



Corrections Corporation of America Determines Fair Market Value of Shares of Series B Preferred Stock Issued on October 1, 2001 as Paid-In-Kind Dividend

October 9, 2001

NASHVILLE, Tenn., Oct 9, 2001 (BUSINESS WIRE) -- 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 October 1, 2001 as a paid-in-kind dividend on previously issued shares of its Series B Preferred Stock to be \$14.83 per share. Accordingly, the Company's stockholders who received shares of the Series B Preferred Stock as the third quarter 2001 paid-in-kind dividend generally will be required to include as ordinary income on their tax returns \$14.83 for each share of Series B Preferred Stock received by them in the October 1, 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 October 1, 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 January 2, 2001, April 2, 2001 and July 2, 2001 also as a paid-in-kind dividend was \$6.85, \$9.20 and \$14.00 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 the amount determined for each share received in each applicable quarter, 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 nation's largest provider of outsourced correctional 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 education 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 the press release or the information contained herein by any third-parties, including, but not limited to, any wire or internet services.

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