



Corrections Corporation of America Determines Fair Market Value of Shares of Series B Preferred Stock Issued on July 1, 2002 as Paid-In-Kind Dividend

July 15, 2002

NASHVILLE, Tenn., Jul 15, 2002 /PRNewswire-FirstCall via COMTEX/ -- 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 1, 2002, as a paid-in-kind dividend on previously issued shares of its Series B Preferred Stock to be \$23.55 per share. Accordingly, the Company's stockholders who received shares of the Series B Preferred Stock as the second quarter 2002 paid-in-kind dividend generally will be required to include as ordinary income on their 2002 tax returns \$23.55 for each share received to the extent of the Company's current and accumulated earnings and profits (as determined at the end of 2002). Such amount will also constitute the stockholders' basis in the shares. To the extent distributions by the Company during 2002 exceed its current and accumulated earnings and profits as of the end of 2002, 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 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, 2002, and April 1, 2002, also as a paid-in-kind dividend was, \$19.55 and \$19.30 per share, respectively. Accordingly, those stockholders who received shares of the Series B Preferred Stock as part of such dividends will be required to include as ordinary income on their tax returns the amount determined for each share received in the January and April distributions, to the extent of the Company's current and accumulated earnings and profits as of the end of the 2002 taxable year.

About the Company

The Company is the nation's largest owner and operator of privatized correctional and detention facilities and one of the largest prison operators in the United States, behind only the federal government and four states. The Company currently owns 40 correctional, detention and juvenile facilities, three of which are leased to other operators, and one additional facility which is not yet in operation. Following the previously announced termination of the Company's Guayama, Puerto Rico contract, and including the McRae Correctional Facility which the Company anticipates will be in full operation during the fourth quarter of 2002, the Company will operate 61 facilities, including 37 company-owned facilities, with a total design capacity of approximately 60,000 beds in 21 states and the District of Columbia. 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, the Company's facilities offer a variety of rehabilitation and educational programs, including basic education, life skills and employment training and substance abuse treatment. These services are intended to reduce recidivism and to prepare inmates for their successful re-entry into society upon their release. The Company also provides health care (including medical, dental and psychiatric services), food services and work and recreational programs.

CCA 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.

SOURCE Corrections Corporation of America

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