Corrections Corporation of America Announces Record Date for Paid-In-Kind Dividend on Shares of Series B Preferred Stock

June 11, 2001

NASHVILLE, Tenn., Jun 11, 2001 (BUSINESS WIRE) -- Corrections Corporation of America (NYSE:CXW) announced today that, pursuant to the terms of the Company's Series B Cumulative Preferred Stock (the "Series B Preferred Stock"), the Company's Board of Directors has declared a paid-in-kind dividend on the shares of Series B Preferred Stock for the period from April 1, 2001, through June 30, 2001, payable on Monday, July 2, 2001, to the holders of record of the Company's Series B Preferred Stock on June 19, 2001. As a result of the Board's declaration, the holders of the Company's Series B Preferred Stock will be entitled to receive 3.0 shares of Series B Preferred Stock for every 100 shares of Series B Preferred Stock held by them on the record date. The Company will "round-up" in lieu of issuing fractional shares in the distribution, a courtesy that will be extended to all beneficial holders of the Series B Preferred Stock. The number of shares to be issued as the dividend is based on a dividend rate of 12% per annum of the stock's stated value ($24.46 per share). The dividend will be paid only on shares of Series B Preferred Stock outstanding on the record date and not previously converted into shares of the Company's common stock.

Under the terms of the Series B Preferred Stock, the Company is required to pay quarterly dividends in arrears, when and as declared by the Company's Board of Directors, in additional shares of Series B Preferred Stock at a rate of 12% per year for the first three years following the issuance of the shares (i.e., until September 2003). Cash dividends are payable thereafter at a rate of 12% per year, provided that all accrued and unpaid cash dividends have been made on the Company's Series A Preferred Stock. The shares of Series B Preferred Stock currently outstanding and those to be issued as the dividend are not, and will not be, convertible at any time into shares of the Company's common stock.

The distribution of the shares of Series B Preferred Stock on July 2, 2001, as well as all previous and future dividends whether paid in stock or cash, will generally be treated as a taxable dividend. Thus stockholders receiving such shares will generally recognize ordinary income equal to the fair market value of the shares received.

The Company remains prohibited from declaring or paying any dividends with respect to its currently outstanding 8.0% Series A Preferred Stock under the terms of its senior secured credit facility. Dividends with respect to the Series A Preferred Stock will continue to accrue under the terms of the Company's charter until such time as payment of such dividends is permitted under the terms of the credit facility. The Company intends to pursue restoration of the dividends on the Series A Preferred Stock; however, there can be no assurance that such dividend will be restored. The terms of the Series A Preferred Stock do not prohibit the Company's payment of the paid-in-kind dividend on the shares of Series B Preferred Stock.

About the Company

CCA is the nation's largest provider of detention and corrections services to governmental agencies with approximately 61,000 beds in 65 facilities under contract for management in the United States and Puerto Rico. CCA's full range of services includes management of new or existing jails and prisons for adults and juveniles, long distance transportation services and the design, construction and renovation of prison facilities.

Forward-Looking Statements

This press release contains statements that are forward-looking statements as defined within 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. Factors that could cause operating and financial results to differ are described in the Company's Form 10-K, as well as in other documents filed with the Securities and Exchange Commission, and these factors include, but are not limited to, the growth of the private corrections and detention industry, the Company's ability to obtain and maintain facility management contracts and general market conditions. The Company does not undertake any obligation to publicly release the result of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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