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PROSPECTUS

Filed Pursuant to Rule 424(b)(3)
Registration No: 333-96721

CORRECTIONS CORPORATION OF AMERICA

Offer to Exchange

up to $250,000,000 of 9 7/8% Senior Notes due 2009
for
up to $250,000,000 of 9 7/8% Senior Notes due 2009
that have been registered under the Securities Act of 1933

Terms of the exchange offer:

- Expires at 12:00 midnight, New York City time, on February 7, 2003, unless extended.
- The only conditions to completing the exchange offer are that the exchange offer not violate applicable law or applicable interpretations of the staff of the Securities and Exchange Commission and no injunction, order or decree has been issued which would prohibit, prevent or materially impair our ability to proceed with the exchange offer.
- All old notes that are validly tendered and not validly withdrawn will be exchanged.
- Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.
- The terms of the registered notes to be issued in the exchange offer are substantially identical to the old notes that we issued on May 3, 2002, except for certain transfer restrictions, registration rights and liquidated damages provisions relating to the old notes that will not apply to the registered notes. The registered notes will be unconditionally guaranteed by all of our existing domestic subsidiaries (other than our Puerto Rican subsidiary) and all of our future domestic subsidiaries.
- We will not receive any cash proceeds from the exchange offer.
- We believe the exchange of registered notes for outstanding notes will not be a taxable event for U.S. federal income tax purposes.

You should consider carefully the "Risk Factors" beginning on page 18 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 8, 2003

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This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus. See “Where You Can Find Additional Information” and “Incorporation of Information by Reference.” This information, excluding exhibits to the information unless the exhibits are specifically incorporated by reference into the information, is available without charge to any holder or beneficial owner of outstanding notes upon written or oral request to our Investor Relations Department at 10 Burton Hills Boulevard, Nashville, Tennessee 37215, telephone number (615) 263-3000. To obtain timely delivery of this information, you must request this information no later than five business days before the expiration of the exchange offer. Therefore, you must request information on or before January 31, 2003.

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SUMMARY

The following is a summary of the material information appearing elsewhere in this prospectus. The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial statements (including the accompanying notes) contained elsewhere in this prospectus or incorporated by reference herein. We refer to Corrections Corporation of America and its subsidiaries as "we" or "CCA," unless the context clearly indicates otherwise. References to "notes" means both the old notes and the registered notes, unless the context otherwise requires.

The Exchange Offer

On May 3, 2002, we issued in a private placement $250.0 million in aggregate principal amount of our 9 7/8% Senior Notes due 2009, which we refer to as the "old notes." We refer to this private placement as the "original note offering." We entered into a registration rights agreement with the initial purchasers of the notes in which we agreed to deliver to you this prospectus. You are entitled to exchange your old notes in the exchange offer for registered notes with substantially identical terms. Unless you are a broker-dealer or unable to participate in the exchange offer, we believe that the notes to be issued in the exchange offer may be resold by you without compliance with the registration and prospectus delivery requirements of the Securities Act of 1933. You should read the discussions under the headings "The Exchange Offer" and "Description of the Registered Notes" for further information regarding the registered notes.

The Company

General

We are 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. We own 40 correctional, detention and juvenile facilities, three of which we lease to other operators, and one additional facility which is not yet in operation. We currently operate 60 facilities (including our McRae, Georgia facility which commenced full operations during the fourth quarter of 2002), including 37 facilities that we own, with a total design capacity of approximately 59,000 beds in 21 states and the District of Columbia. For the year ended December 31, 2001, we had revenues of $936.4 million. For the year ended December 31, 2001, we had operating income before depreciation and amortization and impairment losses which we, along with our lenders, securities analysts, and other interested parties commonly refer to as, and which will be referred to herein as, adjusted EBITDA, of $192.7 million. For the nine months ended September 30, 2002, we had revenues and adjusted EBITDA of $714.5 million and $139.8 million, respectively. Adjusted EBITDA is not a measure of performance under generally accepted accounting principles, and other companies may compute adjusted EBITDA differently than we do. Our calculation of adjusted EBITDA includes both continuing operations and discontinued operations, which is consistent with the requirements of our debt covenant calculations. For a reconciliation of adjusted EBITDA to net income as defined under generally accepted accounting principles, see Note 1 to our table of "Summary Historical Financial and Operating Data" included in this prospectus.

We manage approximately 50% of all privately managed prison beds in the United States. We have approximately 13,000 employees and provide management services for minimum-, medium- and maximum-security inmates under contracts with approximately 60 federal, state and local agencies. In addition to providing the fundamental residential services relating to inmates, our facilities offer a variety of rehabilitation and educational programs, including basic education, religious services, 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. In addition, we provide health care (including medical, dental and psychiatric services), food services and work and recreational programs. We also provide inmate transportation services for government agencies through our subsidiary, TransCor America, LLC.

Under our management services contracts, government agencies pay us at an inmate per diem rate based upon actual or minimum guaranteed occupancy levels. Our management service contracts typically have terms of one to five years, and contain multiple renewal options exercisable at the option of the contracting government agency. We have over 40 contracts with government entities for which we have been providing services for five years or more. Our management services contracts have been a reliable source of revenue, reflected by the renewal of over 90% of our contracts over the past three years. Furthermore, a substantial majority of our customers are government entities with a single-A credit rating or higher.

We increased average system-wide occupancy, based on rated capacity, for facilities in operation to 88.4% for the year ended December 31, 2001 from 84.8% for the year ended December 31, 2000. Our average system-wide occupancy for facilities in operation for the quarter ended September 30, 2002 was 90.6%, with system-wide occupancy for facilities in operation of 90.2% at September 30, 2002. Excluding our Northeast Ohio Correctional Center, which is currently idle, our average occupancy would have been 91.1% for the year ended December 31, 2001 and 93.9% for the quarter ended September 30, 2002, and, at September 30, 2002, our system-wide occupancy would have been 93.4%. These occupancy rates exclude our 1,500 bed McRae, Georgia facility which commenced full operations during the fourth quarter of 2002, and our 1,500 bed Stewart County, Georgia facility, for which construction is incomplete.

Our History

Our predecessor, Corrections Corporation of America, a Tennessee corporation, or old CCA, was founded in 1983 as the first owner and operator of privatized correctional and detention facilities. From January 1, 1999 to October 1, 2000, we operated as Prison Realty Trust, a publicly traded real estate investment trust, or REIT. Prison Realty Trust was the owner of all of our owned facilities while all of our prison operations (i.e., the management of our owned prisons and the management of government-owned prisons) were conducted by three operating companies.

In order to provide a simplified and more stable corporate and financial structure that allows us to retain earnings for capital purposes and to reduce debt, we merged with the three operating companies during the fourth quarter of 2000. In connection with the consummation of these mergers, we resumed operations under the “Corrections Corporation of America” name and ceased operating as a REIT. Also in connection with the mergers, we instated a new management team and reconstituted our board of directors so that a majority of our directors are independent. We believe the combination of these various changes led to significant improvement in our financial performance and condition, including a reduction of over $189 million of our senior debt in 2001 and the refinancing of our senior indebtedness during the second quarter of 2002.

Recent Developments

Refinancing of Senior Indebtedness. On May 3, 2002, we completed a refinancing of our senior indebtedness through the refinancing of our previously existing senior secured bank credit facility and the sale of $250.0 million of the old notes in the original offering. The proceeds of the offering of the old notes were used to repay a portion of amounts outstanding under our previously existing senior secured bank credit facility, to purchase approximately $89.2 million of our $100.0 million 12% senior notes due 2006, and to pay related fees and expenses. As a result of the refinancing, we obtained a new $715.0 million senior secured bank credit facility which replaced our previously existing senior secured bank credit facility. The new facility is comprised of a $75.0 million revolving loan with a term of approximately four years, a $75.0 million term loan with a term of approximately four years, and a $565.0 million term loan with a term of approximately six years. All borrowings under the facility initially bear interest at a base rate or LIBOR plus 3.5%. Lehman Commercial Paper Inc. serves as Administrative Agent under the new facility.

As a result of the early extinguishment of the previously existing senior secured bank credit facility and the purchase of substantially all of the 12% senior notes, during the second quarter of 2002 we recorded an extraordinary loss of approximately $36.7 million, which included the write-off of existing deferred loan costs, certain bank fees paid, premiums paid to purchase the 12% senior notes, and certain other costs associated with the refinancing.

Award of Contract with Federal Bureau of Prisons. On May 30, 2002, we were awarded a contract with the Federal Bureau of Prisons, or the BOP, to house approximately 1,500 federal detainees at our McRae Correctional Facility located in McRae, Georgia. The three-year contract, awarded as part of the Criminal Alien Requirement Phase II Solicitation, or CAR II, also provides for seven one-year renewals. The contract guarantees at least 95% occupancy on a take-or-pay basis. Under the provisions of the CAR II award, we could earn revenues of up to approximately $109 million during the first three years of the contract.

On November 20, 2002, we received a Notice to Proceed from the BOP to begin performance of the contract on December 1, 2002. The Notice to Proceed serves as the last official procedure in the federal contract award process. As a result, we began generating revenue from the McRae Correctional Facility on December 1, 2002. We have incurred, or expect to incur, a total of approximately $6 million of additional capital expenditures in preparation of this facility for operations pursuant to BOP specifications. Prior to the operation of this facility under the CAR II contract, the facility was unoccupied.

IRS Settlement With Respect to 1997 Federal Income Tax Audit. In connection with the merger with old CCA on December 31, 1998, we assumed the tax obligations of old CCA. The Internal Revenue Service has completed field audits of old CCA's federal tax returns for the taxable years ended December 31, 1998 and 1997, and has also completed auditing our federal tax return for the taxable year ended December 31, 2000.

The IRS agent's report related to 1998 and 1997 included a determination by the IRS to increase taxable income by approximately $120.0 million. We appealed the IRS's findings with the Appeals Office of the IRS. On October 24, 2002 we entered into a definitive settlement agreement with the IRS in connection with the IRS's audit of old CCA's 1997 federal income tax return. Under the terms of the settlement, in consideration for the IRS's final determinations with respect to the 1997 tax year, we agreed to pay approximately $46.6 million in cash to satisfy federal taxes and interest. As a result of this settlement, we also owe approximately $7.6 million in state taxes and interest. Substantially all of these amounts were paid during the fourth quarter of 2002 with cash on hand.

Pursuant to the terms of the settlement, the audit adjustments agreed to for the 1997 tax year will not trigger any additional distribution requirements by us in order to preserve our status as a REIT for federal income tax purposes for 1999. The adjustments will, however, serve to increase our accumulated earnings and profits in 2002 and therefore may affect the taxability of dividends paid on our Series A and Series B Preferred Stock in 2002 and later years.

Based on the terms of the settlement, the amount previously reserved for this matter, and our current estimates of taxable income for 2002, the settlement is not expected to result in either a material tax benefit or tax expense for 2002. In addition, due to the Job Creation and Worker Assistance Act of 2002, the settlement will create an opportunity to utilize any 2002 tax losses to claim a refund of a portion of the taxes paid.

We are continuing to appeal the IRS's findings with respect to the IRS's audit of old CCA's 1998 federal income tax return and our 2000 federal income tax return.

Cancellation of Contracts by Commonwealth of Puerto Rico. On May 7, 2002, we received notice from the Commonwealth of Puerto Rico terminating our contract to manage the 1,000 bed medium-security Guayama Correctional Center located in Guyama, Puerto Rico. The contract, which, during the fourth quarter of 2001, was extended by Puerto Rico through December 2006, was terminable at any time without cause by the Puerto Rican government. We transferred operations of the facility to the Commonwealth of Puerto Rico on August 6, 2002.

Puerto Rico also previously terminated our contracts to manage the 1,000 bed medium-security Ponce Adult Correctional Facility and the 500 bed multi-security Ponce Young Adult Correctional Facility located in Ponce, Puerto Rico. Puerto Rico assumed the management of these facilities on May 4, 2002. Together with the operation of the Guayama Correctional Center, during the first nine months of 2002, we generated approximately $3.0 million in adjusted EBITDA from the operation of the Puerto Rican facilities.

Contract with the State of Wisconsin. On September 30, 2002, we announced a contract award from the State of Wisconsin to house up to a total of 5,500 medium-security Wisconsin inmates, although the State of Wisconsin is under no obligation to utilize the maximum capacity under the contract. The new contract replaced an existing contract with the State of Wisconsin effective December 22, 2002. We managed approximately 3,500 Wisconsin inmates at four of our facilities, under our previous contract with the State of Wisconsin.

Contract with the State of Tennessee. On October 28, 2002, we announced a lease of our Whiteville Correctional Facility located in Whiteville, Tennessee to Hardeman County, Tennessee which has contracted with the State of Tennessee to manage up to 1,536 inmates. We have contracted with Hardeman County to manage the inmates housed in the Whiteville facility.

Contracts with Oklahoma Department of Corrections. We currently house approximately 2,600 adult male inmates for the Oklahoma Department of Corrections, or the ODC, at three of our owned facilities in Oklahoma. Our contracts with the ODC expired in March 2002. Rather than renew the contracts pursuant to their renewal provisions, in April 2002 the ODC issued a Request for Proposal, or RFP, that covered substantially all inmates housed in the six privately owned and operated prisons located in the state of Oklahoma, including three facilities managed by other private prison operators. We submitted proposals in response to the RFP to continue housing inmates in our three Oklahoma facilities, and also submitted a proposal to expand the number of inmates we could house at one of these facilities. The RFP was subsequently withdrawn. The contracts for these facilities have since been renewed on terms substantially similar to the expired contracts.

Contracts with Mississippi Department of Corrections. On June 28, 2002, we received notice from the Mississippi Department of Corrections terminating our contract to manage the 1,016 bed Delta Correctional Facility located in Greenwood, Mississippi, due to the non-appropriation of funds. We ceased operations of the facility on October 8, 2002. However, the State of Mississippi has agreed to expand the management contract at the Wilkinson County Correctional Facility to accommodate an additional 100 inmates. These events are not expected to have a material effect on our financial statements.

Contract with the State of Florida. On December 13, 2002, we were informed by the State of Florida of their intention to terminate our contract to manage the Okeechobee Juvenile Offender Correctional Center upon the expiration of a short-term extension to the existing management contract, which expired in December 2002. This termination is not expected to have a material effect on our financial statements. During the nine months ended September 30, 2002, this facility generated approximately $0.6 million in adjusted EBITDA.

Recently Settled Operational Proceedings. On May 20, 2002, our inmate transportation subsidiary, TransCor America, LLC, entered into a definitive agreement to settle certain litigation pending in federal court in the United States District Court for the Western District of Texas, captioned *Cheryl Schoenfeld v. TransCor America, Inc. et al*. The lawsuit was filed by two plaintiffs who alleged that two former employees of TransCor sexually assaulted the plaintiffs during their transportation to a facility in Texas in late 1999. Pursuant to the terms of the settlement agreement, the parties settled all claims with a confidential cash payment made to the plaintiffs in the litigation, the majority of which was funded by insurance proceeds.

Impairment of Goodwill. Upon the adoption of Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets,” or SFAS 142, we recognized an impairment of goodwill of approximately $80.3 million, which was reported as a cumulative effect of an accounting change during the first quarter of 2002. The goodwill was associated with our owned and managed facilities. No impairment of goodwill allocated to the managed-only reporting segment was deemed necessary. As a result, approximately $24.4 million of goodwill remains recorded on our balance sheet as of September 30, 2002.

Newly Appointed Chief Operating Officer. Effective July 1, 2002, James A. Seaton was appointed to serve as our new executive vice president and chief operating officer. Mr. Seaton replaced J. Michael Quinlan, who had served as executive vice president and chief operating officer since 1999. Mr. Quinlan remains an officer of the Company, serving in a strategic business development capacity. From 1998-2000, Mr. Seaton served as President-School Services Division of Sodexho Marriott Services, based in Maryland, where he was responsible for management and growth of the $420 million division and 8,500 associates. From 1972-1998, he served in various leadership roles for Marriott International in Washington, D.C., including Senior Vice President-Corporate Services. Most recently, Mr. Seaton has managed his own consulting/contract CEO firm, serving as Interim Presidents for AMCAS (a subsidiary of Questcom, Inc.), Treats and Eats, and APT Image. He is a graduate of New Mexico State University.

Sale of Interest in Juvenile Facility. On June 28, 2002, we sold our interest in a juvenile facility located in Dallas, Texas for approximately $4.3 million. The facility, which was designed to accommodate 900 at-risk juveniles, was leased to an independent third party operator pursuant to a lease expiring in 2008. Net proceeds from the sale have been used for working capital purposes.

Transfer of Real Property and Related Assets to Subsidiaries. As the result of our former operation as a REIT for federal income tax purposes, and as the result of our comprehensive restructuring in 2000, prior to December 27, 2002, all of our real property and related assets (comprised substantially of 41 correctional, detention and juvenile facilities, two corporate office buildings and certain related assets) were held at our parent-corporation level, with all of our remaining assets (comprised substantially of operating assets, including contracts to operate and manage 60 correctional and detention facilities and the assets comprising our inmate transportation business) being held by our wholly-owned subsidiaries. Effective December 27, 2002, however, we transferred substantially all of the assets held at our parent-corporation level, with an aggregate net book value as of September 30, 2002 of approximately $1.6 billion, to four newly-formed wholly owned first tier and second tier subsidiaries. The transfer was completed in order to assist us in effecting the registration of the registered notes under federal securities laws. We obtained the requisite consent of the lenders under our new senior secured credit facility to complete the asset transfer. We will continue to report our financial results and operations on a consolidated basis.

Our newly-formed subsidiaries, which consist of three limited liability companies formed under the laws of the state of Tennessee and one limited partnership organized under the laws of the state of Delaware, have no assets other than those transferred on December 27, 2002, and have no material operations other than as the owner of the transferred assets. Each of the subsidiaries, together with our other domestic subsidiaries, have fully and unconditionally guaranteed amounts outstanding under our senior secured bank credit facility and have jointly and severally guaranteed all obligations under the old notes, and, upon consummation of the exchange offer, will jointly and severally guarantee all obligations under the registered notes.

Competitive Strengths

We believe that we have and will benefit from a series of competitive business and operating strengths, including strengths resulting from:

- being the largest and most recognized private prison operator in the United States as the result of, among other things, managing 60 facilities throughout the United States and approximately 50% of all privately managed prison beds in the United States;

- having available beds within our existing facilities that provide us with the opportunity to increase cash flow without incurring significant capital expenditures, including approximately 3,000 available beds in two substantially vacant facilities and an additional nine facilities that have 200 or more beds available at each facility;

- managing facilities that generate revenues from a diverse, high quality customer base, which includes contracts with approximately 60 different customers that generally have credit ratings of single-A or better, with only one customer, the BOP, accounting for more than 10% of our total revenues during 2001; and

- having a proven senior management team that has accomplished a number of high priority company initiatives over the past 18-24 months.

Business Strategy

Our primary business strategy is to provide quality corrections services, increase occupancy and revenue, control operating costs and continue to reduce our debt, while maintaining our position as the leading owner, operator and manager of privatized correctional and detention facilities. We will also consider opportunities for growth, including potential acquisitions of businesses within our line of business and those that provide complementary services, provided we believe such opportunities will broaden our market and/or increase the services we can provide to our customers.

The Corrections and Detention Industry

We believe that there are a series of factors and events related to and affecting the corrections and detention industry that will cause the demand for prison beds, including privately managed beds, to continue to increase in the future, including the following:

- the significant growth in the prison and jail population in the United States over the last decade as evidenced by statistics indicating that (i) the number of inmates housed in United States federal and state prisons and local jail facilities increased from 1,148,702 at December 31, 1990 to 1,965,495 at June 30, 2001, and (ii) while the growth rate of the prison population in the United States was only 1.6% from June 30, 2000 to June 30, 2001, the average annual growth rate of the prison population in the United States between December 1995 and June 2001 was 4.0% and the federal prison population increased by 7.2% from June 30, 2000 to June 30, 2001;

- overcrowding in the state and federal prison systems which is expected to continue in the future as a result of stricter sentencing guidelines, longer prison sentences and prison terms for juvenile offenders, state budgetary constraints and demographic changes;

- the significant growth in the private corrections and detention sector, including an 8.7% increase in the private prison population during 2001, which we believe has allowed governments to manage increasing inmate populations while simultaneously controlling correctional costs and improving correctional services; and

- initiatives by the United States federal government in connection with homeland security resulting from the events of September 11, 2001, including proposals contained in the President's budget for fiscal year 2003 relating to $2.0 billion in increased funding to address threats to the nation's security and the consideration of the purchase of privately owned correctional and detention facilities for use by the BOP.

Address and Telephone Number

Our executive offices are located at 10 Burton Hills Boulevard, Nashville, Tennessee 37215. Our telephone number is (615) 263-3000. Our website address is www.correctionscorp.com. Information on our website is not a part of this prospectus.

The Exchange Offer

The exchange offer relates to the exchange of up to $250.0 million aggregate principal amount of old notes for an equal aggregate principal amount of registered notes. On May 3, 2002, we issued and sold $250.0 million in aggregate principal amount of the old notes in a private placement. The form and terms of the registered notes are substantially the same as the form and terms of the old notes, except that the registered notes have been registered under the Securities Act and will not bear legends restricting their transfer. We issued the old notes under an indenture which grants you a number of rights. The registered notes also will be issued under that indenture and you will have the same rights under the indenture as the holders of the old notes. See "Description of the Registered Notes."

