

CORRECTIONS CORP OF AMERICA

Form DEF 14A

April 01, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under § 240.14a-12

Corrections Corporation of America

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
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  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 31, 2010

To our stockholders:

You are invited to attend the 2010 Annual Meeting of Stockholders of Corrections Corporation of America (the Company ) to be held at 10:00 a.m., local time, on Thursday, May 13, 2010, at the Company's corporate headquarters, 10 Burton Hills Boulevard, Nashville, Tennessee. The Notice of Annual Meeting and Proxy Statement, both of which accompany this letter, provide details regarding the business to be conducted at the meeting, as well as other important information about the Company.

Following the formal matters to be addressed at the meeting, stockholders will have the opportunity to ask questions about the Company.

Along with the other members of the Board of Directors and management, we look forward to greeting you at the Annual Meeting if you are able to attend.

Sincerely,

John D. Ferguson  
Chairman of the Board of Directors

Damon T. Hininger  
President and Chief Executive Officer

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**CORRECTIONS CORPORATION OF AMERICA  
10 Burton Hills Boulevard  
Nashville, Tennessee 37215  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON THURSDAY, MAY 13, 2010**

The Annual Meeting of Stockholders will be held at 10:00 a.m., local time, on Thursday, May 13, 2010, at our corporate headquarters, 10 Burton Hills Boulevard, Nashville, Tennessee. At the Annual Meeting, stockholders will consider and vote on the following proposals:

- (1) The election of 13 nominees named in the accompanying Proxy Statement to serve on our Board of Directors;
- (2) The ratification of the appointment by our Audit Committee of Ernst & Young LLP as our independent registered public accounting firm; and
- (3) Any other matters that may properly come before the Annual Meeting or any adjournments or postponements thereof.

We are pleased to take advantage of Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders over the internet. We believe these rules allow us to provide our stockholders with the information they need in a timely and convenient manner, while lowering the costs of delivery and reducing the environmental impact of our annual meeting.

Your vote is important. You may vote by toll-free telephone or by the internet. If you elected to receive a copy of the proxy card by mail, you may vote by completing, signing and returning the proxy card in the accompanying postage-paid envelope. Please refer to the proxy card and the accompanying Proxy Statement for additional information regarding your voting options. Even if you plan to attend the Annual Meeting, please take advantage of one of the advance voting options to ensure that your shares are represented at the Annual Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement.

Stockholders of record at the close of business on Wednesday, March 17, 2010 are entitled to vote at the Annual Meeting and any adjournments or postponements thereof.

By Order of the Board of Directors,

G. A. Puryear IV  
Executive Vice President, General Counsel  
and Secretary

March 31, 2010  
Nashville, Tennessee

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**CORRECTIONS CORPORATION OF AMERICA  
PROXY STATEMENT  
FOR  
THE ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON THURSDAY, MAY 13, 2010**

We are providing this Proxy Statement in connection with the solicitation by the Board of Directors, or the Board, of Corrections Corporation of America, a Maryland corporation (the Company, CCA, we, or us ), of proxies to be voted at our 2010 Annual Meeting of Stockholders and any adjournment or postponement of the meeting (the Annual Meeting ).

On or about April 2, 2010, a Notice of Internet Availability of Proxy Materials (the Notice ) will be mailed to our stockholders as of the record date containing instructions on how to access this Proxy Statement, our 2009 Letter to Stockholders, the Annual Report on Form 10-K and other proxy materials online, and how to vote. If you prefer to receive the proxy materials in the mail and to vote by mail, the Notice also contains instructions on how to request a printed copy. You will not receive printed copies of the proxy materials in the mail unless you specifically request them.

The Annual Meeting will take place on Thursday, May 13, 2010, at 10:00 a.m., local time, at our corporate headquarters, 10 Burton Hills Boulevard, Nashville, Tennessee. All stockholders who are entitled to vote at the meeting are invited to attend. Seating at the Annual Meeting is limited and will be available on a first come, first served basis. All stockholders of record will need to present a form of personal photo identification and proof of stock ownership in order to be admitted to the Annual Meeting. The Notice provides proof of ownership or, if your shares are held in the name of a bank, broker or other holder of record, you may bring a brokerage statement dated on or after March 17, 2010 as proof of ownership with you to the Annual Meeting. To obtain directions to attend the Annual Meeting and vote in person, please contact Karin Demler, our Senior Director, Investor Relations, at 10 Burton Hills Boulevard, Nashville, Tennessee 37215, (615) 263-3000.

**INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**What matters will be acted on at the Annual Meeting?**

Stockholders will consider and vote on the following matters at the Annual Meeting:

1. The election of 13 members to our Board of Directors;
2. The ratification of the appointment by our Audit Committee of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010; and
3. Any other matters that are properly raised at the Annual Meeting.

As of the date of this Proxy Statement, we are not aware of any other matters that will be presented for action at the Annual Meeting.

