase and management of existing government facilities follows our success last year in Ohio with the groundbreaking acquisition of the 1,798-bed Lake Erie Correctional Facility in Conneaut. On Jan. 1, 2012, we assumed ownership and management responsibility in a transition described by all parties as seamless. This transfer culminated a process that, according to state officials, generated more than \$72.7 million in proceeds for Ohio taxpayers, about \$50 million of which was allocated for the Ohio Department of Rehabilitation and Correction. Estimated annual savings in corrections operations are placed at \$3 million.

At the same time, CCA is enhancing efficiencies and modernizing the systems of the Lake Erie facility. We're also pleased that over 93% of the facility's staff were retained by CCA and will continue working at the facility. Ultimately, Ohio will enjoy the full economic development benefits of a public-private partnership that accompanies a CCA-owned facility, including the payment of property and sales taxes, potential for further job growth, and vitality to the local economy.

We want to build on that success and provide our existing or prospective government partners with access to the same opportunity as they manage challenging corrections budgets. Interested parties would execute the sale to CCA and enter into a long-term management contract of 20 years or more.

Physical requirements for facilities that would be eligible for purchase by the fund would include:

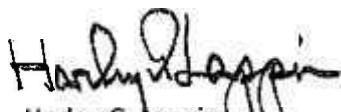
- A minimum rated occupancy of 1,000 beds;
- A structure age of no more than 25 years;
- A designation that the structure is suitable for immediate occupation or is already occupied by an inmate population; and
- An assurance by the agency partner that the agency has sufficient inmate population to maintain a minimum 90 percent occupancy rate over the term of the contract.

CCA has worked very hard to develop the most innovative and well-respected public-private partnerships within our field, which enables us to offer this opportunity to current or potential partners and the taxpayers they serve. We're proud that with this program CCA has enhanced its ability to meet our government partners' needs through any combination of construction, acquisition and daily management. We believe this comes at a timely and helpful juncture and hope you will share our belief in the benefits of the purchase-and-manage model.

Please feel free to call or contact me directly at (615) 263-3001 if you have any questions, comments or interest. I would be delighted to hear from you.

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Meanwhile, please accept my best wishes for a great 2012.

Sincerely,


Harold Chapman
Harold C. Chapman