Registration Rights Agreement	You are entitled under the registration rights agreement to exchange your old notes for registered notes with substantially identical terms. The exchange offer is intended to satisfy these rights. After the exchange offer is complete, except as set forth in the next paragraph, you will no longer be entitled to any exchange or registration rights with respect to your old notes.
	The registration rights agreement requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for your benefit if you would not receive freely tradeable registered notes in the exchange offer or you are ineligible to participate in the exchange offer and indicate that you wish to have your old notes registered under the Securities Act. See "The Exchange Offer — Procedures for Tendering."
The Exchange Offer	We are offering to exchange $1,000 principal amount of 9 7/8% Senior Notes due 2009, which have been registered under the Securities Act, for each $1,000 principal amount of our unregistered 9 7/8% Senior Notes due 2009. In order to be exchanged, an old note must be properly tendered and accepted. All old notes that are validly tendered and not validly withdrawn will be exchanged.
	As of this date, there are $250.0 million aggregate principal amount of old notes outstanding.
	We will issue the registered notes promptly after the expiration of the exchange offer.
Resales of the Registered Notes	We believe that registered notes to be issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act if you meet the following conditions:
	(1) the registered notes are acquired by you in the ordinary course of your business;
	(2) you are not engaging in and do not intend to engage in a distribution of the registered notes;
	(3) you do not have an arrangement or understanding with any person to participate in the distribution of the registered notes; and

	(4) you are not an affiliate of ours, as that term is defined in Rule 405 under the Securities Act.
	Our belief is based on interpretations by the staff of the Commission, as set forth on no-action letters issued to third parties unrelated to us. The staff has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the staff would make a similar determination with respect to this exchange offer.
	If you do not meet the above conditions, you may incur liability under the Securities Act if you transfer any registered note without delivering a prospectus meeting the requirements of the Securities Act. We do not assume or indemnify you against that liability.
	Each broker-dealer that is issued registered notes in the exchange offer for its own account in exchange for old notes which were acquired by that broker-dealer as a result of market-making activities or other trading activities must agree to deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the registered notes. A broker-dealer may use this prospectus for an offer to resell or to otherwise transfer these registered notes.
Expiration Date	The exchange offer will expire at 12:00 midnight, New York City time, on February 7, 2003, unless we decide to extend the exchange offer. We do not intend to extend the exchange offer, although we reserve the right to do so. If we determine to extend the exchange offer, we do not intend to extend it beyond February 14, 2003.
Conditions to the Exchange Offer	The only conditions to completing the exchange offer are that the exchange offer not violate applicable law or any applicable interpretation of the staff of the Commission and no injunction, order or decree has been issued which would prohibit, prevent or materially impair our ability to proceed with the exchange offer. See “The Exchange Offer — Conditions.”
Procedures for Tendering Old Notes Held in the Form of Book-Entry Interests	The old notes were issued as global securities in fully registered form without coupons. Beneficial interests in the old notes which are held by direct or indirect participants in The Depository Trust Company are shown on, and transfers of the notes can be made only through, records maintained in book-entry form by DTC with respect to its participants.
	If you are a holder of an old note held in the form of a book-entry interest and you wish to tender your old note for exchange pursuant to the exchange offer, you must transmit to State Street Bank and Trust Company, as exchange agent, on or prior to the expiration of the exchange offer either:
	• a written or facsimile copy of a properly completed and executed letter of transmittal and all other required documents to

	the address set forth on the cover page of the letter of transmittal; or • a computer-generated message transmitted by means of DTC's Automated Tender Offer Program system and forming a part of a confirmation of book-entry transfer in which you acknowledge and agree to be bound by the terms of the letter of transmittal. The exchange agent must also receive on or prior to the expiration of the exchange offer either: • a timely confirmation of book-entry transfer of your old notes into the exchange agent's account at DTC, in accordance with the procedure for book-entry transfers described in this prospectus under the heading "The Exchange Offer — Book-Entry Transfer," or • the documents necessary for compliance with the guaranteed delivery procedures described below. A letter of transmittal accompanies this prospectus. By executing the letter of transmittal or delivering a computer-generated message through DTC's Automated Tender Offer Program system, you will represent to us that, among other things: • the registered notes to be acquired by you in the exchange offer are being acquired in the ordinary course of your business; • you are not engaging in and do not intend to engage in a distribution of the registered notes; • you do not have an arrangement or understanding with any person to participate in the distribution of the registered notes; and • you are not our affiliate.
Procedures for Tendering Certificated Old Notes	If you are a holder of book-entry interests in the old notes, you are entitled to receive, in limited circumstances, in exchange for your book- entry interests, certificated notes which are in equal principal amounts to your book-entry interests. See "Description of the Registered Notes — Form of Registered Notes." No certificated notes are issued and outstanding as of the date of this prospectus. If you acquire certificated old notes prior to the expiration of the exchange offer, you must tender your certificated old notes in accordance with the procedures described in this prospectus under the heading "The Exchange Offer — Procedures for Tendering — Certificated Old Notes."
Special Procedures for Beneficial Owners	If you are the beneficial owner of old notes and they are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your old notes, you should promptly contact the person in whose name your old notes are registered and instruct that person to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal

	and delivering your old notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name your old notes are registered. The transfer of registered ownership may take considerable time. See "The Exchange Offer — Procedures for Tendering — Procedures Applicable to All Holders."
Guaranteed Delivery Procedures	If you wish to tender your old notes and: (1) they are not immediately available; (2) time will not permit your old notes or other required documents to reach the exchange agent before the expiration of the exchange offer; or (3) you cannot complete the procedure for book-entry transfer on a timely basis, you may tender your old notes in accordance with the guaranteed delivery procedures set forth in "The Exchange Offer — Procedures for Tendering — Guaranteed Delivery Procedures."
Acceptance of Old Notes and Delivery of Registered Notes	Except under the circumstances described above under "Conditions to the Exchange Offer," we will accept for exchange any and all old notes which are properly tendered in the exchange offer prior to 12:00 midnight, New York City time, on the expiration date. The registered notes to be issued to you in the exchange offer will be delivered promptly following the expiration date. See "The Exchange Offer — Terms of the Exchange Offer."
Withdrawal	You may withdraw the tender of your old notes at any time prior to 12:00 midnight, New York City time, on the expiration date. We will return to you any old notes not accepted for exchange for any reason without expense to you promptly after the expiration or termination of the exchange offer.
Exchange Agent	State Street Bank and Trust Company is serving as the exchange agent in connection with the exchange offer.
Consequences of Failure to Exchange	If you do not participate in the exchange offer, upon completion of the exchange offer, the liquidity of the market for your old notes could be adversely affected. See "The Exchange Offer — Consequences of Failure to Exchange."
Federal Income Tax Consequences	We believe that the exchange of old notes will not be a taxable event for federal income tax purposes. See "Federal Income Tax Considerations."

Terms of the Registered Notes

The registered notes will be identical to the old notes except that the registered notes have been registered under the Securities Act and will not have restrictions on transfer or registration rights. The registered notes will evidence the same debt as the old notes, and the same indenture will govern the registered notes and the old notes.

The following summary contains basic information about the registered notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the registered notes, see "Description of the Registered Notes."

Issuer	Corrections Corporation of America.
Offering	$250,000,000 in aggregate principal amount of 9 7/8% Senior Notes due 2009.
Maturity	May 1, 2009.
Interest Payment Dates	May 1 and November 1 of each year, beginning on November 1, 2002.
Ranking	The notes and subsidiary guarantees are senior obligations of ours and our subsidiary guarantors. Accordingly, they will rank: • equally with all of our and our subsidiary guarantors' existing and future unsecured senior debt; • ahead of any of our and our subsidiary guarantors' future debt that expressly provides for subordination to the notes or the guarantees; and • subordinated to any of our and our subsidiary guarantors' secured indebtedness to the extent of the value of the security for that indebtedness. As of September 30, 2002: • amounts outstanding under our new senior secured bank credit facility, which was the only significant indebtedness that ranked effectively ahead of the notes, was $629.7 million; and • our subsidiaries which will guarantee the notes had guaranteed indebtedness of $629.7 million, which consisted exclusively of guarantees of our borrowings under our new senior secured bank credit facility and which rank effectively ahead of the guarantees of the notes. The indenture governing the notes permits us and the guarantors to incur substantial additional senior indebtedness. As of September 30, 2002, the maximum amount of additional senior indebtedness we and the guarantors were permitted to borrow under the terms of our senior secured credit facility was approximately $60.2 million (exclusive of $14.8 million in letters of credit issued against the facility's borrowing capacity). Our ability to incur any additional indebtedness is limited by the specific terms of the indenture governing the notes. See "Description of the Registered Notes — Incurrence of Indebtedness and Issuance of Preferred Stock."

Optional Redemption	At any time on or after May 1, 2006, we may redeem all or a part of the outstanding notes at the redemption prices specified in this offering memorandum under "Description of the Registered Notes — Optional Redemption," plus accrued and unpaid interest and liquidated damages, if any, to the date of redemption. At any time before May 1, 2005, we may redeem up to 35% of the outstanding notes with the net proceeds of certain equity offerings, as long as at least 65% of the aggregate principal amount of the notes remains outstanding after the redemption.
Mandatory Offer to Repurchase	If we sell certain assets or experience specific kinds of changes in control, we must offer to repurchase the notes at the prices, plus accrued and unpaid interest and liquidated damages, if any, to the date of redemption, listed in "Description of the Registered Notes — Repurchase at the Option of Holders." Sufficient funds may not be available to us, however, at the time of any change of control event to repurchase all or a portion of notes tendered pursuant to this requirement.
Certain Covenants	We will issue the notes under an indenture containing covenants for your benefit. These covenants restrict our ability and the ability of our subsidiaries, with exceptions, to, among other things:
	• pay dividends or make other restricted payments;
	• incur additional debt or issue preferred stock;
	• create or permit to exist certain liens;
	• incur restrictions on the ability of certain of our subsidiaries to pay dividends or other payments;
	• consolidate, merge or transfer all or substantially all our assets; and
	• enter into transactions with affiliates.
	These covenants are subject to a number of important exceptions and qualifications.
Registration Rights	Pursuant to the terms of the registration rights agreement among us, the guarantors and the initial purchasers of the old notes, we and the guarantors have agreed:
	• to file a registration statement on or prior to 90 days after the date of issuance of the old notes with respect to an offer to exchange the old notes for registered notes with substantially identical terms to the old notes, except that the registered notes will not contain terms with respect to transfer restrictions;
	• to use our best efforts to cause the registration statement to be declared effective under the Securities Act within 180 days after the date of the issuance of the old notes; and

	• upon the exchange offer registration statement being declared effective, to offer the registered notes in exchange for surrender of the old notes.
	In the event that the exchange offer is not permitted by applicable law or Commission policy or any holder notifies us prior to the 20th day following the consummation of the exchange offer that such holder (i) is prohibited by law or Commission policy from participating in the exchange offer, (ii) may not resell the registered notes acquired in the exchange offer to the public without delivering a prospectus and this prospectus is not appropriate or available for such resales, or (iii) is a broker-dealer who holds notes acquired directly from us or any of our affiliates, we and the guarantors will also be required to provide a shelf registration statement to cover resales of the notes by the holders thereof.
	As the result of our failure to cause the registration statement to be declared effective prior to 180 days after the date of the original issuance of the old notes, on October 31, 2002 we commenced the payment of liquidated damages to the noteholders at a rate of $0.05 per $1,000 principal amount of the notes for each week we do not comply with the terms of the registration rights agreement. Following January 3, 2003, the date the registration statement of which this prospectus is a part was declared effective, we ceased the payment of liquidated damages. We will be required, however, to recommence the payment of liquidated damages in the event the exchange offer is not consummated, the exchange offer registration statement ceases to be effective or fails to be useable for its intended purpose, or we do not provide any required shelf registration statement on a timely basis.
Form of Registered Notes	The registered notes to be issued in the exchange offer will be represented by one or more global securities deposited with State Street Bank and Trust Company for the benefit of DTC. You will not receive registered notes in certificated form unless one of the events set forth under the heading “Description of the Registered Notes — Form of Registered Notes” occurs. Instead, beneficial interests in the registered notes to be issued in the exchange offer will be shown on, and transfer of these interests will be effected only through, records maintained in book-entry form by DTC with respect to its participants.
Use of Proceeds	We will not receive any cash proceeds upon the completion of the exchange offer.

For a discussion of certain risks that should be considered in connection with an investment in the registered notes, see “Risk Factors.”

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Summary Historical Financial and Operating Data

The following table sets forth certain of our historical financial and operating data. Our summary financial data is derived from our combined and consolidated financial statements for such periods. Our unaudited condensed consolidated financial statements as of September 30, 2002 and for the nine months ended September 30, 2002 and 2001, and our audited combined and consolidated financial statements as of December 31, 2001 and 2000 and for the years ended December 31, 2001, 2000 and 1999 are incorporated herein by reference.

Our financial information for the nine months ended September 30, 2002 and 2001, and for the year ended December 31, 2001 is the only information presented below that fully reflects operating and financial results under our current corporate structure for full periods as an owner, operator and manager of prisons and other correctional facilities. As the result of our mergers in the fourth quarter of 2000, our financial information for the year ended December 31, 2000 set forth below reflects nine months of operations primarily as a lessor of prison and other correctional facilities and three months of operations as an owner, operator and manager of prisons and other correctional facilities. Our financial information for the year ended December 31, 1999 set forth below reflects the results of our operations as a REIT. Therefore, the summary financial information for the years ended December 31, 1999 and 2000 is not comparable to the financial information for the nine months ended September 30, 2002, and for the year ended December 31, 2001. The following data should be read in conjunction with “Selected Historical Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical combined and consolidated financial statements and the related notes included in or incorporated by reference into this prospectus, each of which contains more detailed information with respect to our operations as a REIT for 1999 and our operations and mergers in 2000.

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	Nine Months Ended September 30,		Year Ended December 31,		
	2002	2001	2001	2000	1999
	(Dollars in thousands, except per share amounts)				
Statement of Operations:					
Revenue:					
Management and other	$711,700	$696,187	$930,635	$ 261,774	$ —
Rental	2,781	4,781	5,718	40,938	270,134
Licensing fees from affiliates	—	—	—	7,566	8,699
Total revenue	714,481	700,968	936,353	310,278	278,833
Expenses:					
Operating	554,397	539,637	721,468	217,315	—
General and administrative	23,662	25,465	34,568	45,463	24,125
Depreciation and amortization	38,325	39,443	53,279	59,799	44,062
Fees to Operating Company	—	—	—	1,401	—
Write-off of amounts under lease arrangements	—	—	—	11,920	65,677
Impairment losses	—	—	—	527,919	76,433
Total expenses	616,384	604,545	809,315	863,817	210,297
Operating income (loss)	98,097	96,423	127,038	(553,539)	68,536
Equity (earnings) loss and amortization of deferred gain, net	63	265	358	11,638	(3,608)
Interest expense, net	69,377	97,242	126,242	131,545	45,036
Other income	—	—	—	(3,099)	—
Change in fair value of derivative instruments	(2,834)	11,945	(14,554)	—	—
Loss on disposal of assets	57	141	74	1,733	1,995
Unrealized foreign currency transaction (gain) loss	(442)	129	219	8,147	—
Stockholder litigation settlements	—	—	—	75,406	—
Write-off of loan costs	—	—	—	—	14,567
Income (loss) from continuing operations before income taxes, extraordinary charge, cumulative effect of accounting change and minority interest	31,876	(13,299)	14,699	(778,909)	10,546
Income tax (expense) benefit	33,263	1,614	3,358	48,002	(83,200)
Income (loss) from continuing operations before extraordinary charge, cumulative effect of accounting change and minority interest	65,139	(11,685)	18,057	(730,907)	(72,654)
Minority interest in net loss of PMSI and JJFMSI	—	—	—	125	—
Income (loss) from continuing operations before extraordinary charge and cumulative effect of accounting change	65,139	(11,685)	18,057	(730,782)	(72,654)
Income from discontinued operations, net of taxes	630	6,328	7,637	—	—
Extraordinary charge	(36,670)	—	—	—	—
Cumulative effect of accounting change	(80,276)	—	—	—	—
Net income (loss)	(51,177)	(5,357)	25,694	(730,782)	(72,654)
Distributions to preferred stockholders	(15,574)	(14,915)	(20,024)	(13,526)	(8,600)
Net income (loss) available to common stockholders	$ (66,751)	$ (20,272)	$ 5,670	$(744,308)	$ (81,254)
Basic earnings (loss) per share:					
Income (loss) from continuing operations before extraordinary charge and cumulative effect of accounting change	$ 1.79	$ (1.10)	$ (0.08)	$ (56.68)	$ (7.06)
Income from discontinued operations, net of taxes	0.02	0.26	0.31	—	—
Extraordinary charge	(1.32)	—	—	—	—
Cumulative effect of accounting change	(2.90)	—	—	—	—
Net income (loss) available to common stockholders	$ (2.41)	$ (0.84)	$ 0.23	$ (56.68)	$ (7.06)
Diluted earnings (loss) per share:					
Income (loss) from continuing operations before extraordinary charge and cumulative effect of accounting change	$ 1.59	$ (1.10)	$ (0.08)	$ (56.68)	$ (7.06)
Income from discontinued operations, net of taxes	0.02	0.26	0.31	—	—
Extraordinary charge	(1.14)	—	—	—	—
Cumulative effect of accounting change	(2.49)	—	—	—	—

Net income (loss) available to common stockholders	$ (2.02)	$ (0.84)	$ 0.23	$ (56.68)	$ (7.06)

	As of September 30, 2002
	(Dollars in thousands)
Balance Sheet Data:	
Cash and cash equivalents	$ 101,832
Total assets	1,890,023
Total debt	960,973
Total liabilities	1,197,845
Stockholders' equity	692,178

	Nine Months Ended September 30,		Year Ended December 31,		
	2002	2001	2001	2000	1999
	(Dollars in thousands, except facility operating data)				
Other Financial Data:					
Adjusted EBITDA(1)(2)	$ 139,826	$ 145,442	$ 192,702	$ 115,932	$ 120,955
Net cash provided by (used in):					
Operating activities	122,162	58,273	92,761	(46,563)	79,497
Investing activities	(3,386)	112,559	130,932	(38,451)	(447,573)
Financing activities	(63,251)	(158,345)	(198,275)	(583)	421,428
Capital expenditures	11,901	3,151	6,435	78,633	528,935
Facility Operating Data(3):					
Average available beds	58,582	58,904	58,855	60,424	50,810
Average compensated occupancy	89.0%	88.7%	88.4%	84.8%	91.0%
Total compensated man-days	14,235,282	14,262,542	18,995,016	18,750,204	16,875,369
Revenue per compensated man-day(4)	$ 49.14	$ 47.90	$ 48.11	$ 45.94	$ 44.67
Margin per compensated man-day(5)	$ 11.11	$ 10.94	$ 11.01	$ 8.29	$ 8.84

(1) We compute adjusted EBITDA by adding depreciation and amortization and impairment losses to operating income (loss). Adjusted EBITDA, which, as calculated in this manner is consistent with the requirements of our debt covenant calculations, is presented because we believe it is frequently used by our lenders, securities analysts, investors and other interested parties to evaluate our ability to service debt. We believe adding impairment losses to operating income in the computation of our adjusted EBITDA measurement is appropriate for supplemental analysis because they relate to isolated decisions and events, the charges did not require the use of cash, and the presentation is intended to provide objective and meaningful information about our cash flows and liquidity excluding the effects of these unusual items. However, other companies may calculate adjusted EBITDA differently than we do. Adjusted EBITDA is not a measure of performance under generally accepted accounting principles, or GAAP, and should not be considered as an alternative to cash flows from operating activities or as a measure of liquidity or an alternative to net income as an indicator of our operating performance or any other measure of performance derived in accordance with GAAP. This data should be read in conjunction with our combined and consolidated financial statements and related notes incorporated by reference into this prospectus. A reconciliation of adjusted EBITDA to net income as defined under GAAP is as follows:

	Nine Months Ended September 30,		Year Ended December 31,		
	2002	2001	2001	2000 (2)	1999 (2)
			(Dollars in thousands)		
Adjusted EBITDA	$139,826	$145,442	$ 192,702	$ 115,932	$120,955
Depreciation and amortization	(40,834)	(40,088)	(54,135)	(69,039)	(54,688)
Impairment losses	—	—	—	(527,919)	(76,433)
Stockholder litigation settlement	—	—	—	(75,406)	—
Equity in earnings (loss) of joint venture	(63)	(265)	(358)	(835)	764
Interest expense, net	(69,022)	(96,752)	(125,640)	(146,830)	(50,204)
Other income	—	—	—	3,099	—
Change in fair value of derivatives	2,834	(11,945)	14,554	—	—
Loss on sale of assets	(77)	(141)	(74)	(1,733)	(1,995)
Write-off of loan costs	—	—	—	—	(14,567)
Unrealized foreign currency transaction gain (loss)	442	(129)	(219)	(8,147)	—
Income tax (expense) benefit	32,663	(1,479)	(1,136)	146,230	26,924
Extraordinary charge	(36,670)	—	—	—	—
Cumulative effect of accounting change	(80,276)	—	—	—	—
Net income (loss)	$ (51,177)	$ (5,357)	$ 25,694	$(564,648)	$ (49,244)

(2) With respect to 1999 and 2000, this information is presented on a pro forma basis. Pro forma adjusted EBITDA is derived from the unaudited pro forma operating information reflecting our operations combined with the operations of the three operating companies for the years ended December 31, 2000 and 1999 as if our mergers with the three operating companies had collectively occurred as of January 1, 1999. The unaudited pro forma information includes the amortization of the intangibles recorded in the mergers, but excludes adjustments for: (1) transactions or the effects of transactions between us and the three operating companies, including rental payments, licensing fees, administrative service fees and tenant incentive fees; (2) our write-off of amounts under lease arrangements; (3) our recognition of deferred gains on sales of contracts; (4) our recognition of equity in earnings or losses of the three operating companies; (5) non-recurring merger costs expensed by us; (6) strategic investor fees expensed by us; (7) excise taxes accrued in 1999 related to our status as a REIT; and (8) our provisions for changes in tax status in both 1999 and 2000. The unaudited pro forma information is presented for comparison purposes only and does not purport to represent what our adjusted EBITDA or results of operations actually would have been had our mergers, in fact, collectively occurred as of January 1, 1999.

(3) With respect to 1999 and 2000, for periods prior to the mergers, facility operating data includes that of the three operating companies combined.

(4) Computed by dividing aggregate facility revenue by total compensated man-days.

(5) Computed by deducting facility operating expense per compensated man-day from revenue per compensated man-day.

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus and incorporated herein by reference before making a decision regarding participation in the exchange offer. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations.

Risks Relating to the Notes

Our substantial indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under these notes.

We have a significant amount of indebtedness. As of September 30, 2002, we had total indebtedness of approximately $961.0 million.

Our substantial indebtedness could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds or refinance existing indebtedness on favorable terms.

Our senior secured credit facility and other debt instruments have restrictive covenants that could affect our financial condition.

The indenture related to the notes and our senior secured credit facility contain financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our ability to borrow under our senior secured credit facility is subject to financial covenants, including leverage, interest rate and fixed charge coverage ratios. Our senior secured credit facility limits our ability to effect mergers, asset sales and change of control events. See "Description of Certain Indebtedness and Preferred Stock — Indebtedness — Senior Secured Credit Facility." Although we have reduced our capital expenditures as part of our strategy to decrease our indebtedness and increase our cash flow, these covenants also contain restrictions regarding our ability to make capital expenditures in the future. The indenture related to the notes also contains limitations on our ability to effect mergers and change of control events, as well as other limitations, including:

- limitations on incurring additional indebtedness;
- limitations on the sale of assets;
- limitations on the declaration and payment of dividends or other restricted payments;
- limitations on transactions with affiliates; and
- limitations on liens.

See "Description of Registered Notes — Certain Covenants." Our failure to comply with these covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts. We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant portion of our outstanding indebtedness.

Despite current indebtedness levels, we may still incur more debt. This could further exacerbate the risks described above.

The terms of the indenture and our senior secured credit facility restrict our ability to incur significant additional indebtedness in the future. However, in the future we may refinance all or a portion of our indebtedness, including our senior secured credit facility, and incur more indebtedness as a result. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify. As of September 30, 2002, we had $60.2 million available for borrowing under our senior secured credit facility. See "Description of Certain Indebtedness and Preferred Stock — Indebtedness — Senior Secured Credit Facility."

Servicing our indebtedness will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

The risk exists that our business will be unable to generate sufficient cash flow from operations or that future borrowings will not be available to us under our senior secured credit facility in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. We may not, however, be able to refinance any of our indebtedness, including our senior secured credit facility and the notes, on commercially reasonable terms or at all.

The notes are effectively subordinated to our secured indebtedness and certain indebtedness of our subsidiaries.

The notes are unsecured and therefore are effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness. As of September 30, 2002, our total secured indebtedness was approximately $629.7 million. The indenture permits us to incur additional secured indebtedness provided certain conditions are met. See "Description of the Registered Notes — Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock." Consequently, in the event we are the subject of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, the holders of any secured indebtedness will be entitled to proceed against the collateral that secures the secured indebtedness, and the collateral will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the notes. The indenture also permits our subsidiaries to incur indebtedness which may be secured by the assets of such subsidiaries. The notes are effectively subordinated to such subsidiary indebtedness.

Because portions of our indebtedness have floating rates, a general increase in interest rates will adversely affect cash flows.

Our annual debt service is approximately $87.8 million. Our senior secured credit facility bears interest at a variable rate. As a result, our annual debt service would increase to approximately $94.0 million for a one percent increase in interest rates. To the extent our exposure to increases in interest rates is not eliminated through interest rate protection or cap agreements, such increases will adversely affect our cash flows. We have hedged thirty percent of our senior term loans pursuant to the terms of the senior secured credit facility. These interest rate protection provisions may not, however, be sufficient, and the risk exists that once the interest rate protection agreement expires, we may not be able to enter into additional interest rate protection agreements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures About Market Risk" incorporated herein by reference for a further discussion of our exposure to interest rate increases.

We are required to repurchase all or a portion of the notes upon a change of control.