**What are the Board of Directors recommendations?**

Our Board of Directors recommends that you vote:



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**FOR** the election of each of the 13 nominees to serve as directors on the Board of Directors; and

**FOR** the ratification of the appointment of Ernst & Young LLP.

If you complete and properly sign a proxy card and return it to the Company but do not specify your vote, the proxy will be voted in accordance with the recommendations of the Board of Directors set forth above. Further, if any other matter properly comes before the Annual Meeting or any adjournment or postponement thereof, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

**Why did I receive a one-page Notice in the mail regarding the internet availability of proxy materials this year instead of a full set of printed proxy materials?**

Pursuant to rules adopted by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials over the internet. Accordingly, we are sending a Notice regarding the internet availability of the proxy materials to most of our stockholders of record and beneficial owners. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or to request to receive a printed set of proxy materials. Instructions on how to access the proxy materials over the internet or to request a printed copy may be found in the Notice. In addition, stockholders may request receipt of proxy materials in printed form by mail or electronically by e-mail on an ongoing basis by following instructions set forth in the Notice.

**Who is entitled to vote at the Annual Meeting?**

Stockholders of record of our common stock at the close of business on the record date are entitled to receive notice of and to vote at the Annual Meeting. The Board of Directors has fixed the close of business on Wednesday, March 17, 2010 as the record date.

As of the record date, there were 116,050,917 shares of common stock outstanding and entitled to vote. Holders of common stock are entitled to one vote for each share of common stock held as of the record date on each matter to be voted on at the Annual Meeting.

**How do I vote?**

You can vote either in person by attending the 2010 Annual Meeting or by proxy without attending the 2010 Annual Meeting. To vote by proxy, you must either:

vote by telephone (instructions are on the proxy card); or

vote by internet (instructions are in the Notice you received in the mail or are on the proxy card); or

if you requested and received printed copies of this Proxy Statement, our 2009 Letter to Stockholders, Annual Report on Form 10-K and other proxy materials, fill out the proxy card enclosed with the materials, date and sign it, and return it in the accompanying postage-paid envelope.

Your vote is important. Whether or not you plan to attend the meeting in person, we urge you to submit your voting instructions to the proxy holders as soon as possible. You may change your vote at any time before it is cast by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. If you submit voting instructions by telephone or by the internet,

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you may change your vote by following the same instructions used in originally voting your shares. Attendance at the meeting will not by itself revoke a previously granted proxy.

**What vote is required to approve each item?**

***Quorum Requirement.*** The presence, in person or by proxy, of the Company's stockholders entitled to cast a majority of the votes entitled to be cast at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes will be treated as shares present and entitled to vote for purposes of determining the presence of a quorum. Failure of a quorum to be represented at the Annual Meeting will necessitate an adjournment or postponement and will subject the Company to additional expense.

***Election of Directors.*** Under the Company's Fourth Amended and Restated Bylaws (the Bylaws) and Maryland law, a plurality of all of the votes cast at the Annual Meeting is sufficient for the election of directors. A properly executed proxy marked WITHHOLD AUTHORITY with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for the purposes of determining whether there is a quorum.

***Ratification of Ernst & Young LLP and Other Items.*** For (i) the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010, and (ii) any other matter that properly comes before the Annual Meeting, the affirmative vote of a majority of the votes cast is required for approval. An ABSTAIN election will not be counted as a vote for or against any such matter. As noted above, if any other matter properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

If you hold your shares in street name through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. However, shares represented by such broker non-votes will be counted in determining whether there is a quorum.

**Where can I find the voting results?**

We will announce the voting results at the Annual Meeting. We also will report the voting results on a Form 8-K, which we expect to file with the SEC within four business days after the Annual Meeting has been held.

**How and when may I submit a stockholder proposal for the Company's 2011 Annual Meeting?**

Our annual meeting of stockholders generally is held in May of each year. Consistent with applicable SEC rules, we will consider for inclusion in our proxy materials for next year's annual meeting stockholder proposals that are received at our executive offices no later than December 1, 2010 and that comply with other SEC rules regarding form and content. Proposals must be sent to the following address: Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215.

Other stockholder proposals may be raised at next year's meeting (but not considered for inclusion in our proxy materials) if timely received and otherwise in compliance with the advance notice

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provisions of our Bylaws. In order to be timely, notice must be received at our executive offices (the address listed above) between February 13, 2011 and March 15, 2011.

**Can I communicate directly with members of the Company's Board of Directors?**

Yes. Stockholders, employees and other parties interested in communicating directly with members of the Company's Board of Directors (including specific members of the Board or non-management directors as a group) may do so by writing to Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215. The Secretary of the Company compiles all substantive communications and periodically submits them to the Board, the group of directors or the individual directors to whom they are addressed. Concerns relating to accounting, internal controls or auditing matters are handled in accordance with procedures established by the Audit Committee.

**How can I obtain the Company's Annual Report on Form 10-K?**

Any stockholder who desires a copy of our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC, may obtain a copy without charge by visiting our website, [www.correctionscorp.com](http://www.correctionscorp.com).

**Can I access the Company's proxy materials and annual report electronically?**

The Notice mailed to you in accordance with the SEC's new rules contains instructions on how to access our proxy materials and vote over the internet. This Proxy Statement, our 2009 Letter to Stockholders, Annual Report on Form 10-K and other proxy materials are also available on our internet website at [www.correctionscorp.com](http://www.correctionscorp.com) (accessible through the "Investors" link). If you are a stockholder of record and would like to view future proxy statements, annual reports and other proxy materials over the internet instead of receiving paper copies in the mail, follow the instructions provided when you vote over the internet. If you hold your shares through a broker, check the information provided by that entity for instructions on how to elect to view future proxy statements, annual reports and other proxy materials and to vote your shares over the internet. Opting to receive your proxy materials online saves us the cost of producing and mailing the proxy materials to your home or office and gives you an automatic link to the proxy voting site.

