



Corrections Corporation of America Determines Fair Market Value of Shares of Series B Preferred Stock Issued on July 2, 2001 as Paid-in-Kind Dividend

July 9, 2001

NASHVILLE, Tenn.– (BUSINESS WIRE) – July 9, 2001 – Corrections Corporation of America (NYSE: CXW) announced today that it has determined the fair market value of the shares of its Series B Preferred Stock distributed on July 2, 2001 as a paid-in-kind dividend on previously issued shares of its Series B Preferred Stock to be \$14.00 per share. Accordingly, the Company's stockholders who received shares of the Series B Preferred Stock as the second quarter 2001 paid-in-kind dividend generally will be required to include as ordinary income on their tax returns \$14.00 for each share of Series B Preferred Stock received by them in the July 2, 2001 distribution to the extent of the Company's current and accumulated earnings and profits (as determined at the end of 2001). Such amount will also constitute the stockholders' basis in the shares received on July 2, 2001. To the extent distributions by the Company during 2001 exceed its current and accumulated earnings and profits as of the end of 2001, the amount in excess will be treated first as a return of capital and thereafter as gain from the sale of 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 until September 2003. Cash dividends are payable thereafter at a rate of 12% per year. Future paid-in-kind dividends on the shares of the Company's Series B Preferred Stock will also generally be taxable as ordinary income (based on the fair market value of the shares distributed on each respective dividend date) to the extent of the Company's current and accumulated earnings and profits as of the end of the year in which such shares are distributed.

The Company previously determined and announced that the fair market value of the shares of its Series B Preferred Stock distributed on April 2 and January 2, 2001 also as a paid-in-kind dividend was \$9.20 and \$6.85 per share, respectively. Accordingly, those stockholders who received shares of the Series B Preferred Stock as part of such dividend payments will be required to include as ordinary income on their tax returns \$9.20 for each share of Series B Preferred Stock received on April 2, 2001 and \$6.85 for each share of Series B Preferred Stock received on January 2, 2001 to the extent of the Company's current and accumulated earnings and profits as of the end of the 2001 taxable year (as determined at the end of 2001).

About the Company

The Company is the world'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. The Company's full range of services includes design, construction, ownership, renovation and management of new or existing jails and prisons, as well as long distance inmate transportation services. 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 CCA'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, CCA's ability to obtain and maintain facility management contracts and general market conditions. CCA 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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