



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

September 7, 2001

NASHVILLE, Tenn., Sep 7, 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 July 1, 2001, through September 30, 2001, payable on Monday, October 1, 2001, to the holders of record of the Company's Series B Preferred Stock on Monday, September 17, 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 they hold 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).

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 October 1, 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.

About the Company

The Company is the nation's largest provider of outsourced corrections management services, housing an inmate population larger than that of all but five public correctional systems in the United States. The Company specializes in owning, operating and managing prisons and other correctional facilities and providing inmate residential and prisoner transportation services for governmental agencies. In addition to providing the fundamental residential services relating to inmates, each of the Company's facilities offers a variety of rehabilitation and educational programs, including basic education, life skills and employment training and substance abuse treatment. The Company also provides health care (including medical, dental and psychiatric services), institutional food services and work and recreational programs. The Company owns or manages approximately 65,000 beds in 70 facilities in the United States and Puerto Rico, with 64 facilities under contract for management containing approximately 61,000 beds, four leased facilities and two facilities under construction.

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.

The Company takes no responsibility for updating the information contained in this press release following the date hereof or for any changes or modifications made to this press release or the information contained herein by any third-parties, including, but not limited to, any wire or Internet services.

CONTACT: Corrections Corporation of America
Karin Demler, 615/263-3005