Choosing to receive your future proxy materials by e-mail will allow us to provide our stockholders with the information you need in a timelier manner, will save us the cost of printing and mailing documents to you and will conserve natural resources. If you choose to receive future proxy materials by e-mail, you will receive an e-mail next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

**What are the costs of soliciting these proxies?**

The Company pays the cost of soliciting proxies. We have retained MacKenzie Partners to assist with the solicitation of proxies on our behalf. MacKenzie Partners will receive a fee of \$7,500, plus reasonable expenses, for these and other services in connection with the Annual Meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, custodians and other like parties to the beneficial owners of shares of our common stock, in which case we will reimburse these parties for their reasonable out-of-pocket expenses. Proxies may also be solicited personally or by telephone or fax by directors, officers and employees of the Company. No additional compensation will be paid for these services.

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**How many copies should I receive if I share an address with another stockholder?**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single Notice and, to the extent requested, single set of proxy materials addressed to those stockholders. This process, which is commonly referred to as householding, potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If at any time you no longer wish to participate in householding and would prefer to receive a separate Notice or, to the extent requested, set of proxy materials, or if you are receiving multiple copies of proxy materials and wish to receive only one, please notify your broker if your shares are held in a brokerage account or our transfer agent, identified below, if you hold registered shares. You can also notify us by sending a written request to Corrections Corporation of America, Attention: Karin Demler, 10 Burton Hills Boulevard, Nashville, Tennessee 37215, or by calling Karin Demler at (615) 263-3000.

**Who should I contact if I have any questions?**

If you have any questions about the Annual Meeting or these proxy materials, please contact Karin Demler, our Senior Director, Investor Relations, at 10 Burton Hills Boulevard, Nashville, Tennessee 37215, (615) 263-3000. If you are a registered stockholder and have any questions about your ownership of our common stock, please contact our transfer agent, the American Stock Transfer and Trust Company, at 59 Maiden Lane, New York, New York 10038, (800) 937-5449, or Karin Demler at the address and phone number above. If your shares are held in a brokerage account, please contact your broker.

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**CORPORATE GOVERNANCE**

You can access our corporate charter, Bylaws, Corporate Governance Guidelines, current Board committee charters, Code of Ethics and Business Conduct and other corporate governance-related information on our website, [www.correctionscorp.com](http://www.correctionscorp.com) (under the Corporate Governance section of the Investors page).

During the last quarter of 2009, the Company amended the Corporate Governance Guidelines to clarify that executive sessions may be held by either independent directors or non-management directors. During the first quarter of 2010, the Board of Directors amended the Audit Committee charter to clarify the SEC rules pursuant to which the Audit Committee prepares the Audit Committee report included in this Proxy Statement.

We believe that effective corporate governance is important to our long-term health and our ability to create value for our stockholders. With leadership from our Nominating and Governance Committee, our Board of Directors regularly evaluates regulatory developments and trends in corporate governance to determine whether our policies and practices in this area should be enhanced. The Nominating and Governance Committee also administers an annual self-evaluation process for the Board and its standing committees. In addition, our directors are encouraged to attend director education programs, which are reimbursed by the Company.

**Chairman and Chief Executive Officer**

We do not have a formal policy regarding the separation of our Chairman and Chief Executive Officer ( CEO ) positions. In general, the Board believes that the determination depends on the circumstances including the Board's evaluation of the person or persons available to serve in those positions and the needs of the company at a particular time.

Pursuant to our Bylaws, the Chairman presides over meetings of the Board and of the stockholders at which he is present and has general oversight responsibility for our business and affairs. The CEO has responsibility for implementation of the policies of the Company, as determined by the Board, and for the administration of our business affairs. The CEO also has responsibility for presiding over any meeting of the Board or of the stockholders at which the Chairman is not present.

The role of Chairman and that of CEO currently are held separately. John D. Ferguson serves as Chairman of the Board of Directors and is an employee of the Company. Damon T. Hininger serves as President and CEO. Prior to Mr. Hininger's being named President and CEO in October 2009 and beginning in July 2008, Mr. Ferguson served as both Chairman and CEO. Prior to July 2008 and beginning in August 2000, Mr. Ferguson served as Vice-Chairman of the Board, President and Chief Executive Officer while William F. Andrews, a current Director, served as Chairman.

The Board believes that the Company's current leadership structure is appropriate and represents the effective execution of the succession strategy put in place while Mr. Ferguson was serving as President and CEO. Promoting Mr. Hininger to President and CEO, while retaining Mr. Ferguson as Chairman, achieved important objectives for us. Mr. Hininger is positioned to fully focus his energies on implementing our business strategy and administering our day-to-day affairs. Mr. Ferguson is positioned to draw on his relationships with existing Board members and his experience as President and CEO to effectively discharge the duties of Chairman, while also serving as a resource to Mr. Hininger.

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**Board of Directors Meetings and Committees**

Our Board of Directors is responsible for establishing the Company's broad corporate policies and strategic objectives, reviewing our overall performance and overseeing management's performance. Among other things, the Board selects and evaluates our executive officers; establishes, reviews and approves our corporate objectives and strategies; and evaluates and approves major capital commitments.

The Board currently consists of 13 members, all of whom are standing for re-election and are identified, along with their biographical information, under Proposal I Election of Directors.