Upon certain change of control events, as that term is defined in the indenture, including a change of control caused by an unsolicited third party, we are required to make an offer in cash to repurchase all or any part of each holder's notes at a repurchase price equal to 101% of the principal thereof, plus accrued interest. The source of funds for any such repurchase would be our available cash or cash generated from operations or other sources, including borrowings, sales of equity or funds provided by a new controlling person or entity. Sufficient funds may not be available to us, however, at the time of any change of control event to repurchase all or a portion of the tendered notes pursuant to this requirement. Our failure to offer to repurchase notes, or to repurchase notes tendered, following a change of control will result in a default under the indenture, which could lead to a cross-default under our senior secured credit facility and under the terms of our other indebtedness. In addition, our senior secured credit facility prohibits us from making any such required repurchases. Prior to repurchasing the notes upon a change of control event, we must either repay outstanding indebtedness under our senior secured credit facility or obtain the consent of the lenders under our senior secured credit facility. If we do not obtain the required consents or repay our outstanding indebtedness under our senior secured credit facility, we would remain effectively prohibited from offering to purchase the notes. See "Description of Certain Indebtedness and Preferred Stock — Senior Secured Credit Facility" and "Description of the Registered Notes — Repurchase at the Option of Holders — Change of Control."

If you fail to exchange your old notes, they will continue to be restricted securities and may become less liquid.

Old notes which you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities. You may not offer or sell untendered old notes except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue registered notes in exchange for the old notes pursuant to the exchange offer only following the satisfaction of procedures and conditions described elsewhere in this prospectus. These procedures and conditions include timely receipt by the exchange agent of the old notes and of a properly completed and duly executed letter of transmittal.

Because we anticipate that most holders of old notes will elect to exchange their old notes, we expect that the liquidity of the market for any old notes remaining after the completion of the exchange offer may be substantially limited. Any old note tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the old notes outstanding. Following the exchange offer, if you did not tender your old notes you generally will not have any further registration rights and your old notes will continue to be subject to transfer restrictions. Accordingly, the liquidity of the market for any old notes could be adversely affected.

The liquidity of any market for the old notes could be adversely affected after completion of the exchange offer. In addition, there may be no active trading market for the registered notes to be issued in the exchange offer.

There has been no public market for the old notes. If most holders of the old notes tender their notes in the exchange offer, the liquidity for the old notes not tendered in the exchange offer could be adversely affected upon completion of the exchange offer. In addition,

- the liquidity of any market for the registered notes may not develop;
- you may not have the ability to sell registered notes; and
- we cannot guarantee the price at which you will be able to sell the registered notes.

If a public market were to exist, the registered notes could trade at prices that may be higher or lower than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes, and our financial performance. We do not intend to list the registered notes to be issued to you in the exchange offer on any securities exchange or to seek approval for quotations through any automated quotation system. No active market for the registered notes is currently anticipated. Lehman Brothers Inc., Deutsche Bank Securities Inc., UBS Warburg LLC, SG Cowen Securities Corporation, BB&T Capital Markets (a division of Scott and Stringfellow, Inc.), First Analysis Securities Corporation, Jefferies & Company, Inc., McDonald Investments Inc., Morgan Lewis Githens & Ahn, Inc. and SouthTrust Securities, Inc., the initial purchasers of the old notes, have advised us that they currently anticipate making a secondary market for the registered notes, but they are not obligated to do so. As such, an active or liquid public trading market may not develop for the registered notes.

Our former independent public accountant, Arthur Andersen LLP, has been found guilty of federal obstruction of justice charges and you are unlikely to be able to exercise effective remedies against them in any legal action.

Although we have dismissed Arthur Andersen LLP as our independent public accountants and engaged Ernst & Young LLP, our combined and consolidated financial statements as of December 31, 2001 and 2000, and for the years ended December 31, 2001, 2000 and 1999 incorporated by reference into this prospectus were audited by Arthur Andersen LLP. See “Experts” for a discussion of the financial statements incorporated by reference herein. On March 14, 2002, Arthur Andersen was indicted on federal obstruction of justice charges arising from the federal government’s investigation of Enron Corporation. On June 15, 2002, a jury returned with a guilty verdict against Arthur Andersen following a trial. In light of the jury verdict and the underlying events, on August 31, 2002 Arthur Andersen ceased practicing before the Commission. However, we are incorporating in this prospectus the combined and consolidated financial statements audited by Arthur Andersen as of December 31, 2001 and 2000, and for the years ended December 31, 2001, 2000 and 1999. Arthur Andersen has not performed any procedures in connection with this prospectus or the registration statement of which this prospectus is a part and has not consented to the incorporation by reference of its reports in this prospectus.

In reliance on Rule 437a under the Securities Act, we have not filed a consent of Arthur Andersen to the incorporation by reference in this prospectus of their report regarding our financial statements. Because Arthur Andersen has not consented to the incorporation by reference of its report in this prospectus, you will not be able to recover against Arthur Andersen under Section 11 of the Securities Act for any untrue statements of material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated therein. Furthermore, relief in connection with claims that may be available to stockholders under the federal securities laws against auditing firms may not be available to stockholders as a practical matter against Arthur Andersen because it no longer operates as an accounting firm. See also “Experts.”

Moreover, as a public company, we are required to file with the Commission periodic financial statements audited or reviewed by an independent public accountant. The Commission has said that it will continue accepting financial statements audited by Arthur Andersen on an interim basis so long as a reasonable effort is made to have Arthur Andersen reissue its reports and to obtain a manually signed accountant’s report from Arthur Andersen. Arthur Andersen has informed us that it is no longer able to reissue its audit reports because both the partner and the audit manager who were assigned to our account have left the firm. In addition, Arthur Andersen is unable to perform procedures to assure the continued accuracy of its report on our audited financial statements incorporated by reference into this prospectus. Arthur Andersen will also be unable to perform such procedures or to provide other information or documents that would customarily be received by us or underwriters in connection with financings or other transactions, including consents and “comfort” letters. As a result, we may encounter delays, additional expense and other difficulties in future financings. Any resulting delay in accessing or inability to access the public capital markets could have a material adverse effect on us.

Risks Related to Our Business

Our results of operations are dependent on revenues generated by our jails, prisons and detention facilities, which are subject to the following risks associated with the corrections and detention industry.

General. We currently operate 60 correctional and detention facilities (including our McRae, Georgia facility), including 37 that we own. The facilities we manage have a total design capacity of approximately 59,000 beds in 21 states and the District of Columbia. Accordingly, we are subject to the operating risks associated with the corrections and detention industry, including those set forth below.

We are subject to fluctuations in occupancy levels. While a substantial portion of our cost structure is fixed, a substantial portion of our revenues are generated under facility management contracts that specify per diem payments based upon occupancy. Under a per diem rate structure, a decrease in our occupancy rates could cause a decrease in revenue and profitability. Average system-wide occupancy for our facilities in operation for 2001 and 2000 was 88.4% and 84.8%, respectively. For the quarter ended September 30, 2002, our average system-wide occupancy for facilities in operation was 90.6%, with system-wide occupancy of 90.2% at September 30, 2002. Occupancy rates may, however, decrease below these levels in the future.

We are subject to the termination or non-renewal of our government contracts. We typically enter into facility management contracts with governmental entities for terms of up to five years, with additional renewal periods at the option of the contracting governmental agency. Notwithstanding any contractual renewal option of a contracting governmental agency, 37 of our facility management contracts are currently scheduled to expire on or before December 31, 2003. See "Business — Facility Portfolio — Facilities and Facility Management Contracts." One or more of these contracts may not be renewed by the corresponding governmental agency. In addition, these and any other contracting agencies may determine not to exercise renewal options with respect to any of our contracts in the future. We have been informed by the State of Florida of their intention to terminate our contract to manage the Okeechobee Juvenile Offender Correctional Center upon the expiration of a short-term extension to the existing management contract, which expired in December 2002. Governmental agencies typically may also terminate a facility contract at any time without cause. In the event any of our management contracts are terminated or are not renewed on favorable terms or otherwise, we may not be able to obtain additional replacement contracts. The non-renewal or termination of any of our contracts with governmental agencies could materially adversely affect our financial condition, results of operation and liquidity, including our ability to secure new facility management contracts from others.

Competition for inmates may adversely affect the profitability of our business. We compete with government entities and other private operators on the basis of cost, quality and range of services offered, experience in managing facilities and reputation of management and personnel. While there are barriers to entering the market for the management of correctional and detention facilities, these barriers may not be sufficient to limit additional competition. In addition, our government customers may assume the management of a facility currently managed by us upon the termination of the corresponding management contract or, if such customers have capacity at their facilities, may take inmates currently housed in our facilities and transfer them to government run facilities. Since we are paid on a per-diem basis with no minimum guaranteed occupancy under certain of our contracts, the loss of such inmates and resulting decrease in occupancy would cause a decrease in our revenues and profitability.

We are dependent on government appropriations. Our cash flow is subject to the receipt of sufficient funding of and timely payment by contracting governmental entities. If the appropriate governmental agency does not receive sufficient appropriations to cover its contractual obligations, it may terminate our contract or delay or reduce payment to us. Any delays in payment, or the termination of a contract, could have an adverse effect on our cash flow and financial condition. In addition, as a result of, among other things, recent economic developments and the events of September 11, 2001, federal, state and local governments have encountered, and may encounter, unusual budgetary constraints. As a result, a number of state and local governments are under pressure to control additional spending or reduce current levels of spending. Accordingly, we may be requested in the future to reduce our existing per diem contract rates or forego prospective increases to those rates. In addition, it may become more difficult to renew our existing contracts on favorable terms or otherwise.

Public resistance to privatization of correctional and detention facilities could result in our inability to obtain new contracts or the loss of existing contracts. The operation of correctional and detention facilities by private entities has not achieved complete acceptance by either governments or the public. The movement toward privatization of correctional and detention facilities has also encountered resistance from certain groups, such as labor unions and others that believe that correctional and detention facilities should only be operated by governmental agencies.

Moreover, negative publicity about an escape, riot or other disturbance or perceived poor conditions at a privately managed facility may result in publicity adverse to us and the private corrections industry in general. Any of these occurrences or continued trends may make it more difficult for us to renew or maintain existing contracts or to obtain new contracts, which could have a material adverse effect on our business.

Our ability to secure new contracts to develop and manage correctional and detention facilities depends on many factors outside our control. Our growth is generally dependent upon our ability to obtain new contracts to develop and manage new correctional and detention facilities. This depends on a number of factors we cannot control, including crime rates and sentencing patterns in various jurisdictions and acceptance of privatization. The demand for our facilities and services could be adversely affected by the relaxation of enforcement efforts, leniency in conviction and sentencing practices or through the legal decriminalization of certain activities that are currently proscribed by our criminal laws. For instance, any changes with respect to drugs and controlled substances or illegal immigration could affect the number of persons arrested, convicted and sentenced, thereby potentially reducing demand for correctional facilities to house them. Similarly, reductions in crime rates could lead to reductions in arrests, convictions and sentences requiring incarceration at correctional facilities.

Moreover, certain jurisdictions recently have required successful bidders to make a significant capital investment in connection with the financing of a particular project, a trend that will require us to have sufficient capital resources to compete effectively. We may not be able to obtain these capital resources when needed. Additionally, our success in obtaining new awards and contracts may depend, in part, upon our ability to locate land that can be leased or acquired under favorable terms. Otherwise desirable locations may be in or near populated areas and, therefore, may generate legal action or other forms of opposition from residents in areas surrounding a proposed site.

Failure to comply with unique and increased governmental regulation could result in material penalties or non-renewal or termination of our contracts to manage correctional and detention facilities. The industry in which we operate is subject to extensive federal, state and local regulations, including educational, health care and safety regulations, which are administered by many regulatory authorities. Some of the regulations are unique to the corrections industry, and the combination of regulations we face is unique. Facility management contracts typically include reporting requirements, supervision and on-site monitoring by representatives of the contracting governmental agencies. Corrections officers and juvenile care workers are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and subject to background investigation. Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with businesses owned by members of minority groups. Our facilities are also subject to operational and financial audits by the governmental agencies with which we have contracts. We may not always successfully comply with these regulations, and failure to comply can result in material penalties or non-renewal or termination of facility management contracts.

In addition, private prison managers are increasingly subject to government legislation and regulation attempting to restrict the ability of private prison managers to house certain types of inmates, such as inmates from other jurisdictions or inmates at medium or higher security levels. Legislation has been enacted in several states, and has previously been proposed in the United States House of Representatives, containing such restrictions. Although we do not believe that existing legislation will have a material adverse effect on us, future legislation may have such an effect on us.

Government agencies may investigate and audit our contracts and, if any improprieties are found, we may be required to refund revenues we have received, to forego anticipated revenues and we may be subject to penalties and sanctions, including prohibitions on our bidding in response to Requests for Proposals, or RFPs. Certain of the governmental agencies we contract with have the authority to audit and investigate our contracts with them. As part of that process, government agencies may review our performance of the contract, our pricing practices, our cost structure and our compliance with applicable laws, regulations and standards. For contracts that actually or effectively provide for certain reimbursement of expenses, if an agency determines that we have improperly allocated costs to a specific contract, we may not be reimbursed for those costs, and we could be required to refund the amount of any such costs that have been reimbursed. If a government audit asserts improper or illegal activities by us, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or disqualification from doing business with certain governmental entities. Any adverse determination could adversely impact our ability to bid in response to RFPs in one or more jurisdictions.

We depend on a limited number of governmental customers for a significant portion of our revenues. We currently derive, and expect to continue to derive, a significant portion of our revenues from a limited number of governmental agencies. The loss of, or a significant decrease in, business from the BOP, INS or USMS or various state agencies could seriously harm our financial condition and results of operation. The three federal governmental agencies with correctional and detention responsibilities, the BOP, INS and USMS, accounted for approximately 29% of our total revenues for the fiscal year ended December 31, 2001, with the BOP accounting for approximately 13% of our total revenues for such period. We expect to continue to depend upon the BOP, including as a result of our receipt of the CAR II contract, and a relatively small group of other governmental customers, for a significant percentage of our revenues.

We are dependent upon our senior management and our ability to attract and retain sufficient qualified personnel. We are dependent upon the continued service of each member of our senior management team, including John D. Ferguson, our President and Chief Executive Officer. The unexpected loss of any of these persons could materially adversely affect our business and operations.

In addition, the services we provide are labor-intensive. When we are awarded a facility management contract or open a new facility, we must hire operating management, correctional officers and other personnel. The success of our business requires that we attract, develop and retain these personnel. Our inability to hire sufficient qualified personnel on a timely basis or the loss of significant numbers of personnel at existing facilities could adversely affect our business and operations.

We are subject to necessary insurance costs. Workers' compensation and general liability insurance represent significant costs to us. We continue to incur increasing insurance costs due to adverse claims experience and rising healthcare costs in general. In addition, since the events of September 11, 2001, liability and other types of insurance have become more difficult and costly to obtain. Unanticipated additional insurance costs could adversely impact our results of operations and cash flows, and the failure to obtain or maintain any necessary insurance coverage could have a material adverse effect on us.

We may be adversely affected by inflation. Many of our facility management contracts provide for fixed management fees or fees that increase by only small amounts during their terms. If, due to inflation or other causes, our operating expenses, such as wages and salaries of our employees, and insurance, medical and food costs, increase at rates faster than increases, if any, in our management fees, then our profitability would be adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Inflation" incorporated herein by reference.

We are subject to legal proceedings associated with owning and managing correctional and detention facilities.

Our ownership and management of correctional and detention facilities, and the provision of inmate transportation services by a subsidiary, expose us to potential third party claims or litigation by prisoners or other persons relating to personal injury or other damages resulting from contact with a facility, its managers, personnel or other prisoners, including damages arising from a prisoner's escape from, or a disturbance or riot at, a facility we own or manage, or from the misconduct of our employees. To the extent the events serving as a basis for any potential claims are alleged or determined to constitute illegal or criminal activity, we could also be subject to criminal liability. Such liability could result in significant monetary fines and could affect our ability to bid on future contracts and retain our existing contracts. In addition, as an owner of real property, we may be subject to a variety of proceedings relating to personal injuries of persons at such facilities. The claims against our facilities may be significant and may not be covered by insurance. Even in cases covered by insurance, our deductible may be significant.

We are subject to tax related risks.

The IRS has recently completed auditing our federal tax return for the taxable year ended December 31, 2000. The IRS has proposed an adjustment to the 2000 tax return that, if ultimately upheld by the Appeals Office of the IRS, would require us to make cash payments to the IRS in excess of $56.0 million, not including penalties and interest. See "Legal Proceedings and Income Tax Matters and Contingencies — Income Tax Contingencies" for a further description of this matter. While we believe that we have sufficient liquidity available to us to satisfy any payments required to be made, in the event we are required to make payments in connection with such claim, the payments would reduce our working capital available to satisfy amounts due under the notes and the terms of our other indebtedness. Any adjustment would also substantially eliminate our net operating loss carryforward, and would result in increased cash tax liabilities on taxable income thereafter.

In addition, although the IRS has concluded its audit of our federal tax return for the taxable year ended December 31, 1999, the statute of limitations for such taxable year still has not expired. Thus, our election of REIT status for 1999 remains subject to review by the IRS generally until the expiration of three years from the date of filing of our 1999 federal tax return. Should the IRS subsequently disallow our election to be taxed as a REIT for the 1999 taxable year, we would be subject to income taxes and interest on our 1999 taxable income and possibly could be subject to penalties, which would have an adverse impact on our financial position, results of operations and cash flows.

We are subject to risks associated with ownership of real estate.

Our ownership of correctional and detention facilities subjects us to risks typically associated with investments in real estate. Investments in real estate, and in particular, correctional and detention facilities, are relatively illiquid and, therefore, our ability to divest ourselves of one or more of our facilities promptly in response to changed conditions is limited. Investments in correctional and detention facilities, in particular, subject us to risks involving potential exposure to environmental liability and uninsured loss. Our operating costs may be affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation. In addition, although we maintain insurance for many types of losses, there are certain types of losses, such as losses from earthquakes, riots and acts of terrorism, which may be either uninsurable or for which it may not be economically feasible to obtain insurance coverage, in light of the substantial costs associated with such insurance. As a result, we could lose both our capital invested in, and anticipated profits from, one or more of the facilities we own. Further, it is possible to experience losses which exceed the limits of insurance coverage.

Certain of our facilities are subject to options to purchase and reversions.

Ten of our facilities are or will be subject to an option to purchase by certain governmental agencies. Such options are exercisable by the corresponding contracting governmental entity generally at any time during the term of the respective facility management contract. See “Business — Facility Portfolio — Facilities and Facility Management Contracts.” If any of these options are exercised, there exists the risk that we will be unable to invest the proceeds from the sale of the facility in one or more properties that yield as much cash flow as the property acquired by the government entity. In addition, in the event any of these options are exercised, there exists the risk that the contracting governmental agency will terminate the management contract associated with such facility. For the year ended December 31, 2001, and for the nine months ended September 30, 2002, the facilities subject to these options generated approximately $179.1 million and $129.0 million in revenue and approximately $41.4 million and $27.0 million in adjusted EBITDA, respectively.

In addition, ownership of three of our facilities (including two of which also are subject to options to purchase) will, upon the expiration of certain ground leases with remaining terms generally ranging from 13 to 15 years, revert to the respective governmental agency contracting with us. See “Business — Facility Portfolio — Facilities and Facility Management Contracts.” At the time of such reversion, there exists the risk that the contracting governmental agency will terminate the management contract associated with such facility. For the year ended December 31, 2001, and for the nine months ended September 30, 2002, the facilities subject to reversion generated approximately $59.1 million and $45.7 million in revenue and approximately $7.3 million and $6.9 million in adjusted EBITDA, respectively.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file reports, proxy statements and other information with the Commission. Our Commission filings are also available over the Internet at the Commission’s web site at http://www.sec.gov. You may also read and copy any document we file at the Commission’s public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 to obtain information on the operation of the public reference room. We have filed with the Commission a Registration Statement on Form S-4 with respect to the registered notes. This prospectus, which is a part of the registration statement, omits some of the information included in the registration statement as permitted by the rules and regulations of the Commission. As a result, statements made in this prospectus as to the contents of any contract or other document are not necessarily complete. You should read the full text of any contract or document filed as an exhibit to the Registration Statement for a more complete understanding of the contract or document or matter involved.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains and incorporates by reference statements as to our beliefs and expectations of the outcome of future events that are forward-looking in nature, including, without limitation, the statements under “Summary.” “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.” All statements other than statements of current or historical fact contained or incorporated by reference herein are forward-looking statements. The words “believe,” “anticipate,” “plan,” “expect,” “intend,” “estimate” and similar expressions, as they relate to us, are intended to identify these forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. These include, but are not limited to, the risks and uncertainties associated with:

- fluctuations in operating results because of changes in occupancy levels, competition, increases in cost of operations, fluctuations in interest rates and risks of operations;

- the growth in the privatization of the corrections and detention industry and the public acceptance of our services;

- our ability to obtain and maintain correctional facility management contracts, including as the result of sufficient governmental appropriations, and the timing of the opening of new facilities;
- changes in governmental policy and in legislation and regulation of the corrections and detention industry that adversely affect our business;
- availability of capital, including debt financing, on terms that are favorable to us; and
- general economic and market conditions.

All forward-looking statements included or incorporated by reference in this prospectus are based on information available to us on the date of this prospectus. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained throughout this prospectus.

INCORPORATION OF INFORMATION BY REFERENCE

The Commission allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. This prospectus and the information that we file later with the Commission may update and supersede the information we incorporate by reference. We incorporate by reference the documents listed below and any future filings made with the Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 by us until the exchange offer is complete.

(1) Our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed with the Commission on March 22, 2002;

(2) Our Form 10-Q for the fiscal quarter ended March 31, 2002, filed with the Commission on May 14, 2002;

(3) Our Form 10-Q for the fiscal quarter ended June 30, 2002, filed with the Commission on August 13, 2002;

(4) Our Form 10-Q for the fiscal quarter ended September 30, 2002, filed with the Commission on November 13, 2002;

(5) Our Current Report on Form 8-K, filed with the Commission on January 3, 2002;

(6) Our Current Report on Form 8-K, filed with the Commission on March 8, 2002;

(7) Our Current Report on Form 8-K, filed with the Commission on April 11, 2002;

(8) Our Current Report on Form 8-K, filed with the Commission on April 22, 2002;

(9) Our Current Report on Form 8-K, filed with the Commission on April 25, 2002;

(10) Our Current Report on Form 8-K, filed with the Commission on May 7, 2002;

(11) Our Current Report on Form 8-K, filed with the Commission on May 15, 2002;

(12) Our Current Report on Form 8-K, filed with the Commission on October 28, 2002;

(13) Our Current Report on Form 8-K, filed with the Commission on December 27, 2002; and

(14) Our Definitive Proxy Statement in connection with our 2002 Annual Meeting of Stockholders held on May 16, 2002, filed with the Commission on April 16, 2002.

THE EXCHANGE OFFER

Purpose and Effect

We issued the old notes on May 3, 2002 in a private placement to a limited number of qualified institutional buyers, as defined under the Securities Act, and to a limited number of persons outside the United States. In connection with this issuance, we entered into the indenture and the registration rights agreement. These agreements require that we file a registration statement under the Securities Act with respect to the registered notes to be issued in the exchange offer and, upon the effectiveness of the registration statement, offer to you the opportunity to exchange your old notes for a like principal amount of registered notes. These registered notes will be issued without a restrictive legend and, except as set forth below, may be reoffered and resold by you without registration under the Securities Act. After we complete the exchange offer, our obligations with respect to the registration of the old notes and the registered notes will terminate, except as provided in the last paragraph of this section. A copy of the indenture relating to the notes and the registration rights agreement have been filed as exhibits to the registration statement of which this prospectus is a part. As a result of the filing and the effectiveness of the registration statement, assuming we complete the exchange offer within 30 business days of the date that the registration statement was declared effective, we will not be required to pay any additional liquidated damages.