The Board met four times in 2009. As a group, the Board members attended 94% of their Board and committee meetings. All directors attended all of their Board meetings, except for one director who missed one meeting, and all directors attended all of their committee meetings, except for one director who missed three meetings and three directors who missed one meeting each. All but one of the directors attended last year's annual meeting of stockholders. The Board has adopted as its policy that directors are strongly encouraged to attend each annual meeting of stockholders.

Our Board of Directors has four regularly standing committees: the Audit, Compensation, Nominating and Governance and Executive Committees. Each committee has a written charter that has been approved by the committee and the Board and that is reviewed at least annually. The table on the following page shows the current composition of each of our Board committees, together with a summary of each committee's responsibilities and the number of meetings each committee held in 2009.

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<b>Committee</b>	<b>Members</b>	<b>Summary of Responsibilities</b>	<b>Meetings</b>
<b>Audit</b>	C. Michael Jacobi (Chair) Donna M. Alvarado Charles L. Overby Henri L. Wedell	See Audit Committee Report below.	6
<b>Compensation</b>	Joseph V. Russell (Chair) John D. Correnti John R. Horne John R. Prann, Jr.	Responsible for setting CEO and director compensation, periodically reviewing and approving the Company's compensation philosophy regarding executive compensation, reviewing the Compensation Discussion and Analysis section of this Proxy Statement and issuing the Compensation Committee Report included in this Proxy Statement. Other responsibilities include:  Administration of equity-based compensation plans;  Evaluation of the performance of the CEO and executive officers; and  Assistance to the Nominating and Governance Committee with executive succession planning efforts.	4
<b>Nominating and Governance</b>	Charles L. Overby (Chair) Dennis W. DeConcini Thurgood Marshall, Jr. Joseph V. Russell	Responsible for identifying and recommending director nominees to the full Board and taking a leadership role in shaping and evaluating the Board's corporate governance initiatives. Other responsibilities include:  Review of the Company's ethics and compliance program;  Oversight of Board's self-evaluation process; and  Leading the Board's executive succession planning efforts.  See Director Candidates below.	4
<b>Executive</b>	William F. Andrews (Chair) John D. Ferguson Damon T. Hininger Joseph V. Russell	When necessary, and subject to authority limitations with respect to significant corporate actions, responsible for acting on behalf of the full Board during intervals between Board meetings.	0





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### **Executive Sessions**

Executive sessions, or meetings of our non-management directors without management present, are held regularly in order to provide an opportunity for the outside directors to discuss openly any and all matters. During 2009, the outside directors met in Executive session three times. Our Corporate Governance Guidelines provide that Executive sessions are called and chaired by an independent director appointed from time to time by the Nominating and Governance Committee. Charles L. Overby currently serves as the Executive session chair.

### **Director Independence**

Mr. Ferguson, Mr. Hininger and Mr. Andrews are the only members of the Board of Directors who currently are employed by the Company. The Board has determined that all of our other directors are independent. Accordingly, 10 of our 13 director nominees are independent and our Audit, Compensation and Nominating and Governance Committees are composed entirely of independent directors. In making its independence determinations, the Board used the standards for director independence set forth in the New York Stock Exchange ( NYSE ) corporate governance listing standards (Section 303A) and, with respect to Audit Committee members, Section 10A(m)(3) of the Securities Exchange Act of 1934.

### **Independence and Financial Literacy of Audit Committee Members**

The Board has determined that each member of the Audit Committee is independent as defined by the standards of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934. The Board also has determined that each member is financially literate as defined by the rules of the NYSE and that Mr. Jacobi qualifies as an audit committee financial expert as defined in Item 407(d) of Regulation S-K under the Securities Exchange Act of 1934.

### **Director Candidates**

The Nominating and Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. A stockholder who wishes to recommend a prospective nominee for the Board should notify our Secretary in writing, along with any supporting material the stockholder considers appropriate, in accordance with the stockholder proposal provisions of our Bylaws. General information concerning the submission of stockholder proposals is provided above under the caption How and when may I submit a stockholder proposal for the Company's 2011 Annual Meeting? Pursuant to Board policy, there are to be no differences in the manner in which the Committee evaluates candidates based on the source of the recommendation.

The Nominating and Governance Committee is authorized by the Board to identify director candidates, evaluate and consider candidates proposed by any director, member of management or stockholder, develop and implement screening processes it deems necessary and appropriate and recommend for selection by the Board director nominees for each annual meeting of stockholders and, when necessary, vacancies on the Board. The Committee is authorized by the Board to exercise sole authority in retaining any third-party search firm the Committee deems appropriate to identify and assist with the evaluation of director candidates and has utilized that authority in past director searches.

The Committee evaluates prospective nominees against the criteria in our Corporate Governance Guidelines, which include professional integrity and sound judgment, sufficient time available to devote to Board activities, a general understanding of marketing, finance and other elements relevant to the

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success of a publicly-traded company in today's business environment, an understanding of our business and factors such as diversity, age, skills and educational and professional background. With respect to diversity, the Committee considers diversity in terms of age, gender and ethnicity, as well as diversity of skills, expertise and experience, in its deliberations.

The Committee may also consider other factors it deems relevant, including the current composition of the Board, whether there is a need to fill vacancies or expand or contract the size of the Board, the balance of management and independent directors, the need for expertise on our standing committees and the qualifications of other prospective nominees. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law.

With respect to determining whether current directors should stand for re-election, the Nominating and Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board and the Company. With respect to new candidates for Board service, a full evaluation may also include detailed background checks and in-person and telephonic interviews with the Nominating and Governance Committee and other Board members. The Committee evaluation process culminates with a decision as to whether or not to recommend the prospective nominee to the full Board for appointment and/or nomination.

In October 2009, the Board increased its size from 13 to 14 members and appointed Damon T. Hininger to serve as a member of the Board until the 2010 Annual Meeting of Stockholders or until his earlier death, resignation or removal. Effective February 10, 2010, Lucius E. Burch, III, resigned from the Board. The Board decided to refrain from appointing a replacement member to serve Mr. Burch's unexpired term.

**Limitations on Other Board Service**

The Audit Committee charter provides that a member of the Audit Committee may not serve on the audit committee of more than two other public companies without Board approval. Otherwise, we do not believe that our directors should be categorically prohibited from serving on boards and/or board committees of other organizations. However, our Corporate Governance Guidelines instruct the Nominating and Governance Committee and the full Board to take into account the nature of and time involved with respect to a director's service on other boards as well as other job responsibilities in evaluating the suitability of individual directors and in making its recommendations to our stockholders. Service on boards and/or committees of other organizations must also be consistent with our conflicts of interest policy, as set forth in our Code of Ethics and Business Conduct, which, among other things, requires a director to provide notice to the Board of his or her acceptance of a nomination to serve on the board of another public company.

The Board has determined that Mr. Jacobi's service as a member of the audit committee of three other public companies does not impair his ability to serve effectively as a member of the Company's Audit Committee.

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**Communications with Directors**

Stockholders, employees and other interested parties may communicate with members of our Board of Directors (including specific members of the Board or non-management directors as a group) by writing to Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215. To the extent such communications are received, our Secretary compiles all substantive communications and periodically submits them to the Board, the group of directors or the individual directors to whom they are addressed. Communications that the Secretary would not consider substantive, and therefore may exercise discretion in submitting to the addressee, may include junk mail, mass mailings, resumes and job inquiries, surveys, business solicitations, advertisements, frivolous communications and other similarly unsuitable communications.

Communications expressing concerns or complaints relating to accounting, internal controls or auditing matters are handled in accordance with procedures established by the Audit Committee. Under those procedures, concerns that are improperly characterized as having to do with accounting, internal controls or auditing matters or that are frivolous or clearly inconsequential may be addressed by the Secretary without presentation to the Audit Committee. However, in all cases the Secretary maintains a log of correspondence addressed to directors that may be reviewed by any director at his or her request.

**Certain Relationships and Related Transactions**

Since the beginning of the last fiscal year, we are aware of no related party transactions between us and any of our directors, executive officers, 5% stockholders or their family members which require disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934.

Pursuant to its written charter, the Audit Committee has adopted a Related Party Transaction Policy that, subject to certain exceptions, requires the Audit Committee (or the chair of the Audit Committee in certain instances) to review and either ratify, approve or disapprove all Interested Transactions, which are generally defined to include any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

the aggregate amount involved exceeded, or will or may be expected to exceed, \$120,000 in any calendar year;

the Company was, is or will be a participant; and

any Related Party had, has or will have a direct or indirect interest.

For purposes of the policy, a Related Party is any:

person who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director;

greater than 5% beneficial owner of the Company's common stock;

immediate family member of any of the foregoing; or

firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner, managing member or principal or in a similar position or in which such person has a 10% or greater beneficial ownership interest.

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In determining whether to approve or ratify an Interested Transaction under the policy, the Audit Committee is to consider all relevant information and facts available to it regarding the Interested Transaction and take into account factors such as the Related Party's relationship to the Company and interest (direct or indirect) in the transaction, the terms of the transaction and the benefits to the Company of the transaction. No director is to participate in the approval of an Interested Transaction for which he or she is a Related Party or otherwise has a direct or indirect interest.

In addition, the Audit Committee is to review and assess ongoing Interested Transactions, if any, on at least an annual basis to determine whether any such transactions remain appropriate or should be modified or terminated.

### **Compensation Committee Interlocks and Insider Participation**

During 2009, Mr. Russell, Mr. Correnti, Mr. Horne and Mr. Prann served on our Compensation Committee for the full year, with Mr. Russell serving as the committee's Chair. None of the current members of the Compensation Committee or any of their family members serve or have served as an officer or employee of the Company. None of our executive officers served during 2009 as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had one or more executive officers serving as a member of the Board or the Compensation Committee.

### **Stock Ownership Guidelines**

During the first quarter of 2007, the Board adopted stock ownership guidelines (the Guidelines) for the Company's executive officers and directors, effective as of March 1, 2007 (the Effective Date). The Guidelines, which are administered and interpreted by the Compensation Committee, provide that the Company's executive officers are expected to own a fixed number of shares of common stock of the Company equal to three times such executive officer's base salary in effect as of the Effective Date divided by the Company's closing common stock price, as reported by the NYSE, on the Effective Date. For any individual who becomes an executive officer after the Effective Date, base salary and closing common stock price are determined based on such executive officer's date of hire or promotion, as applicable. Subject to a limited hardship exemption, executive officers are expected to meet these ownership guidelines by the later of (1) March 1, 2012 or (2) five years following their date of hire or promotion, as applicable.