Based on an interpretation by the staff of the Commission set forth in no-action letters issued to third parties, if you are not our “affiliate” within the meaning of Rule 405 under the Securities Act or a broker-dealer referred to in the next paragraph, we believe that registered notes to be issued to you in the exchange offer may be offered for resale, resold and otherwise transferred by you, without compliance with the registration and prospectus delivery provisions of the Securities Act. This interpretation, however, is based on your representation to us that:

(1) the registered notes to be issued to you in the exchange offer are acquired in the ordinary course of your business;

(2) you are not engaging in and do not intend to engage in a distribution of the registered notes to be issued to you in the exchange offer; and

(3) you have no arrangement or understanding with any person to participate in the distribution of the registered notes to be issued to you in the exchange offer.

If you tender your old notes in the exchange offer for the purpose of participating in a distribution of the registered notes to be issued to you in the exchange offer, you cannot rely on this interpretation by the staff of the Commission. Under those circumstances, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. Each broker-dealer that receives registered notes in the exchange offer for its own account in exchange for old notes that were acquired by the broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of those registered notes. See “Plan of Distribution.”

If you will not receive freely tradeable registered notes in the exchange offer or are not eligible to participate in the exchange offer, you can elect, by indicating on the letter of transmittal and providing additional necessary information, to have your old notes registered in a “shelf” registration statement on an appropriate form pursuant to Rule 415 under the Securities Act. If we are obligated to file a shelf registration statement, we will be required to keep the shelf registration statement effective for a period of at least two years from the date the shelf registration statement is declared effective by the Commission or a shorter period that will terminate when all of the old notes covered by the shelf registration statement have been sold pursuant to the shelf registration statement. Other than as set forth in this paragraph, you will not have the right to require us to register your old notes under the Securities Act. See “— Procedures for Tendering.”

Consequences of Failure to Exchange

After we complete the exchange offer, if you have not tendered your old notes, you will not have any further registration rights, except as set forth above. Your old notes will continue to be subject to restrictions on transfer. Therefore, the liquidity of the market for your old notes could be adversely affected upon completion of the exchange offer if you do not participate in the exchange offer.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept any and all old notes validly tendered and not withdrawn prior to 12:00 midnight, New York City time, on the expiration date. We will issue $1,000 principal amount of registered notes in exchange for each $1,000 principal amount of old notes accepted in the exchange offer. You may tender some or all of your old notes pursuant to the exchange offer. However, old notes may be tendered only in integral multiples of $1,000 principal amount.

The form and terms of the registered notes are substantially the same as the form and terms of the old notes, except that the registered notes to be issued in the exchange offer have been registered under the Securities Act and will not bear legends restricting their transfer. The registered notes will be issued pursuant to, and entitled to the benefits of, the indenture. The indenture also governs the old notes. The registered notes and the old notes will be deemed one issue of notes under the indenture.

As of the date of this prospectus, $250.0 million in aggregate principal amount of old notes were outstanding. This prospectus, together with the letter of transmittal, is being sent to all registered holders and to others believed to have beneficial interests in the old notes. You do not have any appraisal or dissenters' rights in connection with the exchange offer under the Maryland General Corporation Law or the indenture. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the Commission promulgated under the Exchange Act.

We will be deemed to have accepted validly tendered outstanding notes when, as, and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as our agent for the tendering holders for the purpose of receiving the registered notes from us. If we do not accept any tendered notes because of an invalid tender, the occurrence of other events set forth in this prospectus or otherwise, we will return certificates for any unaccepted old notes, without expense, to the tendering holder promptly after the expiration date.

You will not be required to pay brokerage commissions or fees or, except as set forth below under "— Transfer Taxes," transfer taxes with respect to the exchange of your old notes in the exchange offer. We will pay all charges and expenses, other than applicable taxes, in connection with the exchange offer. See "— Fees and Expenses" below.

Expiration Date; Amendments

The exchange offer will expire at 12:00 midnight, New York City time, on February 7, 2003, unless we determine, in our sole discretion, to extend the exchange offer, in which case, it will expire at the later date and time to which it is extended. We do not intend to extend the exchange offer, although we reserve the right to do so. If we determine to extend the exchange offer, we do not intend to extend it beyond February 14, 2003. If we extend the exchange offer, we will give oral or written notice of the extension to the exchange agent and give each registered holder notice by means of a press release or other public announcement of any extension prior to 9:00 a.m., New York City time, on the next business day after the scheduled expiration date.

We also reserve the right, in our sole discretion,

(1) to delay accepting any old notes or, if any of the conditions set forth below under "— Conditions" have not been satisfied or waived, to terminate the exchange offer by giving oral or written notice of the delay or termination to the exchange agent, or

(2) to amend the terms of the exchange offer in any manner, by complying with Rule 14e-l(d) under the Exchange Act to the extent that rule applies.

We acknowledge and undertake to comply with the provisions of Rule 14e-l(c) under the Exchange Act, which requires us to pay the consideration offered, or return the old notes surrendered for exchange, promptly after the termination or withdrawal of the exchange offer. We will notify you promptly of any extension, termination or amendment.

As may be required in order to comply with applicable securities laws, if the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly notify the holders of old notes of the amendment and will extend the exchange offer for a period of five to ten business days, depending on the significance of the amendment and the manner of disclosure to the holders, if the exchange offer would otherwise expire during such five to ten business day period.

Procedures for Tendering

Book-Entry Interests

The old notes were issued as global securities in fully registered form without interest coupons. Beneficial interests in the global securities, held by direct or indirect participants in DTC, are shown on, and transfers of these interests are effected only through, records maintained in book-entry form by DTC with respect to its participants.

If you hold your old notes in the form of book-entry interests and you wish to tender your old notes for exchange pursuant to the exchange offer, you must transmit to the exchange agent on or prior to the expiration date either:

(1) a written or facsimile copy of a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address set forth on the cover page of the letter of transmittal; or

(2) a computer-generated message transmitted by means of DTC's Automated Tender Offer Program system and received by the exchange agent and forming a part of a confirmation of book-entry transfer, in which you acknowledge and agree to be bound by the terms of the letter of transmittal.

In addition, in order to deliver old notes held in the form of book-entry interests:

(1) a timely confirmation of book-entry transfer of the notes into the exchange agent's account at DTC pursuant to the procedure for book-entry transfers described below under "— Book-Entry Transfer" must be received by the exchange agent prior to the expiration date; or

(2) you must comply with the guaranteed delivery procedures described below.

The method of delivery of old notes and the letter of transmittal and all other required documents to the exchange agent is at your election and risk. Instead of delivery by mail, we recommend that you use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure delivery to the exchange agent before the expiration date. You should not send the letter of transmittal or old notes to us. You may request your broker, dealer, commercial bank, trust company, or nominee to effect the above transactions for you.

Certificated Old Notes

Only registered holders of certificated old notes may tender those notes in the exchange offer. If your old notes are certificated notes and you wish to tender those notes for exchange pursuant to the exchange offer, you must transmit to the exchange agent on or prior to the expiration date, a written or facsimile copy of a properly completed and duly executed letter of transmittal, including all other required documents, to the address set forth below under "— Exchange Agent." In addition, in order to validly tender your certificated old notes:

(1) the certificates representing your old notes must be received by the exchange agent prior to the expiration date or

(2) you must comply with the guaranteed delivery procedures described below.

Procedures Applicable to All Holders

If you tender an old note and you do not withdraw the tender prior to the expiration date, you will have made an agreement with us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

If your old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your notes, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless:

(1) old notes tendered in the exchange offer are tendered either

(A) by a registered holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the letter of transmittal or

(B) for the account of an eligible institution; and

(2) the box entitled "Special Registration Instructions" on the letter of transmittal has not been completed.

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantee must be by a financial institution, which includes most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Program or the Stock Exchanges Medallion Program.

If the letter of transmittal is signed by a person other than you, your old notes must be endorsed or accompanied by a properly completed bond power and signed by you as your name appears on those old notes.

If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive this requirement, in this instance you must submit with the letter of transmittal proper evidence satisfactory to us of their authority to act on your behalf.

We will determine, in our sole discretion, all questions regarding the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered old notes. This determination will be final and binding. We reserve the absolute right to reject any and all old notes not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

You must cure any defects or irregularities in connection with tenders of your old notes within the time period we will determine unless we waive that defect or irregularity. Although we intend to notify you of defects or irregularities with respect to your tender of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give this notification. Your tender will not be deemed to have been made and your notes will be returned to you if:

(1) you improperly tender your old notes;

(2) you have not cured any defects or irregularities in your tender; and

(3) we have not waived those defects, irregularities or improper tender.

The exchange agent will return your notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration of the exchange offer.

In addition, we reserve the right in our sole discretion to:

(1) purchase or make offers for, or offer registered notes for, any old notes that remain outstanding subsequent to the expiration of the exchange offer;

(2) terminate the exchange offer; and

(3) to the extent permitted by applicable law, purchase notes in the open market, in privately negotiated transactions or otherwise.

The terms of any of these purchases or offers could differ from the terms of the exchange offer.

By tendering, you will represent to us that, among other things:

(1) the registered notes to be acquired by you in the exchange offer are being acquired in the ordinary course of your business,

(2) you are not engaging in and do not intend to engage in a distribution of the registered notes to be acquired by you in the exchange offer,

(3) you do not have an arrangement or understanding with any person to participate in the distribution of the registered notes to be acquired by you in the exchange offer and

(4) you are not our "affiliate," as defined under Rule 405 of the Securities Act.

In all cases, issuance of registered notes for old notes that are accepted for exchange in the exchange offer will be made only after timely receipt by the exchange agent of certificates for your old notes or a timely book-entry confirmation of your old notes into the exchange agent's account at DTC, a properly completed and duly executed letter of transmittal, or a computer-generated message instead of the letter of transmittal, and all other required documents. If any tendered old notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if old notes are submitted for a greater principal amount than you desire to exchange, the unaccepted or non-exchanged old notes, or old notes in substitution therefor, will be returned without expense to you. In addition, in the case of old notes, tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the book-entry transfer procedures described below, the non-exchanged old notes will be credited to your account maintained with DTC, promptly after the expiration or termination of the exchange offer.

Guaranteed Delivery Procedures

If you desire to tender your old notes and your old notes are not immediately available or one of the situations described in the immediately preceding paragraph occurs, you may tender if:

(1) you tender through an eligible financial institution;

(2) on or prior to 12:00 midnight, New York City time, on the expiration date, the exchange agent receives from an eligible institution, a written or facsimile copy of a properly completed and duly executed letter of transmittal and notice of guaranteed delivery, substantially in the form provided by us; and

(3) the certificates for all certificated old notes, in proper form for transfer, or a book-entry confirmation, and all other documents required by the letter of transmittal, are received by the exchange agent within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

The notice of guaranteed delivery may be sent by facsimile transmission, mail or hand delivery. The notice of guaranteed delivery must set forth:

(1) your name and address;

(2) the amount of old notes you are tendering; and

(3) a statement that your tender is being made by the notice of guaranteed delivery and that you guarantee that within three New York Stock Exchange trading days after the execution of the notice of guaranteed delivery, the eligible institution will deliver the following documents to the exchange agent:

(A) the certificates for all certificated old notes being tendered, in proper form for transfer or a book-entry confirmation of tender;

(B) a written or facsimile copy of the letter of transmittal, or a book-entry confirmation instead of the letter of transmittal; and

(C) any other documents required by the letter of transmittal.

Book-Entry Transfer

The exchange agent will establish an account with respect to the book-entry interests at DTC for purposes of the exchange offer promptly after the date of this prospectus. You must deliver your book-entry interest by book-entry transfer to the account maintained by the exchange agent at DTC. Any financial institution that is a participant in DTC’s systems may make book-entry delivery of book-entry interests by causing DTC to transfer the book-entry interests into the exchange agent’s account at DTC in accordance with DTC’s procedures for transfer.

If one of the following situations occur:

(1) you cannot deliver a book-entry confirmation of book-entry delivery of your book-entry interests into the exchange agent’s account at DTC; or

(2) you cannot deliver all other documents required by the letter of transmittal to the exchange agent prior to the expiration date, then you must tender your book-entry interests according to the guaranteed delivery procedures discussed above.

Withdrawal Rights

You may withdraw tenders of your old notes at any time prior to 12:00 midnight, New York City time, on the expiration date.

For your withdrawal to be effective, the exchange agent must receive a written or facsimile transmission notice of withdrawal at its address set forth below under “— Exchange Agent” prior to 12:00 midnight, New York City time, on the expiration date.

The notice of withdrawal must:

(1) state your name;

(2) identify the specific old notes to be withdrawn, including the certificate number or numbers and the principal amount of withdrawn notes;

(3) be signed by you in the same manner as you signed the letter of transmittal when you tendered your old notes, including any required signature guarantees or be accompanied by documents

of transfer sufficient for the exchange agent to register the transfer of the old notes into your name; and

(4) specify the name in which the old notes are to be registered, if different from yours.

We will determine all questions regarding the validity, form and eligibility, including time of receipt, of withdrawal notices. Our determination will be final and binding on all parties. Any old notes withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes which have been tendered for exchange but which are not exchanged for any reason will be returned to you without cost promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures described under "— Procedures for Tendering" above at any time on or prior to 12:00 midnight, New York City time, on the expiration date.

Conditions

Notwithstanding any other provision of the exchange offer and subject to our obligations under the registration rights agreement, we will not be required to accept for exchange, or to issue registered notes in exchange for, any old notes and may terminate or amend the exchange offer, if at any time prior to the expiration of the exchange offer any of the following events occur:

(1) any injunction, order or decree has been issued by any court or any governmental agency that would prohibit, prevent or otherwise materially impair our ability to proceed with the exchange offer; or

(2) the exchange offer violates any applicable law or any applicable interpretation of the staff of the Commission.

These conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to them, subject to applicable law. We also may waive in whole or in part at any time and from time to time any particular condition in our sole discretion. If we waive a condition, we may be required in order to comply with applicable securities laws, to extend the expiration date of the exchange offer. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of these rights and these rights will be deemed ongoing rights which may be asserted at any time and from time to time. Notwithstanding the foregoing, all conditions must be satisfied or waived prior to the expiration of the exchange offer.

In addition, we will not accept for exchange any old notes tendered, and no registered notes will be issued in exchange for any of those old notes, if at the time the notes are tendered any stop order is threatened by the Commission or in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the Trust Indenture Act of 1939.

The exchange offer is not conditioned on any minimum principal amount of old notes being tendered for exchange.

Exchange Agent

We have appointed State Street Bank and Trust Company as exchange agent for the exchange offer. Questions, requests for assistance and requests for additional copies of the prospectus, the letter of transmittal and other related documents should be directed to the exchange agent addressed as follows:

By Registered or Certified Mail:

State Street Bank and Trust Company

Corporate Trust Services
Attention: Corrections Corporation of America Exchange Offer
P.O. Box 778
Boston, MA 02102-0778

By Hand or by Overnight Courier:

State Street Bank and Trust Company

Corporate Trust Services
Attention: Corrections Corporation of America Exchange Offer
2 Avenue de Lafayette, 5th Floor
Boston, MA 02111-1724

By Facsimile: (617) 662-1452

By Telephone: (617) 662-1525
Attention: Mackenzie Elijah

The exchange agent also acts as trustee under the indenture.

Fees and Expenses

We will not pay brokers, dealers, or others soliciting acceptances of the exchange offer. The principal solicitation is being made by mail. Additional solicitations, however, may be made in person or by telephone by our officers and employees.

We will pay the estimated cash expenses to be incurred in connection with the exchange offer. These are estimated in the aggregate to be approximately $350,000 which includes fees and expenses of the exchange agent, accounting, legal, printing and related fees and expenses.

Transfer Taxes

You will not be obligated to pay any transfer taxes in connection with a tender of your old notes for exchange unless you instruct us to register registered notes in the name of, or request that old notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder, in which event the registered tendering holder will be responsible for the payment of any applicable transfer tax.

Accounting Treatment

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the cost of the exchange offer over the term of the registered notes under generally accepted accounting principles.

USE OF PROCEEDS

The net proceeds from the original offering were approximately $243.1 million, which together with other financings, were used to refinance amounts outstanding under our old senior secured credit facility, which was at a variable interest rate of LIBOR plus 5.5% and was scheduled to mature on December 31, 2002, and to purchase approximately $89.2 million of our $100.0 million 12% senior notes due 2006, and pay related costs, fees and expenses.

If we had completed the refinancing along with the related termination of our interest rate swap agreement and purchase of our interest rate cap agreement as of January 1, 2001, pro forma interest expense, net, for the year ended December 31, 2001, would have been $73.1 million using a current LIBOR of 1.38%, and the pro forma increase in the fair value of derivative instruments would have been $23.1 million. For the nine months ended September 30, 2002, pro forma interest expense, net, would have been $51.8 million, the pro forma decrease in the fair value of derivative instruments would have been $1.9 million and pro forma income tax benefit would have been $14.7 million.

We will not receive any proceeds from the issuance of the registered notes. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement. In consideration for issuing the registered notes as contemplated by this prospectus, we will receive outstanding notes in a like principal amount. The form and terms of the registered notes are identical in all respects to the form and terms of the old notes, except the registered notes have been registered under the Securities Act and will not contain restrictions on transfer or registration rights. Old notes surrendered in exchange for the registered notes will be retired and canceled and will not be reissued. Accordingly, the issuance of the registered notes will not result in any change in our outstanding indebtedness.

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA AND

PRO FORMA RESULTS

Selected Historical Financial and Operating Data

The following tables set forth certain of our historical financial and operating data for our most recent nine month period and five most recent fiscal years. Our selected financial data is derived from our combined and consolidated financial statements for such periods. Our unaudited condensed consolidated financial statements as of September 30, 2002 and 2001 and for the nine months then ended, and our audited combined and consolidated financial statements as of December 31, 2001 and 2000 and for the years ended December 31, 2001, 2000 and 1999 are incorporated herein by reference.

Our financial information for the nine months ended September 30, 2002 and 2001, and for the year ended December 31, 2001 is the only information presented below that fully reflects operating and financial results under our current corporate structure for full periods as an owner, operator and manager of prisons and other correctional facilities. As the result of our mergers in the fourth quarter of 2000, our financial information for the year ended December 31, 2000 set forth below reflects nine months of operations primarily as a lessor of prison and other correctional facilities and three months of operations as an owner, operator and manager of prisons and other correctional facilities. Our financial information for the year ended December 31, 1999 set forth below reflects the results of our operations as a REIT. Our financial information for periods prior to January 1, 1999 is derived from the historical financial statements of old CCA. Therefore, the selected financial information for the years ended December 31, 1997, 1998, 1999 and 2000 is not comparable to the financial information for the nine months ended September 30, 2002, and for the year ended December 31, 2001. The following data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical combined and consolidated financial statements and the related notes incorporated herein by reference, each of which contains more detailed information with respect to our merger with old CCA, our operations as a REIT for 1999 and our operations and mergers in 2000.

	Year Ended December 31,				
	2001	2000	1999	1998	1997
	(Dollars in thousands, except per share amounts)				
Statement of Operations:					
Revenue:					
Management and other	$930,635	$ 261,774	$ —	$626,016	$433,794
Rental	5,718	40,938	270,134	—	—
Licensing fees from affiliates	—	7,566	8,699	—	—
Total revenue	936,353	310,278	278,833	626,016	433,794
Expenses:					
Operating	721,468	217,315	—	465,726	304,362
General and administrative	34,568	45,463	24,125	28,628	16,025
Lease	—	—	—	58,018	18,684
Depreciation and amortization	53,279	59,799	44,062	12,261	12,223
Fees to Operating Company	—	1,401	—	—	—
Write-off of amounts under lease arrangements	—	11,920	65,677	—	—
Impairment losses	—	527,919	76,433	—	—
Old CCA compensation charge	—	—	—	22,850	—
Total expenses	809,315	863,817	210,297	587,483	351,294
Operating income (loss)	127,038	(553,539)	68,536	38,533	82,500
Equity (earnings) loss and amortization of deferred gain, net	358	11,638	(3,608)	—	—
Interest expense (income), net	126,242	131,545	45,036	(2,770)	(3,404)
Other income	—	(3,099)	—	—	—
Change in fair value of derivative instruments	(14,554)	—	—	—	—
Loss on disposal of assets	74	1,733	1,995	—	—
Unrealized foreign currency transaction loss	219	8,147	—	—	—
Stockholder litigation settlements	—	75,406	—	—	—
Write-off of loan costs	—	—	14,567	2,043	—
Income (loss) from continuing operations before income taxes, minority interest and cumulative effect of accounting change	14,699	(778,909)	10,546	39,260	85,904
Income tax (expense) benefit	3,358	48,002	(83,200)	(14,280)	(32,687)
Income (loss) from continuing operations before minority interest and cumulative effect of accounting change	18,057	(730,907)	(72,654)	24,980	53,217
Minority interest in net loss of PMSI and JJFMSI	—	125	—	—	—
Income (loss) from continuing operations before cumulative effect of accounting change	18,057	(730,782)	(72,654)	24,980	53,217
Income from discontinued operations, net of taxes	7,637	—	—	2,001	738
Cumulative effect of accounting change, net of taxes	—	—	—	(16,145)	—
Net income (loss)	25,694	(730,782)	(72,654)	10,836	53,955
Distributions to preferred stockholders	(20,024)	(13,526)	(8,600)	—	—
Net income (loss) available to common stockholders	$ 5,670	$(744,308)	$ (81,254)	$ 10,836	$ 53,955
Basic earnings (loss) per share:					
Income (loss) from continuing operations before cumulative effect of accounting change	$ (0.08)	$ (56.68)	$ (7.06)	$ 3.50	$ 7.88
Income from discontinued operations, net of taxes	0.31	—	—	0.28	0.11
Cumulative effect of accounting change, net of taxes	—	—	—	(2.26)	—
Net income (loss) available to common stockholders	$ 0.23	$ (56.68)	$ (7.06)	$ 1.52	$ 7.99
Diluted earnings (loss) per share:					
Income (loss) from continuing operations before cumulative effect of accounting change	$ (0.08)	$ (56.68)	$ (7.06)	$ 3.21	$ 6.83
Income from discontinued operations, net of taxes	0.31	—	—	0.26	0.09
Cumulative effect of accounting change, net of taxes	—	—	—	(2.05)	—
Net income (loss) available to common stockholders	$ 0.23	$ (56.68)	$ (7.06)	$ 1.42	$ 6.92

	As of December 31,				
	2001	2000	1999	1998	1997
	(Dollars in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	$ 46,307	$ 20,889	$ 84,493	$ 31,141	$136,147
Total assets	1,971,280	2,176,992	2,716,644	1,090,437	697,940
Total debt	963,600	1,152,570	1,098,991	299,833	132,922
Total liabilities excluding deferred gains	1,224,119	1,488,977	1,209,528	395,999	214,112
Stockholders’ equity	747,161	688,015	1,401,071	451,986	348,076

	Year Ended December 31,				
	2001	2000	1999	1998	1997
Other Financial Data:					
Ratio of earnings to fixed charges(1)	1.1x	N/A	1.0x	2.4x	6.9x

	Nine Months Ended September 30,	
	2002	2001
	(Dollars in thousands, except per share amounts)	
Statement of Operations:		
Revenue:		
Management and other	$711,700	$696,187
Rental	2,781	4,781
Total revenue	714,481	700,968
Expenses:		
Operating	554,397	539,637
General and administrative	23,662	25,465
Depreciation and amortization	38,325	39,443
Total expenses	616,384	604,545
Operating income	98,097	96,423
Equity in loss of joint venture	63	265
Interest expense, net	69,377	97,242
Change in fair value of derivative instruments	(2,834)	11,945
Loss on sale of assets	57	141
Unrealized foreign currency transaction (gain) loss	(442)	129
Income (loss) from continuing operations before income taxes, extraordinary charge and cumulative effect of accounting change	31,876	(13,299)
Income tax benefit	33,263	1,614
Income (loss) from continuing operations before extraordinary charge and cumulative effect of accounting change	65,139	(11,685)
Income from discontinued operations, net of taxes	630	6,328
Extraordinary charge	(36,670)	—
Cumulative effect of accounting change	(80,276)	—
Net loss	(51,177)	(5,357)
Distributions to preferred stockholders	(15,574)	(14,915)
Net loss available to common stockholders	(66,751)	(20,272)

	Nine Months Ended September 30,	
	2002	2001
	(Dollars in thousands, except per share amounts)	
Basic earnings (loss) per share:		
Income (loss) from continuing operations before extraordinary charge and cumulative effect of accounting change	$ 1.79	$(1.10)
Income from discontinued operations, net of taxes	0.02	0.26
Extraordinary charge	(1.32)	—
Cumulative effect of accounting change	(2.90)	—
Net loss available to common stockholders	$(2.41)	$(0.84)
Diluted earnings (loss) per share:		
Income (loss) from continuing operations before extraordinary charge and cumulative effect of accounting change	$ 1.59	$(1.10)
Income from discontinued operations, net of taxes	0.02	0.26
Extraordinary charge	(1.14)	—
Cumulative effect of accounting change	(2.49)	—
Net loss available to common stockholders	$(2.02)	$(0.84)

	As of September 30,	
	2002	2001
	(Dollars in thousands)	
Balance Sheet Data:		
Cash and cash equivalents	$ 101,832	$ 33,376
Total assets	1,890,023	2,000,704
Total debt	960,973	994,920
Total liabilities	1,197,845	1,311,442
Stockholders' equity	692,178	689,262

	Nine Months Ended September 30,	
	2002	2001
Other Financial Data:		
Ratio of earnings to fixed charges(1)	1.4x	0.9x

(1) For the purpose of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations plus fixed charges, excluding capitalized interest, and fixed charges consist of interest, whether expensed or capitalized, and amortization of loan costs. Deficiency in earnings available to cover fixed charges for the year ended December 31, 2000 was $759.1 million. This deficit is primarily the result of impairment losses of $527.9 million and the write-off of amounts under lease arrangements of $11.9 million. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our combined and consolidated financial statements and related notes incorporated herein by reference.