With respect to the Company's non-executive directors, such individuals are each expected to own a fixed number of shares of common stock of the Company equal to four times the annual retainer for non-executive directors (excluding any retainer for chairing or serving on a committee) in effect as of the Effective Date divided by the Company's closing common stock price, as reported by the NYSE, on the Effective Date. For any individual who becomes a non-executive director after the Effective Date, annual retainer and closing common stock price are determined based on the date of such non-executive director's initial election to the Board. Subject to a limited hardship exemption, non-executive directors are expected to meet these ownership guidelines by the later of (1) March 1, 2012 or (2) five years following their initial election to the Board.

The Guidelines are accessible on our website, [www.correctionscorp.com](http://www.correctionscorp.com) (under the Corporate Governance section of the Investors page).

### **Code of Ethics and Business Conduct**

All of our directors and employees, including our Chief Executive Officer, Chief Financial Officer and principal accounting officer, are subject to our Code of Ethics and Business Conduct. Our Code of Ethics and Business Conduct and related compliance policies are designed to promote an

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environment in which integrity is valued, business is conducted in a legal and ethical manner and ethics and compliance issues are raised and addressed. Our Nominating and Governance Committee is responsible for reviewing the Code annually and our Audit Committee is responsible for addressing any violations or waivers involving our executive officers and directors. We intend to post amendments to or waivers from our Code of Ethics and Business Conduct (to the extent applicable to our directors, chief executive officer, principal financial officer or principal accounting officer) on our website. Our Code of Ethics and Business Conduct is accessible on our website, [www.correctionscorp.com](http://www.correctionscorp.com) (under the Corporate Governance section of the Investors page).

### **Risk Oversight**

Our Board of Directors oversees risk management with a focus on the Company's primary areas of risk: risk related to our business strategy, financial risk, legal/compliance risk and operational risk. The President and Chief Executive Officer and each of the Company's Executive Vice Presidents are responsible for managing risk in their respective areas of authority and expertise, identifying key risks to the Board and explaining to the Board how those risks are being addressed.

The Board oversees management's strategic planning process, which includes an evaluation of opportunities and risks presented by the Company's current strategies and alternative strategies. The Board also receives regular reports from each of the executives with respect to their areas of managerial responsibility. These reports include information concerning risks and risk mitigation strategies. For example, the Board receives quarterly reports from our Chief Corrections Officer with respect to key areas of operational risk; monitors risks relating to our partnership development efforts through quarterly reports from our Chief Development Officer; and receives regular reports from our General Counsel with respect to legal and compliance risks. In addition, the Board evaluates risk in the context of particular business strategies and transactions. For example, the Board monitors significant capital expenditures through its annual budget review and quarterly capital expenditure reports from management and monitors risk relating to our financing activities through in depth reviews of proposed financing transactions.

The standing committees of the Board also have responsibility for risk oversight. The Audit Committee focuses on financial risk, including fraud risk and risks relating to our internal controls over financial reporting. It receives an annual risk assessment report from the Company's internal auditors, as well as financial risk assessment information in connection with particular events or transactions. The Nominating and Governance Committee assists the Board of Directors in fulfilling its oversight responsibility with respect to regulatory compliance and receives regular reports from the Company's General Counsel and its Ethics Officer. As discussed in detail below, the Compensation Committee addresses risks relating to our executive compensation strategies. The full Board receives regular reports from the chairs of these activities and receives reports and other meeting materials provided to each of the committees.

### **Compensation Risk Assessment**

In setting compensation, our Compensation Committee considers the risks to CCA's stockholders and to achievement of our goals that may be inherent in the compensation program. Although a significant portion of our executives' compensation is performance-based and at-risk, the Compensation Committee believes our executive compensation plans are appropriately structured and do not pose a material risk to CCA. The Compensation Committee considered the following elements of our executive compensation plans and policies when evaluating whether such plans and policies encourage our executives to take unreasonable risks:

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We set performance goals that we believe are reasonable in light of past performance and current market and economic conditions.

We use a combination of restricted stock units and stock options for equity awards because restricted stock units retain value even in a depressed market (assuming achievement of performance criteria) and stock options provide for potential realization of value over time, based on an increase in share price.

The time-based vesting over multiple years for our long-term incentive awards, even after achievement of any performance criteria, promotes the alignment of our executives' interests with those of our stockholders for the long-term performance of CCA.

Assuming achievement of at least a minimum level of performance, payouts under our performance-based plans result in some compensation at levels below full target achievement, rather than an all-or-nothing approach.

Our executive stock ownership policy requires our executives to hold certain levels of CCA stock, which aligns an appropriate portion of their personal wealth to the long-term performance of CCA.

**Report of the Audit Committee**

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

**General Responsibilities**

Our Audit Committee is charged with oversight of the integrity of our financial statements; the effectiveness of our internal control over financial reporting; our compliance with legal and regulatory requirements; the qualifications, independence and performance of our independent registered public accounting firm; and the performance of our internal audit function. Among other things, the Committee monitors preparation by our management of quarterly and annual financial reports and interim earnings releases; reviews Management's Discussion and Analysis of Financial Condition and Results of Operations prior to the filing of our periodic reports with the SEC; supervises our relationship with our independent registered public accounting firm, including making decisions with respect to appointment or removal, reviewing the scope of audit services, approving audit and non-audit services and annually evaluating the audit firm's independence; and oversees management's implementation and maintenance of effective systems of internal accounting and disclosure controls, including review of our policies relating to legal and regulatory compliance and review of our internal auditing program. The full text of the Audit Committee charter is available on the Company's website at [www.correctionscorp.com](http://www.correctionscorp.com) (under the Corporate Governance section of the Investors page).

**2009 Meetings**

The Audit Committee met six times in 2009. Within those meetings, the Committee met in executive session with our independent registered public accounting firm two times.

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***Oversight of Financial Reporting***

As part of its oversight of our financial statements, the Committee reviews and discusses with both management and our independent registered public accounting firm all annual and quarterly financial statements prior to their issuance. With respect to the 2009 fiscal year, management advised the Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles and reviewed significant accounting and disclosure issues with the Committee. These reviews included discussion with the independent registered public accounting firm of matters required to be discussed pursuant to *Statement on Auditing Standards No. 61 (Communication with Audit Committees)*, as amended, including the quality of our accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Committee also received the written disclosures and letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding its communications with the Committee concerning independence, and has discussed with Ernst & Young LLP its independence.

Also with respect to fiscal 2009, the Audit Committee received periodic updates provided by management, the independent registered public accounting firm and the internal auditors at each regularly scheduled Audit Committee meeting and provided oversight during the process. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed a report on, the effectiveness of our internal control over financial reporting. The Audit Committee also reviewed Management's Report on Internal Control over Financial Reporting and Ernst & Young LLP's Reports of Independent Registered Public Accounting Firm included in our Annual Report on Form 10-K for the year ended December 31, 2009.

Taking all of these reviews and discussions into account, the undersigned Committee members recommended to the Board of Directors that the Board approve the inclusion of our audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the SEC.

Submitted by the Audit Committee of the Board of Directors:

C. Michael Jacobi, Chair  
Donna M. Alvarado  
Charles L. Overby  
Henri L. Wedell

**PROPOSAL 1 ELECTION OF DIRECTORS**

**Directors Standing for Election**

The current term of office of each of our directors expires at the Annual Meeting. The Board of Directors proposes that the following nominees, all of whom are currently serving as directors, be re-elected for a new term to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. We expect each of the nominees to serve if elected. If any of them becomes unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

A plurality of the votes cast is sufficient to elect each director.

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The general criteria considered by the Nominating and Governance Committee with respect to director nominees are discussed on page 9 under the heading Director Candidates. Based on evaluation of those criteria, the Board believes that each of the nominees contributes relevant skills, expertise and experience to the Board and that the group of nominees collectively has the skills, expertise, experience, independence and other attributes necessary to discharge effectively the Board's oversight responsibilities on behalf of the Company's stockholders.

Information regarding each of the nominees for director, including particular qualifications considered for each nominee, is set forth below. Directors' ages are given as of the date of this Proxy Statement.

As previously announced, Lucius E. Burch, III retired as a director and member of the Board's Audit and Executive Committees in February 2010. The directors express their sincere appreciation to Mr. Burch for his service and extensive contributions to CCA and its stockholders.

**The Board of Directors unanimously recommends a vote FOR each of the 13 nominees listed below.**

**JOHN D. FERGUSON**

**Director since 2000**

Mr. Ferguson, age 64, has served as a director since August 2000 and also serves as Chairman of our Board and member of our Executive Committee. Mr. Ferguson formerly served as our Chief Executive Officer from August 2000 to October 2009 and as our President from August 2000 until July 2008. Mr. Ferguson's career in business and government includes service as the Commissioner of Finance for the State of Tennessee and as the chairman and chief executive officer of Community Bancshares, Inc., the parent corporation of The Community Bank of Germantown (Tennessee), as well as service on the State of Tennessee Board of Education and the Governor's Commission on Practical Government for the State of Tennessee. Mr. Ferguson currently serves as a director of the Tennessee Performing Arts Center, the Boy Scouts of America Middle Tennessee Council, the Nashville Symphony Association and the Nashville Alliance for Public Education. Mr. Ferguson graduated from Mississippi State University in 1967.

In making the decision to nominate Mr. Ferguson to serve as a director, the Nominating and Governance Committee considered, in addition to the criteria referred to above, Mr. Ferguson's knowledge of the Company and its business and management team by virtue of his past service as our President and Chief Executive Officer; his demonstrated business acumen and leadership skills; his understanding of government gained through his experience in state government; and his civic and community involvement.

**DAMON T. HININGER**

**Director since 2009**

Damon T. Hininger, age 40, has served as a director and our President and Chief Executive Officer since October 2009. From July 2008 until October 2009, Mr. Hininger served as our President and Chief Operating Officer. From 2007 until July 2008, Mr. Hininger served as our Senior Vice President, Federal and Local Customer Relations. Mr. Hininger joined the Company in 1992 and held several positions, including Vice President, Business Analysis and Vice President, Federal Customer Relations before being promoted to Senior Vice President. Mr. Hininger earned a bachelor's degree from Kansas State University and an M.B.A. from the Jack Massey School of Business at Belmont University.

In making the decision to nominate Mr. Hininger to serve as a director, the Nominating and Governance Committee considered, in addition to the criteria referred to above, his current service as our President



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and Chief Executive Officer and his comprehensive knowledge of the Company, its business, operations and management team through his current position and past roles with the Company, including roles at the facility operations level and as Chief Operations Officer and Senior Vice President, Federal and Local Customer Relations.

**DONNA M. ALVARADO**

**Director since 2003**

Ms. Alvarado, age 61, has served as a director and member of our Audit Committee since December 2003.