Pro Forma Results for the Adoption of New Accounting Pronouncement

Effective January 1, 2002 we adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," referred to herein as SFAS 142, which establishes new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS 142, all goodwill amortization ceased effective January 1, 2002 and goodwill attributable to each of our reporting units was tested for impairment by comparing the fair value of each reporting unit with its carrying value. Fair value was determined using a collaboration of various common valuation techniques, including market multiples, discounted cash flows, and replacement cost methods. These impairment tests are required to be performed at adoption of SFAS 142 and at least annually thereafter. On an ongoing basis (absent any impairment indicators), we expect to perform the impairment tests during the fourth quarter, in connection with the annual budgeting process.

Based on our initial impairment tests, we recognized an impairment of $80.3 million to write-off the carrying value of goodwill associated with our owned and managed facilities. This goodwill was established in connection with the acquisition of Correctional Management Services Corporation, a privately-held operating company and Tennessee corporation subsequently also known as Corrections Corporation of America, referred to herein as Operating Company. The remaining goodwill, which is associated with the facilities we manage but do not own, was deemed to be not impaired, and remains recorded on the balance sheet. This remaining goodwill was established in connection with the acquisitions of Prison Management Services, Inc., or PMSI, and Juvenile and Jail Facility Management Services, Inc., or JJFMSI, both of which were privately-held service companies and Tennessee corporations that managed certain government-owned adult and juvenile prison and jail facilities. The implied fair value of goodwill of the owned and managed reporting segment did not support the carrying value of any goodwill, primarily due to its highly leveraged capital structure. No impairment of goodwill allocated to the managed-only reporting segment was deemed necessary, primarily because of the relatively minimal capital expenditure requirements, and therefore indebtedness, in connection with obtaining such management contracts. Under SFAS 142, the impairment recognized at adoption of the new rules was reflected as a cumulative effect of accounting change in our statement of operations for the first quarter of 2002. Impairment adjustments recognized after adoption, if any, are required to be recognized as operating expenses.

SFAS 142 also requires certain previous separately identified intangible assets, such as workforce values, to be reclassified as goodwill. The carrying amount of goodwill attributable to each reportable operating segment with goodwill balances and changes therein is as follows (in thousands):

	Owned and Managed Segment	Managed-only Segment	Total
Balance as of December 31, 2001	$ 79,876	$24,143	$104,019
Value of workforce reclassified as goodwill	400	289	689
Impairment adjustment	(80,276)	—	(80,276)
Balance as of September 30, 2002	$ —	$24,432	$ 24,432

In connection with the adoption of SFAS 142, we also reassessed the useful lives and the classification of identifiable intangible assets and liabilities and determined that they continue to be appropriate.

Actual results of operations for the nine months ended September 30, 2001 and for the years ended December 31, 2001, 2000 and 1999, and pro forma results of operations for those periods had we applied the non-amortization provisions of SFAS 142 in those periods are as follows (in thousands, except per share amounts):

	Nine Months Ended September 30, 2001	Year Ended December 31,		
		2001	2000	1999
Reported net income (loss) available to common stockholders	$(20,272)	$ 5,670	$(744,308)	$(81,254)
Add: Goodwill amortization	6,635	8,844	1,719	—
Pro forma net income (loss) available to common stockholders	$(13,637)	$14,514	$(742,589)	$(81,254)
Basic earnings (loss) per share:				
Reported net income (loss) available to common stockholders	$ (0.84)	$ 0.23	$ (56.68)	$ (7.06)
Goodwill amortization	0.27	0.37	0.13	—
Pro forma net income (loss) available to common stockholders	$ (0.57)	$ 0.60	$ (56.55)	$ (7.06)
Diluted earnings (loss) per share:				
Reported net income (loss) available to common stockholders	$ (0.84)	$ 0.23	$ (56.68)	$ (7.06)
Goodwill amortization	0.27	0.37	0.13	—
Pro forma net income (loss) available to common stockholders	$ (0.57)	$ 0.60	$ (56.55)	$ (7.06)

BUSINESS

General

We are 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. We own 40 correctional, detention and juvenile facilities, three of which we lease to other operators, and one additional facility which is not yet in operation. We currently operate 60 facilities (including our McRae, Georgia facility which commenced full operations during the fourth quarter of 2002), including 37 facilities that we own, with a total design capacity of approximately 59,000 beds in 21 states and the District of Columbia. For the year ended December 31, 2001, we had revenues and adjusted EBITDA of $936.4 million and $192.7 million, respectively. For the nine months ended September 30, 2002, we had revenues and adjusted EBITDA of $714.5 million and $139.8 million, respectively. Adjusted EBITDA is not a measure of performance under generally accepted accounting principles, and other companies may compute adjusted EBITDA differently than we do. Our calculation of adjusted EBITDA includes both continuing operations and discontinued operations, which is consistent with the requirements of our debt covenant calculations. For a reconciliation of adjusted EBITDA to net income as defined under generally accepted accounting principles, see Note 1 to our table of "Summary Historical Financial and Operating Data" included in this prospectus.

We manage approximately 50% of all privately managed prison beds in the United States. We have approximately 13,000 employees and provide management services for minimum-, medium- and maximum-security inmates under contracts with approximately 60 federal, state and local agencies. In addition to providing the fundamental residential services relating to inmates, our facilities offer a variety of rehabilitation and educational programs, including basic education, religious services, 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. In addition, we provide health care (including medical, dental and psychiatric services), food services and work and recreational programs. We also provide inmate transportation services for government agencies through our subsidiary, TransCor America, LLC.

Under our management services contracts, government agencies pay us at an inmate per diem rate based upon actual or minimum guaranteed occupancy levels. Our management service contracts typically have terms of one to five years, and contain multiple renewal options exercisable at the option of the contracting government agency. We have over 40 contracts with government entities for which we have been providing services for five years or more. Our management services contracts have been a reliable source of revenue, reflected by the renewal of over 90% of our contracts over the past three years. Furthermore, a substantial majority of our customers are government entities with a single-A credit rating or higher.

We have increased average system-wide occupancy, based on rated capacity, for facilities in operation to 88.4% for the year ended December 31, 2001 from 84.8% for the year ended December 31, 2000. Our average system-wide occupancy for facilities in operation for the quarter ended September 30, 2002 was 90.6%, with system-wide occupancy for facilities in operation of 90.2% at September 30, 2002. Excluding our Northeast Ohio Correctional Center, which is currently idle, our average occupancy would have been 91.1% for the year ended December 31, 2001 and 93.9% for the quarter ended September 30, 2002, and, at September 30, 2002, our system-wide occupancy would have been 93.4%. These occupancy rates exclude our 1,500 bed McRae, Georgia facility which commenced full operations during the fourth quarter of 2002, and our 1,500 bed Stewart County, Georgia facility, for which construction is incomplete.

Operations

Management and Operation of Facilities

Our customers consist of local, state and federal correctional and detention authorities. For the year ended December 31, 2001, federal correctional and detention authorities represented approximately 29% of our total management revenue. Federal correctional and detention authorities consist of the Bureau of Prisons, or BOP, the United States Marshals Service, or USMS, and the U.S. Immigration and Naturalization Service, or INS.

Our management services contracts typically have terms of one to five years, and contain multiple renewal options that are exercisable at the option of the government agency. Most of our facility contracts also contain clauses which allow the government agency to terminate the contract at any time without cause, and our contracts are generally subject to annual or bi-annual legislative appropriation of funds.

We are compensated for operating and managing facilities at an inmate per diem rate based upon actual or minimum guaranteed occupancy levels. Occupancy rates for a particular facility are typically low when first opened or when expansions are first available. However, beyond the start-up period, which typically ranges from 90 to 180 days, the occupancy rate tends to stabilize. For 2001 and 2000, the average system-wide occupancy, based on rated capacity, of our facilities was 88.4% and 84.8%, respectively. For the quarter ended September 30, 2002, our average system-wide occupancy for facilities in operation was 90.6%, with system-wide occupancy of 90.2% at September 30, 2002. In addition to our facility in McRae, Georgia which we will use to house inmates under the BOP's CAR II contract, from a capacity perspective, we currently have two facilities that are substantially vacant and provide us with approximately 3,000 available beds. These beds can be brought on-line with minimal capital outlays.

Our contracts generally require us to operate each facility in accordance with all applicable laws and regulations. We are required by our contracts to maintain certain levels of insurance coverage for general liability, workers' compensation, vehicle liability and property loss or damage. We are also required to indemnify the contracting agencies for claims and costs arising out of our operations and, in certain cases, to maintain performance bonds and other collateral requirements. Over 80% of the facilities we operate are accredited by the American Correctional Association, or the ACA, compared with 40% of all government operated facilities. The ACA is an independent organization comprised of professionals in the corrections industry that establish standards by which a correctional institution may gain accreditation.

Operating Procedures

Pursuant to the terms of our management contracts, we are responsible for the overall operation of our facilities, including staff recruitment, general administration of the facilities, facility maintenance, security and supervision of the offenders. We also provide a variety of rehabilitative and educational programs at our facilities. Inmates at most facilities we manage may receive basic education through academic programs designed to improve inmate literacy levels and the opportunity to acquire General Education Development, or GED, certificates. We also offer vocational training to inmates who lack marketable job skills. In addition, we offer life skills transition planning programs that provide inmates with job search skills, health education, financial responsibility training, parenting and other skills associated with becoming productive citizens. At several of our facilities, we also offer counseling, education and/or treatment to inmates with alcohol and drug abuse problems through our LifeLine^{SM} program. We believe these programs reduce recidivism.

We operate each facility in accordance with company-wide policies and procedures and the standards and guidelines established by the ACA. The ACA believes its standards safeguard the life, health and safety of offenders and personnel and, accordingly, these standards are the basis of the accreditation process and define policies and procedures for operating programs. The ACA standards, which are the industry's most widely accepted correctional standards, describe specific objectives to be accomplished and cover such areas as administration, personnel and staff training, security, medical and health care, food services, inmate supervision and physical plant requirements. We have sought and received ACA accreditation for 51 of the facilities we currently manage, and we intend to apply for ACA accreditation for all of our eligible facilities. The accreditation process is usually completed 18 to 24 months after a facility is opened.

We devote considerable resources to monitoring compliance with contractual and other requirements and to maintain a high level of quality assurance at each facility through a system of formal reporting, corporate oversight, site reviews and inspection by on-site facility administrators.

Under our management contracts, we usually provide the contracting government agency with the services, personnel and material necessary for the operation, maintenance and security of the facility and the custody of inmates. We offer full logistical support to the facilities we manage, including security, health care services, transportation, building and ground maintenance, education, treatment and counseling services and food services.

Our operations department, in conjunction with our legal department, supervises compliance of each facility with operational standards contained in the various management contracts as well as those of professional and government agencies. These responsibilities include developing specific policies and procedures manuals, monitoring all management contracts, ensuring compliance with applicable labor and affirmative action standards, training and administration of personnel, purchasing supplies and developing educational, vocational, counseling and life skills inmate programs. We provide meals for inmates at the facilities we operate in accordance with regulatory, client and nutritional requirements. These catering responsibilities include hiring and training staff, monitoring food operations, purchasing food and supplies, and maintaining equipment, as well as adhering to all applicable safety and nutritional standards and codes.

Facility Portfolio

General

Our facilities can generally be classified according to the level(s) of security at such facility. Minimum-security facilities are facilities having open housing within an appropriately designed and patrolled institutional perimeter. Medium-security facilities are facilities having either cells, rooms or dormitories, a secure perimeter and some form of external patrol. Maximum-security facilities are facilities having single occupancy cells, a secure perimeter and external patrol. Multi-security facilities are facilities with various areas encompassing either minimum, medium or maximum security. Non-secure facilities are juvenile facilities having open housing that inhibit movement by their design. Secure facilities are juvenile facilities having cells, rooms, or dormitories, a secure perimeter and some form of external patrol.

Our facilities can also be classified according to their primary function. The primary functional categories are:

- *Correctional Facilities.* Correctional facilities house and provide contractually agreed upon programs and services to sentenced adult prisoners, typically prisoners on whom a sentence in excess of one year has been imposed.

- *Detention Facilities.* Detention facilities house and provide contractually agreed upon programs and services to prisoners being detained by the INS, prisoners who are awaiting trial who have been charged with violations of federal criminal law who are in the custody of the USMS or state criminal law, and prisoners who have been convicted of crimes and on whom a sentence of one year or less has been imposed.

- *Juvenile Facilities.* Juvenile facilities house and provide contractually agreed upon programs and services to juveniles, typically defined by applicable federal or state law as being persons below the age of 18, who have been determined to be delinquents by a juvenile court and who have been committed for an indeterminate period of time but who typically remain confined for a period of six months or less.

- *Leased Facilities.* Leased facilities are facilities that we own but do not manage.

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Facilities and Facility Management Contracts

We own 40 correctional, detention and juvenile facilities in 14 states and the District of Columbia, three of which we lease to other operators, and one additional facility which is not yet in operation. We also own two corporate office buildings. We have pledged each of the properties we own to secure borrowings under our senior secured bank credit facility. We lease one of these facilities to a government agency and two of these facilities to private operators. Additionally, we currently manage 23 correctional and detention facilities owned by government agencies. The following table sets forth all of the facilities which we (i) own and manage, (ii) own, but lease to another operator, and (iii) manage but which are owned by a government authority. The table includes certain information regarding each facility, including the term of the primary management contract related to such facility, or, in the case of facilities we own, but lease to another operator, the term of such lease. We continue to operate, and expect to continue to operate, those contracts listed below that have expired, unless noted otherwise.

Facility Name	Primary Customer	Design Capacity(A)	Security Level	Facility Type(B)	Term	Remaining Renewal Options(C)
Owned and Managed Facilities:						
Central Arizona Detention Center Florence, Arizona	USMS	2,304	Multi	Detention	May 2003	—
Eloy Detention Center Eloy, Arizona	BOP, INS	1,500	Medium	Detention	February 2003	(6) 1 year
Florence Correctional Center Florence, Arizona	State of Alaska	1,600	Medium	Correctional	June 2004	—
California Correctional Center California City, California	BOP	2,304	Minimum	Correctional	September 2003	(7) 1 year
San Diego Correctional Facility(D) San Diego, California	INS	1,232	Minimum/ Medium	Detention	December 2002	(2) 1 year
Bent County Correctional Facility Las Animas, Colorado	State of Colorado	700	Medium	Correctional	June 2003	(1) 1 year
Huerfano County Correctional Center(E) Walsenburg, Colorado	State of Colorado	752	Medium	Correctional	June 2003	(1) 1 year
Kit Carson Correctional Center Burlington, Colorado	State of Colorado	768	Medium	Correctional	June 2003	(1) 1 year
Coffee Correctional Facility(F) Nicholls, Georgia	State of Georgia	1,524	Medium	Correctional	June 2003	(16) 1 year
McRae Correctional Facility(G) McRae, Georgia	BOP	1,524	Minimum	Correctional	(G)	(7) 1 year
Wheeler Correctional Facility(F) Alamo, Georgia	State of Georgia	1,524	Medium	Correctional	June 2003	(16) 1 year
Leavenworth Detention Center Leavenworth, Kansas	USMS	483	Maximum	Detention	December 2003	—
Lee Adjustment Center Beattyville, Kentucky	State of Kentucky	756	Minimum/ Medium	Correctional	May 2003	(3) 2 year
Marion Adjustment Center St. Mary, Kentucky	State of Kentucky	790	Minimum	Correctional	December 2003	—
Otter Creek Correctional Center Wheelwright, Kentucky	State of Indiana	656	Minimum/ Medium	Correctional	January 2003	—
Prairie Correctional Facility Appleton, Minnesota	State of Wisconsin	1,338	Medium	Correctional	December 2005	(2) 1 year
Tallahatchie County Correctional Facility(H) Tutweiler, Mississippi	Tallahatchie County, Mississippi	1,104	Medium	Correctional	May 2003	3 year indefinite
Crossroads Correctional Center(I) Shelby, Montana	State of Montana	512	Multi	Correctional	August 2003	(8) 2 year
Cibola County Corrections Center Milan, New Mexico	BOP	1,072	Minimum	Correctional	September 2003	(7) 1 year
New Mexico Women’s Correctional Facility Grants, New Mexico	State of New Mexico	596	Multi	Correctional	June 2003	(2) 1 year
Torrance County Detention Facility Estancia, New Mexico	USMS	910	Multi	Detention	Indefinite	—
Northeast Ohio Correctional Center (J) Youngstown, Ohio	—	2,016	Medium	Correctional	—	—

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Facility Name	Primary Customer	Design Capacity(A)	Security Level	Facility Type(B)	Term	Remaining Renewal Options(C)
Cimarron Correctional Facility(K) Cushing, Oklahoma	State of Oklahoma	960	Medium	Correctional	December 2002	—
Davis Correctional Facility(K) Holdenville, Oklahoma	State of Oklahoma	960	Medium	Correctional	December 2002	—
Diamondback Correctional Facility Watonga, Oklahoma	State of Oklahoma	2,160	Medium	Correctional	December 2002	—
North Fork Correctional Facility Sayre, Oklahoma	State of Wisconsin	1,440	Medium	Correctional	December 2005	(2) 1 year
West Tennessee Detention Facility Mason, Tennessee	USMS	600	Multi	Correctional	February 2003	(4) 1 year
Shelby Training Center(L) Memphis, Tennessee	Shelby County, Tennessee	200	Secure	Juvenile	April 2015	—
Whiteville Correctional Facility(M) Whiteville, Tennessee	State of Wisconsin	1,536	Medium	Correctional	December 2005	(2) 1 year
Bridgeport Pre-Parole Transfer Facility Bridgeport, Texas	State of Texas	200	Medium	Correctional	August 2003	—
Eden Detention Center Eden, Texas	BOP	1,225	Minimum	Correctional	April 2004	—
Houston Processing Center Houston, Texas	INS	411	Medium	Detention	March 2003	—
Laredo Processing Center Laredo, Texas	INS	258	Minimum/ Medium	Detention	March 2003	—
Webb County Detention Center Laredo, Texas	USMS	480	Medium	Detention	February 2003	—
Mineral Wells Pre-Parole Transfer Facility Mineral Wells, Texas	State of Texas	2,103	Minimum	Correctional	August 2003	—
T. Don Hutto Correctional Center Taylor, Texas	State of Texas	480	Medium	Correctional	January 2003	(1) 2 year
D.C. Correctional Treatment Facility(N) Washington D.C.	District of Columbia	866	Medium	Correctional	March 2017	—
Managed Only Facilities:						
Bay Correctional Facility Panama City, Florida	State of Florida	750	Medium	Correctional	June 2004	(1) 2 year
Bay County Jail and Annex Panama City, Florida	Bay County, Florida	677	Multi	Detention	September 2006	—
Citrus County Detention Facility Lecanto, Florida	Citrus County, Florida	400	Multi	Detention	September 2005	(1) 5 year
Gadsden Correctional Institution Quincy, Florida	State of Florida	896	Minimum/ Medium	Correctional	June 2003	—
Hernando County Jail Brooksville, Florida	Hernando County, Florida	302	Multi	Detention	October 2010	—
Lake City Correctional Facility Lake City, Florida	State of Florida	350	Secure	Correctional	June 2003	(1) 2 year
Okeechobee Juvenile Offender Correctional Center(O) Okeechobee, Florida	State of Florida	96	Secure	Juvenile	December 2002(O)	—
Idaho Correctional Center Boise, Idaho	State of Idaho	1,270	Minimum/ Medium	Correctional	June 2005	—
Marion County Jail Indianapolis, Indiana	Marion County, Indiana	670	Multi	Detention	November 2004	—
Winn Correctional Center Winnfield, Louisiana	State of Louisiana	1,538	Medium/ Maximum	Correctional	March 2003	(1) 2 year
Wilkinson County Correctional Facility Woodville, Mississippi	State of Mississippi	1,000	Medium	Correctional	January 2004	(1) 2 year
Southern Nevada Women's Correctional Center	State of Nevada	500	Multi	Correctional	October 2004	3 year indefinite

Las Vegas, Nevada						
Elizabeth Detention Center	INS	300	Minimum	Detention	January 2003	(2) 1 year
Elizabeth, New Jersey						
David L. Moss Criminal Justice Center	Tulsa County, Oklahoma	1,440	Multi	Detention	June 2005	(2) 1 year
Tulsa, Oklahoma						
Silverdale Facilities	Hamilton County, Tennessee	576	Multi	Juvenile	September 2004	(2) 4 year
Chattanooga, Tennessee						

Facility Name	Primary Customer	Design Capacity(A)	Security Level	Facility Type(B)	Term	Remaining Renewal Options(C)
South Central Correctional Center Clifton, Tennessee	State of Tennessee	1,506	Medium	Correctional	June 2005	(1) 2 year
Tall Trees Memphis, Tennessee	State of Tennessee	63	Non-secure	Juvenile	June 2003	—
Metro-Davidson County Detention Facility Nashville, Tennessee	Davidson County, Tennessee	1,092	Multi	Detention	May 2003	—
Hardeman County Correctional Facility Whiteville, Tennessee	State of Tennessee	2,016	Medium	Correctional	July 2005	(1) 2 year
Bartlett State Jail Bartlett, Texas	State of Texas	962	Minimum/ Medium	Correctional	August 2003	—
Liberty County Jail/Juvenile Center Liberty, Texas	USMS	380	Multi	Detention	January 2005	(2) 1 year
Sanders Estes Unit Venus, Texas	State of Texas	1,000	Minimum/ Medium	Correctional	August 2003	—
Lawrenceville Correctional Center Lawrenceville, Virginia	Commonwealth of Virginia	1,500	Medium	Correctional	March 2003	—
Leased Facilities:						
Leo Chesney Correctional Center(P) Live Oak, California	Cornell Corrections	240	Minimum	Owned/ Leased	August 2002	—
Queensgate Correctional Facility Cincinnati, Ohio	Hamilton County, Ohio	850	Medium	Owned/ Leased	February 2003	(3) 1 year
Community Education Partners(Q) Houston, Texas	Community Education Partners	—	Non-secure	Owned/ Leased	June 2008	(3) 5 year

(A) Design capacity measures the number of beds, and accordingly, the number of inmates each facility is designed to accommodate. We believe design capacity is an appropriate measure for evaluating prison operations, because the revenue generated by each facility is based on a per diem or monthly rate per inmate housed at the facility paid by the corresponding contracting governmental entity.