Ms. Alvarado is the founder and current president of Aguila International, an international business-consulting firm that specializes in human resources and leadership development. She also serves as a director and member of the audit and compensation committees of CSX Corporation, a publicly-traded provider of rail and other transportation services, as a director of Park National Bank, the lead affiliate bank of Park National Corporation, a publicly-held bank holding company, and as a member and the immediate past Chairwoman of the Ohio Board of Regents.

Ms. Alvarado has held senior management positions in government, including Deputy Assistant Secretary of Defense with the U.S Department of Defense and Director of ACTION, the federal domestic volunteer agency. Ms. Alvarado earned both a master's and a bachelor's degree in Spanish from Ohio State University, completed doctoral coursework in Latin American Literature at the University of Oklahoma and earned a postgraduate certificate in Financial Management from the Wharton School of Business at the University of Pennsylvania.

In making the decision to nominate Ms. Alvarado to serve as a director, the Nominating and Governance Committee considered, in addition to the criteria referred to above, her understanding of government through her public sector experience; her experience as a public company director and audit committee member; her human resources and leadership development expertise; her civic and community involvement; and her contribution to the Board's gender and cultural diversity.

**WILLIAM F. ANDREWS**

**Director since 2000**

Mr. Andrews, age 78, has served as a director since August 2000. Mr. Andrews also serves as Chair of our Executive Committee. From August 2000 until July 2008, Mr. Andrews served as Chairman of our Board. Mr. Andrews has been a principal of Kohlberg & Company, a private equity firm specializing in middle market investing, since 1995. He also currently serves as chairman of Katy Industries, Inc., a publicly-traded diversified manufacturing company with consumer and commercial product lines; a director of Black Box Corporation, a publicly-traded provider of information technology infrastructure solutions; a director of Trex Corporation, a publicly-traded producer of decking and railing products; a director of O'Charley's Inc., a publicly-traded restaurant company; and chairman of SVP Holdings, Ltd. and a director of Central Parking Corporation, both private companies. Mr. Andrews is a graduate of the University of Maryland and received an M.B.A from Seton Hall University.

In making the decision to nominate Mr. Andrews to serve as a director, the Nominating and Governance Committee considered, in addition to the criteria referred to above, Mr. Andrews' past or current experience as a director of several publicly-companies, including his experience as Chairman of our Board; his leadership and oversight experience across a diverse array of industries; and his knowledge and experience with respect to corporate finance and investing.

**JOHN D. CORRENTI**

**Director since 2000**

Mr. Correnti, age 63, has served as a director since December 2000 and is a member of our Compensation Committee. Mr. Correnti is the chairman and executive officer of Steel Development Company, a steel development and operations company. Mr. Correnti served as chief executive officer of SeverCorr, LLC,

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a steel mill operator, from 2005 through January 2008 and as chairman and chief executive officer of SteelCorr, LLC from 2002 through 2005. Mr. Correnti also serves as a director of Navistar International Corporation, a publicly traded holding company of transportation related and other businesses. Mr. Correnti holds a B.S. degree in civil engineering from Clarkson University.

In making the decision to nominate Mr. Correnti to serve as a director, the Nominating and Governance Committee considered, in addition to the criteria referred to above, his executive leadership experience gained through his service as a chief executive of established and start-up companies, both public and private, and his public company director experience.

**DENNIS W. DECONCINI**

**Director since 2008**

Mr. DeConcini, age 72, was appointed as a director and member of our Nominating and Governance Committee in February 2008. Mr. DeConcini served as a member of the United States Senate as a Senator from Arizona for three terms (18 years). During his Senate tenure, he served on the Senate Select Committee on Intelligence (as Chairman from 1993 – 1994), the Judiciary Committee and the Appropriations Committee, and served as rotating Chairman to the Commission on Security and Cooperation in Europe (the Helsinki Commission). He currently is a partner in the law firm DeConcini McDonald Yetwin & Lacy, P.C. in Tuscon, Arizona. He also is a member of the Arizona Board of Regents, the governing body for the Arizona State University system, and the boards of directors of both the National and International Centers for Missing and Exploited Children. Mr. DeConcini served in the United States Army and Reserve from 1959 to 1967. He received his B.A. from the University of Arizona in 1959 and his L.L.B. from the University of Arizona in 1963.

In making the decision to nominate Mr. DeConcini to serve as a director, the Nominating and Governance Committee considered, in addition to the criteria referred to above, his understanding of government, politics and the public sector through his service as a United States Senator, a member of the Arizona Board of Regents and as a registered lobbyist; his understanding of and experience with the State of Arizona, a state where a significant portion of our operations is located; his understanding of corporate governance, legal and compliance matters through his education and background as a lawyer and former prosecutor; and his civic and community involvement.

**JOHN R. HORNE**

**Director since 2001**

Mr. Horne, age 72, has served as a director since December 2001 and is a member of our Compensation Committee. Mr. Horne served as chairman of Navistar International Corporation from April 1996 to February 2004 and prior to that as Navistar's president and chief executive officer. Mr. Horne currently serves on the board of directors of Junior Achievement of Chicago. Mr. Horne received his M.S. degree in mechanical engineering from Bradley University in 1964, a B.S. degree in mechanical engineering from Purdue University in 1960, which also awarded him an Honorary Doctor of Engineering degree in May 1998, and is a graduate of the management program at Harvard Graduate School of Business Administration.

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