(B) We manage numerous facilities that have more than a single function (e.g., housing both long-term sentenced adult prisoners and pre-trial detainees). The primary functional categories into which facility types are identified was determined by the relative size of prisoner populations in a particular facility on September 30, 2002. If, for example, a 1,000-bed facility housed 900 adult prisoners with sentences in excess of one year and 100 pre-trial detainees, the primary functional category to which it would be assigned would be that of correctional facilities and not detention facilities. It should be understood that the primary functional category to which multi-user facilities are assigned may change from time to time.

(C) Remaining renewal options represents the number of renewal options, if applicable, and the remaining term of each option renewal.

(D) The facility is subject to a ground lease with the County of San Diego whereby the initial lease term is 18 years from the commencement of the contract, as defined. The County has the right to buy out all, or designated portions of, the premises at various times prior to the expiration of the term at a price generally equal to the cost of the premises, or the designated portion of the premises, less an allowance for amortization over a 20-year period. Upon expiration of the lease, ownership of the facility automatically reverts to the County of San Diego.

(E) The facility is subject to a purchase option held by Huerfano County which grants Huerfano County the right to purchase the facility upon an early termination of the contract at a price generally equal to the cost of the facility plus 80% of the percentage increase in the Consumer Price Index, cumulated annually.

(F) The facility is subject to a purchase option held by the Georgia Department of Corrections, or GDOC, which grants the GDOC the right to purchase the facility for the lesser of the facility's depreciated book value or fair market value at any time during the term of the contract between us and the GDOC.

(G) On May 30, 2002, we were awarded a contract with the BOP to house approximately 1,500 inmates at this facility. The term of the three-year contract commenced late in the fourth quarter of 2002.

(H) The facility is subject to a purchase option held by the Tallahatchie County Correctional Authority which grants Tallahatchie County Correctional Authority the right to purchase the facility at any time during the contract at a price generally equal to the cost of the premises less an allowance for amortization over a 20-year period. This facility is substantially vacant.

(I) The State of Montana has an option to purchase the facility at fair market value generally at any time during the term of the contract with us.

(J) All inmates were transferred out of this facility during 2001 due to a new law that mandated that the BOP assume jurisdiction of all D.C. offenders under the custody of the BOP by the end of 2001.

(K) The facility is subject to a purchase option held by the Oklahoma Department of Corrections, or ODC, which grants the ODC the right to purchase the facility at its fair market value at any time.

(L) Upon the conclusion of the thirty-year lease with Shelby County, Tennessee, the facility will become the property of Shelby County. Prior to such time, if the County terminates the lease without cause, breaches the lease or the State fails to fund the contract, we may purchase the property for $150,000. If we terminate the lease without cause, or breach the contract, we will be required to purchase the property for its fair market value as agreed to by the County and us.

(M) During October 2002, we agreed to lease this facility to Hardeman County, Tennessee, which has contracted with the State of Tennessee to manage up to 1,536 inmates at this facility. We have contracted with Hardeman County to manage the inmates housed at this facility. The State of Tennessee has the option to purchase the facility in the event of our bankruptcy, or upon an operational breach, as defined, at a price equal to the book value of the facility, as defined.

(N) The District of Columbia has the right to purchase the facility at any time during the term of the contract at a price generally equal to the present value of the remaining lease payments for the premises. Upon expiration of the lease, ownership of the facility automatically reverts to the District of Columbia.

(O) The State of Florida has agreed to a short-term extension of up to six months to the contract to manage this facility. However, upon expiration of the short-term extension, we will cease management of this facility.

(P) Upon expiration of the lease in February 2002, we agreed to extend the lease through June 30, 2002. The lease was again extended through August 31, 2002, and we are currently in negotiations to extend the lease further.

(Q) The alternative educational facility is currently configured to accommodate 900 at-risk juveniles and may be expanded to accommodate a total of 1,400 at-risk juveniles.

Facility Under Construction or Development

In addition to owning and/or managing the facilities listed in the preceding table, we own the Stewart County Detention Center located in Stewart County, Georgia which is presently incomplete. The 297,550 square foot medium security facility will have a design capacity of 1,524 beds and is partially complete. We estimate that the facility could be completed with approximately $20.0 million of capital expenditures. At this time, there are no plans to complete this project until we have a firm commitment to fill a substantial portion of the facility’s beds.

Business Development

General

We are currently the nation’s largest provider of outsourced correctional management services. We manage approximately 50% of all beds under contract with private operators of correctional and detention facilities in the United States.

Under the direction of our business development department and our senior management and with the aid, where appropriate, of certain independent consultants, we market our services to government agencies responsible for federal, state and local correctional facilities in the United States. Recently, the industry has experienced greater opportunities at the federal level, as needs are increasing within the BOP, the USMS and the INS. The BOP was our only customer that accounted for 10.0% or more of our management revenue in 2001 and 2000, generating 13.2% and 11.3%, respectively, of total management revenue. Contracts at the federal level generally offer more favorable contract terms. For example, many federal contracts contain "take-or-pay" clauses which guarantee us a certain percentage of management revenue, regardless of occupancy levels.

We believe that we can further develop our business by, among other things:

- maintaining our existing customer relationships and continuing to fill existing beds within our facilities;
- enhancing the terms of our existing contracts; and
- establishing relationships with new customers who have either previously not outsourced their correctional management needs or have utilized other private enterprises.

We generally receive inquiries from or on behalf of government agencies that are considering outsourcing the management of certain facilities or that have already decided to contract with private enterprise. When we receive such an inquiry, we determine whether there is an existing need for our services and whether the legal and political climate in which the inquiring party operates is conducive to serious consideration of outsourcing. Based on the findings, an initial cost analysis is conducted to further determine project feasibility.

We pursue our business opportunities primarily through RFPs and Request for Qualifications, or RFQs. RFPs and RFQs are issued by government agencies and are solicited for bid.

Generally, government agencies responsible for correctional and detention services procure goods and services through RFPs and RFQs. Most of our activities in the area of securing new business are in the form of responding to RFPs. As part of our process of responding to RFPs, members of our management team meet with the appropriate personnel from the agency making the request to best determine the agency's needs. If the project fits within our strategy, we submit a written response to the RFP. A typical RFP requires bidders to provide detailed information, including, but not limited to, the service to be provided by the bidder, its experience and qualifications, and the price at which the bidder is willing to provide the services (which services may include the renovation, improvement or expansion of an existing facility or the planning, design and construction of a new facility). Based on the proposals received in response to an RFP, the agency will award a contract to the successful bidder. In addition to issuing formal RFPs, local jurisdictions may issue an RFQ. In the RFQ process, the requesting agency selects a firm believed to be most qualified to provide the requested services and then negotiates the terms of the contract with that firm, including the price at which its services are to be provided.

Competitive Strengths

We believe that we have and will benefit from the following competitive business and operating strengths:

We are the largest and most recognized private prison operator. As the owner of 40 correctional, detention and juvenile facilities and the manager of 60 facilities throughout the United States, we are the largest and the most recognized private prison operator in the United States. We manage approximately 50% of all privately managed prison beds in the United States. We pioneered modern-day private prisons with a list of notable accomplishments, including being the first company to design, build and operate a private prison and the first company to manage a private maximum-security facility under a direct contract with the federal government.

Available beds within our existing facilities provide us the opportunity to increase cash flow. We currently have two facilities, our Northeast Ohio Correctional Center and Tallahatchie County Correctional Facility, that are substantially vacant and provide us with approximately 3,000 available beds. We believe, depending on the customers' needs, we can put these beds in operation with modest capital outlays. We also have an additional facility located in Stewart County, Georgia which is partially complete. This facility could bring approximately 1,500 additional beds on-line with approximately $20 million of additional capital expenditures. As an alternative to filling these beds, we would consider selling some or all of these facilities. In addition to the above facilities, as of September 30, 2002, we had a total of nine facilities (excluding the Delta Correctional Facility) that have 200 or more beds available at each facility, which we believe provides further potential for increased cash flow.

Our facilities generate revenues from a diverse, high quality customer base. We provide services under management contracts with a diverse base of state and federal agencies that generally have credit ratings of single-A or better. In addition, we have management contracts with approximately 60 different customers, with only one customer, the BOP, accounting for more than 10% of our total revenues during 2001. Over the past three years, we have renewed over 90% of our contracts subject to renewal. In addition, with average lengths of stay between three and five years, prison occupancy is relatively predictable and stable.

Proven senior management team. Beginning in August 2000, we appointed a new senior management team. Our senior management team has accomplished a number of high priority company initiatives, including: (1) reducing our senior debt by over $189.0 million during 2001 and refinancing our senior indebtedness during the second quarter of 2002; (2) securing 3,300 bed contracts with the BOP at our California City, California and Cibola County, New Mexico facilities, and the 1,500 bed CAR II contract with the BOP, the three largest contracts in our history; (3) terminating two unprofitable management contracts; (4) closing an unprofitable facility; (5) selling four assets for proceeds of $138.7 million; and (6) settling all of our pending stockholder litigation.

Business Strategy

Our primary business strategy is to provide quality corrections services, increase occupancy and revenue, control operating costs and continue to reduce our debt, while maintaining our position as the leading owner, operator and manager of privatized correctional and detention facilities. We will also consider opportunities for growth, including potential acquisitions of businesses within our line of business and those that provide complementary services, provided we believe such opportunities will broaden our market and/or increase the services we can provide to our customers.

We own and operate high quality correctional and detention facilities. Over 80% of our facilities are accredited by the ACA. This compares favorably to the 40% of all government-operated adult prisons that are accredited by the ACA. The quality of our operations is further illustrated by the fact that for the year ended December 31, 2001, we had an escape ratio at our adult prison facilities that was less than two-thirds of the national average for adult prisons. We have experienced wardens managing our facilities, with an average of over 23 years of corrections experience and an average tenure of seven years with us.

We are focused on increasing our occupancy rate. We are typically compensated based on the number of inmates held in our facilities. Our new management team is pursuing a number of initiatives intended to increase occupancy. We are in discussions with the federal government and a number of states, including Arizona, Georgia, Hawaii, and Idaho regarding the placement of additional inmates in our facilities. We also are focused on renewing and enhancing the terms of our existing contracts. Given our significant number of available beds, we believe we can increase operating cash flow from increased occupancy without incurring significant capital expenditures. Our goal is to obtain contracts to fill our vacant beds, and we do not currently intend to add new beds or develop new facilities without a firm commitment from a governmental entity to fill a substantial portion of such beds or facilities.

We intend to maintain effective cost controls. An important component of our strategy is to position our company as a cost effective, high quality provider of corrections management services. We are focused on improving operating performance and efficiency through the following key operating initiatives: (1) standardizing supply and service purchasing practices and usage; (2) improving inmate management, resource consumption and reporting procedures; and (3) improving employee productivity. We intend to continue to implement a wide variety of specialized services that address the unique needs of various segments of the inmate population. Because the facilities we operate differ with respect to security levels, ages, genders and cultures of inmates, we focus on the particular needs of an inmate population and tailor our services based on local conditions and our ability to provide services on a cost-effective basis.

We intend to continue our trend of reducing debt. In 2001, we reduced indebtedness by $189.0 million with the proceeds of asset sales and through cash flow generated from operations. We believe this reduction in indebtedness assisted us in our ability to refinance our senior indebtedness on favorable terms earlier this year. We believe that our anticipated capital expenditures and the benefit of our net operating loss carry forwards will allow us to generate free cash flow and enable us to continue to reduce our debt. In addition, we may sell additional assets, the proceeds of which we would also use to repay debt.

The Corrections and Detention Industry

Growth of the United States Prison Population. According to the Bureau of Justice Statistics, or the BJS, the United States prison population, along with incarceration rates, has increased since 1925, independent of economic cycles. The number of inmates housed in United States federal and state prisons and local jail facilities increased from 1,148,702 at December 31, 1990 to 1,965,495 at June 30, 2001.

The average annual growth rate of the prison population in the United States between December 1995 and June 2001 was 4.0%. This rate declined, however, to 1.6% growth between June 2000 and June 2001, with the sentenced state prison population rising by only 0.4%. From June 30, 2000 to June 30, 2001, the sentenced prison population for the federal government rose 7.2%. In the first six months of 2001, the federal system added 7,372 inmates, the largest six month growth ever recorded in the number of inmates under federal jurisdiction. Federal agencies are collectively our largest customer and accounted for approximately 28% of our revenues (when aggregating all of our federal contracts) for the year ended December 31, 2001.

Prison Overcrowding. The significant growth of the prison population in the United States has led to overcrowding in the state and federal prison systems. At least 21 states and the federal prison system reported operating at 100% or more of their highest capacity in 1999 and 2000. Of those operating at 100% or more of their highest capacity, the federal prison system was the most overcrowded, operating at 31% above capacity at December 31, 2000.

Benefits of Privatization. The growth of the overall prison population in the United States and the lack of available bed space has led to growth in the private corrections and detention sector since its inception. The prisoner population housed in privately managed facilities in the United States at the end of June 2001 was 94,948, which represented an 8.7% increase over numbers at December 31, 2000. At June 30, 2001, 11.9% of all federal inmates and 6.1% of all state inmates were held in private facilities. Seven states, all of which are our customers, housed at least 20% of their prison population in private facilities as of June 30, 2001 — New Mexico (45%), Alaska (34%), Montana (30%), Oklahoma (30%), Idaho (24%), Hawaii (22%), and Wisconsin (20%).

We believe the outsourcing of prison management services to private operators allows governments to manage increasing inmate populations while simultaneously controlling correctional costs and improving correctional services. The use of facilities owned and managed by private operators allows governments to expand prison capacity without incurring large capital commitments required to increase correctional capacity. In addition, contracting with a private operator allows governmental agencies to add beds without incurring new debt. We believe these advantages translate into significant cost savings for the government end-user.

Continued Demand for Our Services. Despite the slower growth rate of the overall prison population and the state prison population in recent years, we believe that a number of factors will cause this growth rate, and the demand for private prison beds, to increase. As described above, there is a general shortage of available beds in United States correctional and detention facilities, particularly in the federal system. We expect this overcrowding to continue in the future as a result of stricter sentencing guidelines, longer prison sentences and prison terms for juvenile offenders, as well as demographic changes. In addition, state budgeting problems can be expected to result in a curtailment of the construction of new facilities, restricting the public supply of available beds. Industry reports indicate that inmates convicted of violent crimes generally serve approximately one-half of their sentence, with the majority of them being repeat offenders. In addition, the U.S. Census Bureau now projects a steady rise in the number of males between the ages of 18 and 24 years of age. Males between 18 and 24 years of age have demonstrated the highest propensity for criminal behavior and the highest rates of arrest, conviction and incarceration.

As the result of the events of September 11, 2001, the protection and security of the United States has become a priority for the federal government. As a result, we believe that recently proposed initiatives by the federal government in connection with homeland security should cause the demand for prison beds, including privately managed beds, to increase. The President’s budget for fiscal year 2003 includes a proposal for $2 billion in increased funding to address threats to the nation’s security, including over $1 billion for the INS and USMS, two of our largest customers. This proposed funding is intended to support the agencies’ efforts to prevent illegal entry into the United States and target persons that are a threat to homeland security. We believe that these efforts will likely result in more incarceration and detention, particularly of illegal immigrants, and increased supervision of persons on probation and parole. The President’s 2003 budget also acknowledges that the purchase of excess private sector and other correctional facilities may offer an affordable alternative to federal construction of additional prison space and indicates that the Department of Justice will evaluate the feasibility of purchasing private facilities for use by the BOP. We believe this evaluation could result in the potential sale of one or more of our idle facilities, including primarily our Northeast Ohio Correctional Center, for which we have had discussions with the BOP regarding a possible sale. We also believe that this recommendation demonstrates a potential increased demand for our vacant beds at the federal level.

In addition, the President’s budget for fiscal year 2003 also provides for a business process reengineering study to examine the advisability, feasibility and cost-effectiveness of contracting out the Justice Prisoner and Alien Transportation System, the governmental agency responsible for transporting by air all federal prisoners and detainees. According to the Justice Prisoner and Alien Transportation System, the agency, on average, transports more than 250,000 prisoners and aliens each year. Outsourcing the Justice Prisoner and Alien Transportation System could provide additional opportunities for TransCor, our prisoner transportation subsidiary, which transported approximately 50,000 inmates during 2001.

Government Regulation

Environmental Matters

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. As an owner of correctional and detention facilities, we have been subject to these laws, rules, ordinances and regulations. In addition, we are also subject to these laws, ordinances and regulations as the result of our, and our subsidiaries’, operation and management of correctional and detention facilities. The cost of complying with environmental laws could materially adversely affect our financial condition and results of operations.

Phase I environmental assessments have been obtained on substantially all of the facilities we currently own. The purpose of a Phase I environmental assessment is to identify potential environmental contamination that is made apparent from historical reviews of such facilities, review of certain public records, visual investigations of the sites and surrounding properties, toxic substances and underground storage tanks. The Phase I environmental assessment reports do not reveal any environmental contamination that we believe would have a material adverse effect on our business, assets, results of operations or liquidity, nor are we aware of any such liability. Nevertheless, it is possible that these reports do not reveal all environmental liabilities or that there are material environmental liabilities of which we are unaware. In addition, environmental conditions on properties we own may affect the operation or expansion of facilities located on the properties.

Business Regulations

The industry in which we operate is subject to extensive federal, state and local regulations, including educational, health care and safety regulations, which are administered by many regulatory authorities. Some of the regulations are unique to the corrections industry, and the combination of regulations we face is unique. Facility management contracts typically include reporting requirements, supervision and on-site monitoring by representatives of the contracting governmental agencies. Corrections officers and juvenile care workers are customarily required to meet certain training standards and, in some instances, facility personnel are required to be licensed and subject to background investigation. Certain jurisdictions also require us to award subcontracts on a competitive basis or to subcontract with businesses owned by members of minority groups. Our facilities are also subject to operational and financial audits by the governmental agencies with which we have contracts. We may not always successfully comply with these regulations, and failure to comply can result in material penalties or non-renewal or termination of facility management contracts.

In addition, private prison managers are increasingly subject to government legislation and regulation attempting to restrict the ability of private prison managers to house certain types of inmates. Legislation has been enacted in several states, and has previously been proposed in the United States House of Representatives, containing such restrictions. Although we do not believe that existing legislation will have a material adverse effect on us, there can be no assurance that future legislation would not have such an effect.

Americans with Disabilities Act

The correctional and detention facilities we operate and manage are subject to the Americans with Disabilities Act of 1990, as amended. The Americans with Disabilities Act, or the ADA, has separate compliance requirements for “public accommodations” and “commercial facilities” but generally requires that public facilities such as correctional and detention facilities be made accessible to people with disabilities. These requirements became effective in 1992. We continue to monitor our facilities for compliance with the ADA in order to conform to its requirements. Compliance with the ADA requirements could require removal of access barriers and other modifications or capital improvements at the facilities. Noncompliance could result in imposition of fines or an award of damages to private litigants. Although we believe we are in compliance, we believe that any additional expenditures incurred in order to comply with the ADA at our facilities, if required, would not have a material adverse effect on our business and operations.

Insurance

We maintain a general liability insurance policy of $5.0 million for each facility we operate, as well as insurance in amounts we deem adequate to cover property and casualty risks, workers’ compensation and directors and officers liability. In addition, each of our leases with third-parties provides that the lessee will maintain insurance on each leased property under the lessee’s insurance policies providing for the following coverages: (i) fire, vandalism and malicious mischief, extended coverage perils, and all physical loss perils; (ii) comprehensive general public liability (including personal injury and property damage); and (iii) workers’ compensation. Under each of these leases, we have the right to periodically review our lessees’ insurance coverage and provide input with respect thereto.

Insurance expense represents a significant component of our operating expenses. Each of our management contracts and the statutes of certain states require the maintenance of insurance. We maintain various insurance policies including employee health, workers’ compensation, automobile liability and general liability insurance. Because we are significantly self-insured for employee health, workers’ compensation, and automobile liability insurance, the amount of our insurance expense is dependent on claims experience, overall trends in medical expenses nationwide for employee health insurance, and our ability to control our claims experience. Our insurance policies contain various deductibles and stop-loss amounts intended to limit our exposure for individually significant occurrences. However, the nature of our self-insurance policies provides little protection for a deterioration in overall claims experience or increasing employee medical costs in general. We continue to incur increasing insurance expense due to adverse claims experience. We have begun implementing a strategy to improve the management of our future loss claims but can provide no assurance that this strategy will be successful. Additionally, general liability insurance costs have risen substantially since the terrorist attacks on September 11, 2001, and other types of insurance, such as directors and officers liability insurance, are currently expected to increase due to several recent high profile business failures and concerns about corporate governance and accounting in the marketplace. Unanticipated additional insurance expenses resulting from adverse claims experience or a continued increasing cost environment for general liability and other types of insurance could adversely impact our results of operations and cash flows. See "Risk Factors — Risks Related to Our Business — We are subject to necessary insurance costs."

Employees

As of September 30, 2002, we employed 13,119 employees. Of such employees, 199 were employed at our corporate offices and 12,920 were employed at our facilities and in our inmate transportation business. We employ personnel in the following areas: clerical and administrative, including facility administrators/wardens, security, food service, medical, transportation and scheduling, maintenance, teachers, counselors and other support services.

Each of the correctional and detention facilities we currently operate is managed as a separate operational unit by the facility administrator or warden. All of these facilities follow a standardized code of policies and procedures.

We have not experienced a strike or work stoppage at any of our facilities. As of September 30, 2002, approximately 1,088 employees at seven of our facilities are represented by labor unions. This number includes 611 employees at two facilities who, during the first half of 2002, elected to be represented by a union. At this time, negotiations with these unions are ongoing. In the opinion of management, overall employee relations are generally considered good.

Competition

The correctional and detention facilities we operate and manage, as well as those facilities we own but are managed by other operators, are subject to competition for inmates from other private prison managers. We compete primarily on the basis of the quality and range of services offered, our experience in the operation and management of correctional and detention facilities and our reputation. We compete with government agencies that are responsible for correctional facilities and a number of privatized correctional service companies, including, but not limited to, Wackenhut Corrections Corporation, Correctional Services Corporation and Cornell Companies, Inc. Other potential competitors may in the future enter into businesses competitive with us without a substantial capital investment or prior experience. Competition by other companies may adversely affect the number of inmates at our facilities, which could have a material adverse effect on the operating revenue of our facilities. In addition, revenue derived from our facilities will be affected by a number of factors, including the demand for inmate beds, general economic conditions and the age of the general population.

Legal Proceedings and Income Tax Matters and Contingencies

General

The nature of our business results in claims and litigation alleging that we are liable for damages arising from the conduct of our employees or others. In the opinion of management, there are no pending legal proceedings that would have a material effect on our consolidated financial position or results of operations for which we have not established adequate reserves. See "Risk Factors — Risks Related to Our

Business — We are subject to legal proceedings associated with owning and managing correctional and detention facilities."

Recently Settled Legal Proceedings

During 2001, we resolved a series of outstanding litigation matters associated with our previous corporate structure and proposed restructuring, including: (i) the global settlement of federal and state stockholder litigation brought against us as the result of, among other things, agreements entered into by us and the formerly independent operating company in May 1999 to increase payments we made to the operating company under the terms of certain agreements, as well as a series of proposed transactions with the Fortress/ Blackstone investment group and Pacific Life Insurance Company, which has been or will be funded through the issuance of an aggregate of 4.7 million shares of our common stock, the payment of approximately $47.5 million in insurance proceeds, and the issuance of an aggregate of $29 million of unsecured debt that is automatically extinguished upon our average common stock price reaching certain levels ($26.1 million of which has already been extinguished); (ii) the settlement of litigation regarding termination fees allegedly owed by us to Fortress/ Blackstone, which was funded through a cash payment by us of $15 million; and (iii) the resolution of a dispute with Merrill Lynch & Co. concerning their claim for certain fees in connection with our restructuring, which was settled in full for $3 million. During 2001 and the first half of 2002, we also resolved the following outstanding litigation with respect to our business operations and our owning and managing of correctional and detention facilities, including: (i) the settlement of certain litigation related to the ESOP of U.S. Corrections Corporation, a private corrections company which we acquired in 1998, which was funded by us through an immaterial cash payment; (ii) the resolution of certain litigation regarding our alleged treatment of certain juveniles housed in the Columbia Training Center, a South Carolina juvenile treatment center formerly operated by old CCA, which was funded in full by insurance; and (iii) the settlement of certain litigation regarding the alleged treatment of two inmates by two former employees of our transportation subsidiary, TransCor America, LLC, during their transportation to a facility in Texas in late 1999. Pursuant to the terms of the settlement agreement with respect to TransCor, the parties settled all claims with a confidential cash payment made to the plaintiffs in the litigation, the majority of which was funded by insurance proceeds.

Income Tax Contingencies

In connection with the merger with old CCA on December 31, 1998, we assumed the tax obligations of old CCA. The Internal Revenue Service has completed field audits of old CCA's federal tax returns for the taxable years ended December 31, 1998 and 1997, and has also completed auditing our federal tax return for the taxable years ended December 31, 2000 and 1999.

The IRS agent's report related to 1998 and 1997 included a determination by the IRS to increase taxable income by approximately $120.0 million. We appealed the IRS's findings with the Appeals Office of the IRS. On October 24, 2002 we entered into a definitive settlement agreement with the IRS in connection with the IRS's audit of old CCA's 1997 federal income tax return. Under the terms of the settlement, in consideration for the IRS's final determinations with respect to the 1997 tax year, we agreed to pay approximately $46.6 million in cash to satisfy federal taxes and interest. As a result of this settlement, we also owe approximately $7.6 million in state taxes and interest. Substantially all of these amounts were paid during the fourth quarter of 2002 with cash on hand.

Pursuant to the terms of the settlement, the audit adjustments agreed to for the 1997 tax year will not trigger any additional distribution requirements by us in order to preserve our status as a REIT for federal income tax purposes for 1999. The adjustments will, however, serve to increase our accumulated earnings and profits in 2002 and therefore may affect the taxability of dividends paid on our Series A and Series B Preferred Stock in 2002 and later years.

Based on the terms of the settlement, the amount previously reserved for this matter, and our current estimates of taxable income for 2002, the settlement is not expected to result in either a material tax benefit or tax expense for 2002. In addition, due to the Job Creation and Worker Assistance Act of 2002, the settlement will create an opportunity to utilize any 2002 tax losses to claim a refund of a portion of the taxes paid.

We are continuing to appeal the IRS's findings with respect to the IRS's audit of old CCA's 1998 federal income tax return. We do not currently expect, however, that the resolution of the 1998 audit will have a material adverse effect on our liquidity or results of operations.

In connection with the IRS's audit of our 2000 federal tax return, the IRS has proposed the disallowance of a loss we claimed as the result of our forgiveness in September 2000 of certain indebtedness of one of our former operating companies. This finding is currently being protested with the Appeals Office of the IRS. In the event that, after we seek all available remedies, the IRS prevails, we would be required to pay the IRS in excess of $56.0 million in cash plus penalties and interest. In addition, this adjustment would also substantially eliminate our net operating loss carryforward, and would result in increased cash tax liabilities on taxable income thereafter. We believe that we have meritorious defenses of our positions. We have not established a reserve for this matter. However, the IRS may make such an assessment and prevail in any such claim against us.

In addition, although the IRS has concluded its audit of our federal tax return for the taxable year ended December 31, 1999, the statute of limitations for such taxable year still has not expired. Thus, our election of REIT status for 1999 remains subject to review by the IRS generally until expiration of three years from the date of filing of our 1999 federal tax return. While we believe that we met the qualifications as a REIT for 1999, qualification as a REIT involves the application of highly technical and complex provisions of the Code for which there is only limited judicial and administrative interpretations. Should the IRS subsequently disallow our election to be taxed as a REIT for the 1999 taxable year, we would be subject to income taxes and interest on our 1999 taxable income and possibly could be subject to penalties, which would have an adverse impact on our financial position, results of operations and cash flows.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Effective as of May 21, 2001, we completed a series of transactions with Sodexho Alliance S.A. in connection with the sale of Sodexho's ownership interest in our equity securities to two private purchasers. As part of these transactions, a series of previously existing agreements between the parties was terminated, including an agreement providing Sodexho with the contractual right to designate a member of our board of directors. In connection with these transactions, Jean-Pierre Cuny, an affiliate of Sodexho at the time of these transactions, resigned from our board of directors, effective as of May 21, 2001. Following these transactions, we continue to jointly own jointly with Sodexho an interest in Agecroft Prison Management Ltd., a United Kingdom entity formed to operate the Agecroft Prison facility in Salford, England.

We also entered into a standstill agreement with Latonia International Limited, the purchaser of the substantial majority of Sodexho's ownership interest and an affiliate of Rolaco Holding S.A., a privately-held investor registered in Luxembourg. The terms of the standstill agreement provided that, for a period of three years following the acquisition date, the purchaser would not acquire additional shares of our equity securities or otherwise attempt to acquire control of us.

Prior to the completion of our comprehensive restructuring during the fourth quarter of 2000, we owned 100% of the outstanding non-voting common stock of Operating Company. In addition, from January 1999 through July 2000, Doctor R. Crants, our former chief executive officer, served as a member of the board of directors of Operating Company, as did Jean-Pierre Cuny from January 1999 through the completion of the restructuring. Pursuant to a series of contractual arrangements between us and Operating Company, we paid certain fees to Operating Company and Operating Company paid certain fees to us. Prior to the completion of the restructuring and pursuant to these contractual arrangements, Operating Company paid us $58.1 million in 2000 and $245.1 million in 1999. We made no payments to Operating Company in 2000, but made $68.6 million in payments to Operating Company in 1999. In August 2000, we forgave $190.8 million of rental payments previously due under the terms of our leases with Operating Company but which had not been paid to us, as well as $7.9 million in accrued but unpaid interest on the unpaid rental payments. In addition, we also forgave $27.4 million of accrued but unpaid interest on a promissory note due from Operating Company. As a result of the restructuring, each of these agreements, including the promissory note, were cancelled.

Immediately prior to the completion of the restructuring, we purchased all of the shares of common stock of Operating Company held by Sodexho, which represented approximately 16.9% of the outstanding common stock of Operating Company, for an aggregate of $8.0 million in non-cash consideration, consisting of 567,376 shares of our common stock, as adjusted for our reverse stock split in May 2001.

Prior to the restructuring, we also owned 100% of the outstanding non-voting common stock of each of PMSI and JJFMSI, which entitled us to receive cash dividends equal to 95% of each entity's net income, as defined. In addition, Doctor R. Crants also served as a member of the board of directors of each of PMSI and JJFMSI. Thomas W. Beasley, a member of our board of directors during 2000, served as the chairman of our board of directors from December 1999 through August 2000, and as our interim chief executive officer during 2000. Mr. Beasley also served as interim chief executive officer of Operating Company during 2000 and as the chairman of the board of directors of PMSI prior to its merger with our wholly-owned operating subsidiary following the restructuring. PMSI and JJFMSI paid us $4.4 million and $2.3 million, respectively, as dividends in 2000, and $11.0 million and $10.6 million, respectively, as dividends in 1999.

As a part of the restructuring and consistent with the requirements of previously existing contractual arrangements, JJFMSI and its wholly-owned subsidiary, CCA (UK) Limited, a company incorporated in England and Wales, sold their 50% ownership interest in two international subsidiaries, Corrections Corporation of Australia Pty. Ltd., an Australian corporation, and U.K. Detention Services Limited, a company incorporated in England and Wales, to Sodexho for a cash purchase price of $6.4 million. Sodexho owned the remaining 50% interest in each of CCA Australia and UKDS. In connection with the sale of JJFMSI's and CCA UK's interest in CCA Australia and UKDS to Sodexho, Sodexho granted JJFMSI an option to repurchase a 25% interest in each entity at any time prior to September 11, 2002. JJFMSI had the right to repurchase a 25% interest in each entity for aggregate cash consideration of $4.0 million if such option was exercised on or before February 11, 2002 and for aggregate cash consideration of $4.2 million if such option was exercised after February 11, 2002 but prior to September 11, 2002. These agreements were terminated in June 2001, in connection with the sale of Sodexho's interest in us.

C. Ray Bell, a member of our board of directors in 1999 and through December 13, 2000, is the principal of a construction company which, as a part of its business, builds correctional and detention facilities, including facilities for us. In 1999 and 2000, we paid Mr. Bell's construction company aggregate fees in the amount of $53.0 million for construction services.

Charles W. Thomas, a member of our board of directors in 1999 and through December 13, 2000, received a total of approximately $0.1 million in 1999 and 2000 from us for the provision of certain consulting and investor relations services.

During 1999, DC Investment Partners, LLC, a private investment manager of which D. Robert Crants, III and Michael W. Devlin, our former president and chief operating officer, respectively, are principals, leased certain office space from the Company. In December 1999, the Company agreed to reimburse DC Investment Partners, LLC over an eight year period, beginning July 2000, for certain costs incurred by DC Investment Partners, LLC in relocating its office space from our office building. We believe that we do not have any obligation to honor this agreement and have suspended further payments under this agreement.

We believe that the transactions with the affiliated parties set forth under this section of the prospectus were completed on terms no less favorable to us than would have been available to an unaffiliated third-party.

DESCRIPTION OF CERTAIN INDEBTEDNESS AND PREFERRED STOCK

Indebtedness

Senior Secured Credit Facility

General. Concurrently with the closing of the offering of the old notes, we obtained a new senior secured credit facility with a syndicate of financial institutions and institutional lenders through the amendment and restatement of our then existing senior secured credit facility. Lehman Commercial Paper Inc. serves as administrative agent under our new facility.

Our senior secured credit facility is in the aggregate principal amount of $715 million, consisting of:

- an approximate four-year revolving credit facility of up to $75 million in revolving credit loans and letters of credit;
- an approximate four-year term loan A facility of $75 million in term loans; and
- an approximate six-year term loan B facility of $565 million in term loans.

The revolving credit facility will be used for working capital and general corporate needs. Set forth below is a summary of the material terms of the new senior secured credit facility.

Collateral and Guarantees. The loans and other obligations under the senior secured credit facility are guaranteed by each of our domestic subsidiaries.

Our obligations under the senior secured credit facility and the guarantees are secured by:

- a perfected first priority security interest in all of our tangible and intangible assets and all of the tangible and intangible assets of our subsidiaries, subject to certain customary exceptions; and
- a pledge of all of the capital stock of our domestic subsidiaries and 65% of the capital stock of our foreign subsidiaries.

Interest and Fees. Our borrowings under the senior secured credit facility bear interest at a rate which, at our option, can be either:

- a base rate generally defined as the sum of (i) the higher of (x) the prime rate (as quoted on the British Banking Association Telerate Page 5) and (y) the federal funds effective rate plus one-half percent (0.50%) per annum and (ii) an applicable margin; or
- a LIBOR rate generally defined as the sum of (i) the rate at which eurodollar deposits for one, two, three or six months (as selected by us) are offered in the interbank eurodollar market and (ii) an applicable margin.

The initial applicable margin for the base rate loans is 2.50%, and the applicable margin for the eurodollar loans is 3.50%. Commencing on the date of delivery of our financial statements occurring after the completion of two full fiscal quarters following the closing of the senior secured credit facility, the applicable margin for the revolving loans and term loan A will be subject to adjustment based on our leverage ratio.

Interest on our borrowings is payable quarterly in arrears for base rate loans and at the end of each interest rate period (but not less often than quarterly) for LIBOR rate based loans.

We are also required to pay a commitment fee on the difference between committed amounts and amounts actually utilized under the revolving credit facility, which will be 0.50% per annum subject to adjustment based on our leverage ratio.

Repayments; Prepayments. The term loan A facility and term loan B facility are repayable in quarterly installments in an aggregate principal amount for each year as set forth in the table below as of September 30, 2002 (in thousands):

	Term Loan A Facility	Term Loan B Facility	Total
2002 (remainder)	$ 3,750	$ 1,412	$ 5,162
2003	17,250	5,650	22,900
2004	20,250	5,650	25,900
2005	21,000	5,650	26,650
2006	5,250	5,650	10,900
2007	—	377,138	377,138
2008	—	161,025	161,025
Total	$67,500	$562,175	$629,675

Prepayments of loans outstanding are permitted at any time without premium or penalty, upon the giving of proper notice. In addition, we are required to prepay amounts outstanding under the new senior secured credit facility in an amount equal to:

- 50% of the net cash proceeds from any sale or issuance of equity by us or any of our subsidiaries, subject to certain exceptions;
- 100% of the net cash proceeds from any incurrence of additional indebtedness (excluding certain permitted debt), subject to certain exceptions;
- 100% of the net cash proceeds from any sale or other disposition by us, or any of our subsidiaries, of any assets, subject to certain exclusions and reinvestment provisions and excluding certain dispositions in the ordinary course; and
- 50% of excess cash flow for each fiscal year.

Certain Covenants. The senior secured credit facility requires us to meet certain financial tests, including, without limitation:

- a minimum fixed charge coverage ratio requiring that at the end of each fiscal quarter, our consolidated adjusted EBITDA be no less than a range of percentages (ranging from 100% to 115% over the six year term of the senior secured credit facility) of our consolidated fixed charges, as defined under the facility, (minus the aggregate amount actually paid by us or any of our subsidiaries in cash during such period on account of capital expenditures) for the recent four fiscal quarters;
- a maximum leverage ratio requiring that at the end of each fiscal quarter, our consolidated debt be no greater than a range of percentages (ranging from 590% to 350% over the six year term of the senior secured credit facility) of our consolidated adjusted EBITDA, as defined under the facility, for the recent four fiscal quarters; and
- a minimum interest coverage ratio requiring that at the end of each fiscal quarter, our consolidated adjusted EBITDA (including the interest component of all payments associated with capital lease obligations) be no less than a range of percentages (generally ranging from 150% to 250% over the six year term of the senior secured credit facility) of our consolidated interest expense, as defined under the facility, for the recent four fiscal quarters.

As of September 30, 2002, we were in compliance with the foregoing covenants, and we believe that we are currently in compliance with these covenants. In addition, the senior secured credit facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, assets sales, acquisitions, capital expenditures, mergers and consolidations, prepayments of other indebtedness, liens and encumbrances and other matters customarily restricted in such agreements.

Events of Default. The senior secured credit facility contains customary events of default, including, without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain other material indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, certain ERISA events, judgment defaults in excess of specified amounts, termination or amendment of certain material agreements if such termination or amendment could reasonably be expected to be materially adverse to the lenders or otherwise have a material adverse effect and change in control.

12% Senior Notes

We currently have approximately $10.8 million aggregate principal amount of 12% senior unsecured notes outstanding. These notes mature on June 1, 2006 and bear interest at 12% per annum. Payments of accrued but unpaid interest on these notes are due on June 1 and December 1 of each year.

On May 16, 2002, we completed an offer to purchase all these notes and a consent solicitation designed to remove, following the purchase of these notes, substantially all of the restrictive covenants and a number of the events of default that currently apply to the notes. Pursuant to the terms of the offer to purchase and consent solicitation, holders of approximately $89.2 million aggregate principal amount of the notes tendered their notes and received $1,100 plus accrued and unpaid interest on such principal amount of notes for each $1,000 principal amount of notes tendered.

As a result of this tender offer and consent solicitation, we have amended the indenture governing the notes to remove substantially all of the covenants and events of default. Such amendment became operative upon our purchase of the notes tendered in connection with the consent.

$70 Million Convertible Subordinated Notes

$40 Million Convertible Subordinated Notes. We currently have outstanding an aggregate of $40 million of 10% convertible subordinated notes due December 31, 2008. The conversion price for the notes, which are convertible into shares of our common stock, has been established at $11.90, subject to adjustment in the future upon the occurrence of certain events. At an adjusted conversion price of $11.90, the $40 million convertible subordinated notes are currently convertible into approximately 3.4 million shares of our common stock.

All or a portion of the notes may be converted by the holder at any time prior to December 31, 2008, or if the notes are called for redemption by us, at any time prior to the second business day prior to the date of redemption. We may redeem all, but not a portion, of the notes on or following January 1, 2005 at a redemption price equal to the outstanding principal amount of the notes plus all accrued and unpaid interest. In addition, in the event of a change-of-control or similar event, the holder of the notes has the right to require us to repurchase all or a portion of the notes at a price equal to 105% of the notes' principal amount, plus accrued and unpaid interest. The current terms of our senior indebtedness, however, would prevent a redemption or repurchase of the notes.

$30 Million Convertible Subordinated Notes. We currently have outstanding an aggregate of $30 million of 8% convertible subordinated notes due February 28, 2005, subject to extension of such maturity until February 28, 2007 by the holder. The conversion price for the notes, which are convertible into shares of our common stock, has been established at $10.68, subject to adjustment in the future upon the occurrence of certain events. We currently estimate that the $30 million convertible subordinated notes will be convertible into approximately 3.4 million shares of our common stock once all of the shares under the stockholder litigation settlement have been issued.

All or a portion of the notes may be converted by the holder at any time prior to the maturity date of the notes, or if the notes are subject to mandatory conversion, at any time prior to the third business day prior to the date of such conversion. At any time after February 28, 2004, we may generally require the holder to convert all or a portion of the notes if the average market price of our common stock meets or exceeds 150% of the notes' conversion price, as may be adjusted. We may not prepay the indebtedness evidenced by the notes at any time prior to their maturity; provided, however, that in the event of a change of control or other similar event, the notes are subject to mandatory prepayment in full at the option of the holder. The current terms of our senior indebtedness, however, would prevent such a prepayment.

Preferred Stock

Series A Preferred Stock

We currently have 4.3 million shares of our series A preferred stock issued and outstanding. The series A preferred stock, which was originally issued by our predecessor CCA Prison Realty Trust, provides for the payment of quarterly cash dividends when and as declared by our board of directors at a rate of 8% per year, based on a liquidation price of $25.00 per share. Unpaid dividends accrue without interest. Shares of our series A preferred stock are redeemable at any time on or after January 30, 2003 at $25.00 per share, plus dividends accrued and unpaid to the redemption date. The series A preferred stock has no mandatory redemption, sinking fund provision or stated maturity and is not convertible into any other security. Under the terms of our charter, in the event dividends are undeclared, unpaid and in arrears for six or more quarterly periods, the holders of the shares of our series A preferred stock will have the right to elect two additional directors to our board of directors.

Series B Preferred Stock

We currently have approximately 4.4 million shares of our series B preferred stock issued and outstanding. The shares of our series B preferred stock currently outstanding provide for cumulative dividends payable at a rate of 12% per year of the stock's stated value of $24.46. The dividends are payable quarterly, in arrears, in additional shares of series B preferred stock through the third quarter of 2003, and in cash thereafter, provided that all accrued and unpaid cash dividends have been made on our series A preferred stock. The shares of series B preferred stock are callable by us, at a price per share equal to the stated value of $24.46, plus any accrued dividends, at any time after six months following the later of (i) three years following the date of issuance or (ii) the 91st day following the repayment of our existing 12% senior notes due 2006. The series B preferred stock has no mandatory redemption, sinking fund provision or stated maturity and is not convertible into any other security. The series A preferred stock ranks senior to the series B preferred stock as to dividend distributions and distributions upon liquidation, winding up and dissolution. Under the terms of our charter, in the event dividends are undeclared, unpaid and in arrears for six or more quarterly periods, the holders of the shares of our series B preferred stock will have the right to elect two additional directors to our board of directors.

DESCRIPTION OF THE REGISTERED NOTES

You can find the definitions of certain terms used in this description under the subheading "— Certain Definitions." In this description, the word "CCA" refers only to Corrections Corporation of America and not to any of its Subsidiaries.

CCA will issue the registered notes under an indenture among itself, the Guarantors and State Street Bank and Trust Company, a Massachusetts trust company, as trustee. The terms of the registered notes, which are sometimes referred to in this portion of the prospectus as the notes, include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The terms of the registered notes are substantially identical to the old notes, except for certain transfer restrictions, registration rights and liquidated damages provisions relating to the old notes that will not apply to the registered notes.

The following description is a summary of the material provisions of the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, define your rights as holders of the notes. A copy of the indenture is available as set forth below under "— Additional Information." Certain defined terms used in this description but not defined below under "— Certain Definitions" have the meanings assigned to them in the indenture or the registration rights agreement.

If the exchange offer contemplated by this prospectus is consummated, holders of outstanding notes who do not exchange outstanding notes for registered notes in the exchange offer will vote together with holders of registered notes for all relevant purposes under the indenture. In that regard, the indenture requires that certain actions by the holders thereunder must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of the outstanding securities issued under the indenture. In determining whether holders of the requisite percentage in principal amount have given any notice, consent or waiver or taken any other action permitted under the indenture, any outstanding unregistered notes that remain outstanding after the exchange offer will be aggregated with the registered notes, and the holders of such outstanding unregistered notes and the registered notes will vote together as a single class for all such purposes. Accordingly, all references herein to specified percentages in aggregate principal amount of the notes outstanding shall be deemed to mean, at any time after the exchange offer is consummated, such percentages in aggregate principal amount of the outstanding unregistered notes and the registered notes then outstanding.

The registered Holder of a note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the indenture.

Brief Description of the Registered Notes and the Subsidiary Guarantees

The Registered Notes

The registered notes:

- are general unsecured obligations of CCA;
- are equal in right of payment with all existing and future unsecured senior Indebtedness of CCA;
- are senior in right of payment to any future subordinated Indebtedness of CCA; and
- are unconditionally guaranteed by the Guarantors.

However, the notes are effectively subordinated to all borrowings under CCA's senior bank credit facility, which is secured by liens on substantially all of the assets of CCA and the Guarantors.

All of CCA's Domestic Subsidiaries are "Restricted Subsidiaries." CCA currently does not have any material foreign operations.

However, under the circumstances described below under the subheading "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," CCA will be permitted to designate certain of its

Subsidiaries, whether formed under the laws of any state of the United States or the laws of any other country, as “Unrestricted Subsidiaries.” CCA’s Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

The Subsidiary Guarantees

The notes are guaranteed by all of CCA’s Domestic Subsidiaries.

Each Subsidiary Guarantee of the notes:

- is a general senior unsecured obligation of such Guarantor;
- is equal in right of payment to all existing and future senior unsecured Indebtedness of that Guarantor; and
- is senior in right of payment with any future subordinated Indebtedness of that Guarantor.

Not all of CCA’s Subsidiaries will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to CCA. The non-guarantor Subsidiaries generated less than 1.0% of CCA’s consolidated revenues in 2001 and during the first nine months of 2002, generated less than 1.0% of CCA’s consolidated income during those periods, and owned less than 1.0% of CCA’s consolidated assets at all times throughout those periods. The non-guarantor Subsidiaries have no outstanding third-party debt.

Principal, Maturity and Interest

CCA initially issued notes with a maximum aggregate principal amount of $250.0 million. CCA may also, at its option, issue additional notes under the indenture from time to time after this offering in one or a series of transactions, subject to the covenant described below under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock.” The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, redemption of notes, offers to purchase notes and the percentage of notes required to consent to waivers of provisions of, and amendments to, the indenture. The indenture provides that CCA will issue notes in denominations of $1,000 and integral multiples of $1,000. The notes will mature on May 1, 2009.

Interest on the notes will accrue at the rate of 9 7/8% per annum and will be payable semi-annually in arrears on May 1 and November 1, commencing on November 1, 2002. We will make each interest payment to the Holders of record on the close of business on the immediately preceding April 15 and October 15.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Registered Notes

If a Holder has given wire transfer instructions to CCA, CCA will pay all principal, interest and premium and Liquidated Damages, if any, on that Holder’s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless CCA elects to make interest payments by check mailed to the Holders at their address set forth in the register of Holders.

Paying Agent and Registrar for the Registered Notes

The trustee will initially act as paying agent and registrar for the notes. CCA may change the paying agent or registrar without prior notice to the Holders of the notes, and CCA or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. CCA is not required to transfer or exchange any note selected for redemption. Also, CCA is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Subsidiary Guarantees

The notes will be guaranteed by each of CCA's current and future Domestic Subsidiaries. These Subsidiary Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than CCA or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the indenture, its Subsidiary Guarantee and the registration rights agreement pursuant to a supplemental indenture satisfactory to the trustee; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Subsidiary Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of CCA, if the sale or other disposition complies with the "Asset Sale" provisions of the indenture described in "— Repurchase at the Option of Holders — Asset Sales";

(2) in connection with any sale of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of CCA, if the sale complies with the "Asset Sale" provisions of the indenture described in "— Repurchase at the Option of Holders — Asset Sales";

(3) if CCA designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or

(4) upon Legal Defeasance or Covenant Defeasance of the notes, as described in "— Legal Defeasance and Covenant Defeasance."

Optional Redemption

At any time on or prior to May 1, 2005, CCA may on any one or more occasions redeem up to 35% of the aggregate principal amount of outstanding notes issued under the indenture at a redemption price of

109.875% of the principal amount, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; *provided* that:

(1) at least 65% of the aggregate principal amount of notes issued under the indenture remains outstanding immediately after the occurrence of such redemption (excluding notes held by CCA and its Subsidiaries); and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

Except pursuant to the preceding paragraph, the notes will not be redeemable at CCA's option prior to May 1, 2006.

Beginning May 1, 2006, CCA may, at its option, redeem all or a part of the notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, on the notes redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on May 1 of the years indicated below:

Year	Percentage
2006	104.938%
2007	102.469%
2008 and thereafter	100.000%

For a description of the procedures applicable to a redemption of all or part of the notes pursuant to the provisions of the indenture described in this section, see "— Selection and Notice."

Mandatory Redemption

CCA is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each Holder of notes will have the right to require CCA to repurchase all or any part (equal to $1,000 or an integral multiple of $1,000) of that Holder's notes pursuant to a Change of Control Offer on the terms set forth in the indenture. In the Change of Control Offer, CCA will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, on the notes repurchased, to the date of purchase. Within 10 business days following any Change of Control, CCA will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. CCA will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, CCA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such conflict.

On the Change of Control Payment Date, CCA will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions of notes being purchased by CCA.

The paying agent will promptly mail to each Holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each new note will be in a principal amount of $1,000 or an integral multiple of $1,000.

CCA will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require CCA to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the Holders of the notes to require that CCA repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

CCA will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by CCA and purchases all notes properly tendered and not withdrawn under the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of CCA and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require CCA to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of CCA and its Subsidiaries taken as a whole to another Person or group may be uncertain.

The Credit Agreement contains, and other Indebtedness of CCA may contain, prohibitions on the occurrence of events that would constitute a Change of Control or require that Indebtedness be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require CCA to repurchase the Notes upon a Change of Control would cause a default under the Credit Agreement and other Indebtedness even if the Change of Control itself does not.

If a Change of Control Offer occurs, there can be no assurance that CCA will have available funds sufficient to make the Change of Control Payment for all of the notes that might be delivered by Holders seeking to accept the Change of Control Offer. In the event CCA is required to purchase outstanding notes pursuant to a Change of Control Offer, CCA expects that it would seek third-party financing to the extent it does not have available funds to meet its purchase obligations and any other obligations in respect of its other indebtedness. However, there can be no assurance that CCA would be able to obtain necessary financing. See "Risk Factors — Risks Related to this Offering — We will be required to repurchase all or a portion of the notes upon a change of control."

Asset Sales

CCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) CCA (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to (a) the fair market value of the assets (other than Designated

Assets) or Equity Interests issued or sold or otherwise disposed of and (b) the Designated Asset Value of the Designated Assets sold or otherwise disposed of;

(2) the fair market value or Designated Asset Value, as applicable, is determined by CCA's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the trustee; and

(3) at least 75% of the consideration received in the Asset Sale by CCA or such Restricted Subsidiary is in the form of cash. For purposes of this clause (3) only, each of the following will be deemed to be cash:

(a) any liabilities, as shown on CCA's or such Restricted Subsidiary's most recent balance sheet, of CCA or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases CCA or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by CCA or any such Restricted Subsidiary from such transferee that are converted within 90 days of the applicable Asset Sale by CCA or such Restricted Subsidiary into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion;

(c) 100% of the securities, notes or other obligations or Indebtedness actually received by CCA as consideration for the sale or other disposition of a Designated Asset pursuant to the terms of a Designated Asset Contract, but only to the extent that such securities, notes or other obligations or Indebtedness were explicitly required to be included, or permitted to be included solely at the option of the purchaser, in such consideration pursuant to the terms of the applicable Designated Asset Contract; and

(d) 100% of the Indebtedness actually received by CCA as consideration for the sale or other disposition of an Unoccupied Facility.

Notwithstanding the foregoing, CCA and its Restricted Subsidiaries may engage in Asset Swaps; provided that, (1) immediately after giving effect to such Asset Swap, CCA would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" and (2) the Board of Directors of CCA determines that the fair market value of the assets received by CCA in the Asset Swap is not less than the fair market value of the assets disposed of by CCA in such Asset Swap and such determination is evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the trustee.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, CCA may apply those Net Proceeds:

(1) to repay permanently Indebtedness under a Credit Facility and, if the Indebtedness permanently repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business;

(3) to make a capital expenditure (provided, that the completion of (i) construction of new facilities, (ii) expansions to existing facilities, and (iii) repair or reconstruction of damaged or destroyed facilities which commences within 360 days after the receipt of any Net Proceeds from an Asset Sale by CCA may extend for an additional 360 day period if the Net Proceeds to be used for such construction, expansion or repair are committed to and set aside specifically for such activity within 360 days of their receipt);

(4) to acquire other long-term assets that are used or useful in a Permitted Business; or

(5) with respect to the sale of the Northeast Ohio Correctional Facility in Youngstown, Ohio, CCA may use 50% of the Net Proceeds from such sale to repurchase, redeem or otherwise acquire or retire for value shares of CCA's Series B Preferred Stock.

Pending the final application of any Net Proceeds, CCA may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the indenture. For avoidance of doubt, prior to being required to permanently reduce revolving credit facility commitments CCA shall have the option of making an Asset Sale Offer in accordance with the terms of the indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $15.0 million, CCA will make an Asset Sale Offer to all Holders of notes and, at CCA's option, all holders of other Indebtedness that is *pari passu* with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, CCA may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee will select the notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

CCA will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, CCA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such conflict.

The agreements governing CCA's other Indebtedness contain prohibitions of certain events, including certain types of Asset Sales. In addition, the exercise by the Holders of notes of their right to require CCA to repurchase the notes in connection with an Asset Sale Offer could cause a default under these other agreements, even if the Asset Sale itself does not, due to the financial effect of such repurchases on CCA. Finally, CCA's ability to pay cash to the Holders of notes upon a repurchase may be limited by CCA's then existing financial resources. See "Risk Factors — Risks Related to this Offering — We will be required to repurchase all or a portion of the notes upon a change of control."

For a description of the procedures applicable to a redemption of all or a part of the notes pursuant to the provisions of the indenture described in this section, see "— Selection and Notice."

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, on a pro rata basis (based on amounts tendered), by lot or by such method as the trustee deems fair and appropriate.

No notes of $1,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the Holder of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

Certain Covenants

Restricted Payments

CCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of CCA's, or any Restricted Subsidiary's, Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving CCA or any Restricted Subsidiary) or to the direct or indirect holders of CCA's or any Restricted Subsidiary's Equity Interests in their capacity as such (other than dividends or distributions (i) payable in Equity Interests (other than Disqualified Stock) of CCA or (ii) payable to CCA and/or a Restricted Subsidiary of CCA);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving CCA) any Equity Interests of CCA;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is expressly subordinated to the notes or the Subsidiary Guarantees, except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(2) CCA would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by CCA and its Restricted Subsidiaries after the date of the indenture (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (7), (8) and (9) of the next succeeding paragraph), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income After Preferred Cash Dividend of CCA, for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of the indenture to the end of CCA's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

(b) 100% of the aggregate net cash proceeds received by CCA since the date of the indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of CCA (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of CCA that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of CCA), *plus*

(c) to the extent that any Restricted Investment (other than a Restricted Investment permitted by clause (5) of the next succeeding paragraph) that was made after the date of the indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment, *plus*

(d) to the extent that any Unrestricted Subsidiary of CCA is redesignated as a Restricted Subsidiary after the date of the indenture, the lesser of (i) the fair market value of CCA's Investment in such Subsidiary as of the date of such redesignation or (ii) such fair market value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary, *plus*

(e) $10 million.

So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of CCA or any Guarantor or of any Equity Interests of CCA in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of CCA) of, Equity Interests of CCA (other than Disqualified Stock); *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of CCA or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend by a Restricted Subsidiary of CCA to the holders of its Equity Interests on a pro rata basis;

(5) (a) the purchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock, or options, warrants, equity appreciation rights or other rights to purchase or acquire Capital Stock of CCA or any Restricted Subsidiary of CCA or any parent of CCA held by any existing or former employees of CCA or any Subsidiary of CCA or their assigns, estates or heirs, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; provided that such redemptions or repurchases pursuant to this clause will not exceed $2.5 million in the aggregate during any calendar year and $10 million in the aggregate for all such redemptions and repurchases; provided further, that CCA may carry-forward and make in a subsequent calendar year, in addition to the amounts permitted for such calendar year, the amount of such redemptions or repurchases permitted to have been made but not made in any preceding calendar year; provided further that such amount in any calendar year may be increased by an amount not to exceed (i) the cash proceeds from the sale of Capital Stock of CCA to existing or former employees of CCA or any Subsidiary of CCA after the date the notes are originally issued (to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3)(b) of the preceding paragraph) plus (ii) the cash proceeds of key man life insurance policies received by CCA and its Subsidiaries after the date the notes are originally issued less

(iii) the amount of any Restricted Payments previously made pursuant to clause (i) and (ii) of this clause (5)(a); and

(b) loans or advances to employees or directors of CCA or any Subsidiary of CCA the proceeds of which are used to purchase Capital Stock of CCA, in an aggregate amount not in excess of $10.0 million at any one time outstanding;

(6) the declaration and payment by CCA of a dividend consisting of Qualified Trust Preferred Stock with a fair market value that is not greater than is necessary in order to preserve CCA's eligibility to elect REIT status with respect to its 1999 taxable year;

(7) the repurchase, redemption or other acquisition or retirement for value of up to $130.0 million in liquidation preference of the Series B Preferred Stock if CCA would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock;"

(8) repurchases of Equity Interests of CCA deemed to occur upon the exercise of stock options if such Equity Interests represent a portion of the exercise price thereof;

(9) the declaration and payment of dividends on CCA's Series A Preferred Stock and Series B Preferred Stock in accordance with terms of the Series A Preferred Stock and Series B Preferred Stock as in effect on the date of the indenture;

(10) the redemption pursuant to their terms of all MDP Notes or PMI Notes that remain outstanding on the applicable redemption date after CCA sends notice of such redemption to the holders of such notes, *provided that* (i) CCA converts all MDP Notes and PMI Notes pursuant to their terms upon the proper request of a holder of such notes and (ii) the fair market value of the common stock received upon such conversion (measured as of the date the notice of redemption is given) is not less than one and one half times the proceeds such holder would receive pursuant to such redemption;

(11) the repurchase, redemption or other acquisition or retirement for value of the shares of Series A Preferred Stock issued and outstanding on the Issue Date with the net proceeds from the issuance by a Qualified Trust of Qualified Trust Preferred Stock; and

(12) Restricted Payments not otherwise permitted in an amount not to exceed $25.0 million.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by CCA or such Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant will be determined by the Board of Directors whose resolution with respect thereto will be delivered to the trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $15.0 million. Except with respect to any Restricted Payment permitted pursuant to clauses (1)-(12) of the immediately preceding paragraph, not later than 10 days following the end of the fiscal quarter in which such Restricted Payment was made, CCA will deliver to the trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the indenture.

Incurrence of Indebtedness and Issuance of Preferred Stock

CCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and CCA will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however,* that CCA or its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for CCA's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period;

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or the issuance of Disqualified Stock, as set forth below (collectively, "Permitted Debt"):

(1) the incurrence by CCA and any Restricted Subsidiaries of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed $715 million;

(2) the incurrence by CCA and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by CCA and the Guarantors of Indebtedness represented by the notes and the related Subsidiary Guarantees to be issued on the date of the indenture and the Exchange Notes and the related Subsidiary Guarantees to be issued pursuant to the registration rights agreement;

(4) the incurrence by CCA or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of CCA or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (4), not to exceed $25.0 million at any time outstanding;

(5) the incurrence by CCA or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) or Disqualified Stock that was permitted by the indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (5), or (12) of this paragraph;

(6) the incurrence by CCA or any of its Restricted Subsidiaries of intercompany Indebtedness between or among CCA and any of its Restricted Subsidiaries or the refinancing or replacement of existing intercompany Indebtedness between or among CCA and any of its Restricted Subsidiaries; *provided, however,* that:

(a) if CCA or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of CCA, or the Subsidiary Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than CCA or a Restricted Subsidiary of CCA and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either CCA or a Restricted Subsidiary of CCA; will be deemed, in each case, to constitute an incurrence of such Indebtedness by CCA or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by CCA or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating rate Indebtedness that is permitted by the terms of the indenture to be outstanding or for hedging foreign currency exchange risk, in each case to the extent the Hedging Obligations are incurred in the ordinary course of business and not for any speculative purpose;

(8) the guarantee by CCA or any of its Restricted Subsidiaries of Indebtedness of CCA or a Restricted Subsidiary of CCA that was permitted to be incurred by another provision of this covenant;

(9) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount thereof is included in Fixed Charges of CCA as accrued interest;

(10) the incurrence by CCA or any of its Restricted Subsidiaries of Indebtedness, including Indebtedness represented by letters of credit for the account of CCA or any Restricted Subsidiary, incurred in respect of workers' compensation claims, self-insurance obligations, performance, proposal, completion, surety and similar bonds and completion guarantees provided by CCA or any of its Restricted Subsidiaries in the ordinary course of business; *provided*, that the underlying obligation to perform is that of CCA and its Restricted Subsidiaries and not that of CCA's Unrestricted Subsidiaries; *provided further*, that such underlying obligation is not in respect of borrowed money;

(11) the issuance of Series B Preferred Stock by CCA solely for the purpose of the payment of dividends to the holders of the Series B Preferred Stock made in accordance with CCA's Amended and Restated Charter;

(12) the incurrence by CCA or any of the Guarantors of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (12), not to exceed $60.0 million;

(13) the incurrence by CCA or any of its Restricted Subsidiaries of Indebtedness, including but not limited to Indebtedness represented by letters of credit for the account of CCA or any Restricted Subsidiary, arising from agreements of CCA or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or Equity Interests of CCA or a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Equity Interests for the purpose of financing such acquisition;

(14) the incurrence by CCA or any Restricted Subsidiary of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, *provided* that such Indebtedness is extinguished within five business days of incurrence;

(15) the incurrence by CCA or a Restricted Subsidiary of Qualified Trust Indebtedness the proceeds of which are used to finance a Restricted Payment permitted by clause (6) or (11) of the second paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments;" and

(16) the incurrence by CCA of indebtedness expressly subordinated to the notes not to exceed an aggregate principal amount of $2.9 million in satisfaction of the Stockholder Litigation.

CCA will not incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of CCA unless such Indebtedness is also contractually subordinated in right of payment to the notes on substantially identical terms; *provided, however*, that no Indebtedness of CCA will be deemed to be contractually subordinated in right of payment to any other Indebtedness of CCA solely by virtue of being unsecured.

For purposes of determining compliance with the provisions in the indenture relating to the "Incurrence of Indebtedness and Issuance of Preferred Stock", in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, CCA will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness under Credit Facilities outstanding on the date on which notes are first issued and authenticated under the indenture will be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt.

Liens

CCA will not and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired, unless all payments due under the indenture and the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Dividend and Other Payment Restrictions Affecting Subsidiaries

CCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to CCA or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to CCA or any of its Restricted Subsidiaries;

(2) make loans or advances to CCA or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to CCA or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the date of the indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements, *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of the indenture;

(2) the indenture, the notes, the exchange notes and the related Subsidiary Guarantees;

(3) applicable law;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by CCA or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred;

(5) customary non-assignment provisions of any contract entered into in the ordinary course of business and customary provisions restricting subletting of any interest in real property contained in any lease or easement agreement of CCA or any Restricted Subsidiary, or any customary restriction on the ability of a Restricted Subsidiary to dividend, distribute or otherwise transfer any asset which secures Indebtedness secured by a Lien and which Indebtedness and which Lien was permitted by the indenture.

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (3) of the preceding paragraph;

(7) any agreement for the sale or other disposition of all or substantially all of the assets or capital stock of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition of all or substantially all of the assets or capital stock of such Restricted Subsidiary;

(8) Permitted Refinancing Indebtedness, *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness with respect to dividends and other payments are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption "— Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(12) any encumbrance or restriction pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of CCA or any Restricted Subsidiary.

Merger, Consolidation or Sale of Assets

CCA shall not, in a single transaction or a series of related transactions, consolidate with or merge with or into any other Person or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person or group of affiliated Persons, or permit any of its Restricted Subsidiaries to enter into any such transaction or transactions if such transaction or transactions, in the aggregate, would result in an assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of CCA and its Restricted Subsidiaries taken as a whole to any other Person or group of affiliated Persons, unless at the time and after giving effect thereto:

(1) either: (a) CCA or any Restricted Subsidiary is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than CCA or any Restricted Subsidiary) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than CCA or any Restricted Subsidiary) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of CCA under the notes, the indenture and the registration rights agreement pursuant to agreements reasonably satisfactory to the trustee;

(3) immediately after such transaction no Default or Event of Default exists; and

(4) CCA, the Restricted Subsidiary, or the other Person formed by or surviving any such consolidation or merger (if other than CCA or a Restricted Subsidiary), or to which such sale, assignment, transfer, conveyance or other disposition has been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock."

The covenant described under this caption "Merger, Consolidation or Sale of Assets" will not apply to: (i) a sale, assignment, transfer, conveyance or other disposition of assets between or among CCA and any of its Restricted Subsidiaries; (ii) any merger of a Restricted Subsidiary into CCA or another Restricted Subsidiary; (iii) any merger of CCA into a wholly-owned Restricted Subsidiary created for the purpose of holding the Equity Interests of CCA; or (iv) a merger between CCA and a newly-created Affiliate incorporated solely for the purpose of reincorporating CCA in another State of the United States.

Transactions with Affiliates

CCA will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to CCA or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by CCA or such Restricted Subsidiary with an unrelated Person; and

(2) CCA delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $20.0 million, an opinion as to the fairness to the Company of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment or indemnity agreement entered into by CCA or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of CCA or such Restricted Subsidiary;

(2) transactions between or among CCA and/or its Restricted Subsidiaries;

(3) transactions with a Person that is an Affiliate of CCA solely because CCA owns an Equity Interest in, or controls, such Person;

(4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of CCA;

(5) sales of Equity Interests (other than Disqualified Stock) to Affiliates of CCA;

(6) Restricted Payments that are permitted by the provisions of the indenture described above under the caption "— Restricted Payments"; and

(7) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of employment arrangements, stock options and stock ownership plans and other reasonable fees, compensation, benefits and indemnities paid or entered into by CCA or any of its Restricted Subsidiaries in the ordinary course of business to or with officers, directors or employees of CCA and its Restricted Subsidiaries.

Additional Subsidiary Guarantees

If any Subsidiary of CCA that is not a Guarantor enters into a Guarantee of a Credit Facility or any part of the Indebtedness created under Credit Facilities permitted to be incurred pursuant to clause (1) of the second paragraph of the covenant described above under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock", then that Subsidiary will become a Guarantor and will execute a supplemental indenture and deliver an Opinion of Counsel satisfactory to the trustee within 10 business days of the date on which it was acquired or created.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default or Event of Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by CCA and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be Investments made as of the time of the designation, subject to the limitations on Restricted Payments. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

Sale and Leaseback Transactions

CCA will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided* that CCA or any Guarantor may enter into a Sale and Leaseback Transaction if:

(1) CCA or that Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such Sale and Leaseback Transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "— Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "— Liens;"

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors and set forth in an Officers' Certificate delivered to the trustee, of the property that is the subject of that Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and CCA applies the proceeds of such transaction in compliance with, the covenant described above under the caption "— Repurchase at the Option of Holders — Asset Sales."

Business Activities

CCA will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to CCA and its Restricted Subsidiaries taken as a whole.

Payments for Consent

CCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid and is paid to all Holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Reports

Whether or not required by the Commission, so long as any notes are outstanding, CCA will furnish to the Holders of notes, within 5 days of the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial and other information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if CCA were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by CCA's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if CCA were required to file such reports.

In addition, following the consummation of the exchange offer, whether or not required by the Commission, CCA will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to prospective investors upon request. In addition, CCA and the Guarantors have agreed that, for so long as any notes remain outstanding, they will furnish to the Holders and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, if any such information is required to be delivered.

If CCA has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of CCA and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of CCA.

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the notes;

(2) default in payment when due of the principal of, or premium, if any, on the notes;

(3) failure by CCA or any of its Restricted Subsidiaries to comply with the provisions described under the captions "— Repurchase at the Option of Holders — Change of Control," "— Repurchase at the Option of Holders — Asset Sales," or "— Certain Covenants — Merger, Consolidation or Sale of Assets;"

(4) failure by CCA or any Guarantor for 60 consecutive days after notice to comply with any of the other agreements in the indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by CCA or any Restricted Subsidiaries (or the payment of which is guaranteed by CCA or any Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more, *provided* that the any default described in clause (a) or (b) above on the MDP Notes shall not constitute an Event of Default pursuant to this clause (5) so long as CCA cures such default within 30 days of a final judgment by a court of competent jurisdiction that such default on the MDP Notes exists or that any alleged unpaid principal or interest on the MDP Notes is due and owing, which judgment is not stayed, paid or discharged within such 30 day period;

(6) failure by CCA or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and

(8) certain events of bankruptcy or insolvency described in the indenture with respect to CCA or any of its Restricted Subsidiaries.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to CCA, or any Restricted Subsidiary that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the Holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from Holders of the notes notice of any continuing Default or Event of Default if it determines that withholding notes is in their interest, except a Default or Event of Default relating to the payment of principal or interest or Liquidated Damages.

The Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the Holders of all of the notes waive any existing Default or Event of Default and its consequences under the indenture except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or the principal of, the notes.

CCA is required to deliver to the trustee annually a written statement regarding compliance with the indenture. Upon becoming aware of any Default or Event of Default, CCA is required to deliver to the trustee a written statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of CCA or any Guarantor, as such, will have any liability for any obligations of CCA or the Guarantors under the notes, the indenture, the Subsidiary Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

CCA may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees (“Legal Defeasance”) except for:

(1) the rights of Holders of outstanding notes to receive payments in respect of the principal of, or interest or premium and Liquidated Damages, if any, on such notes when such payments are due from the trust referred to below;

(2) CCA’s obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and CCA’s and the Guarantor’s obligations in connection therewith; and

(4) the Legal Defeasance provisions of the indenture.

In addition, CCA may, at its option and at any time, elect to have the obligations of CCA and the Guarantors released with respect to certain covenants that are described in the indenture (“Covenant Defeasance”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described below under the caption “— Events of Default and Remedies” will no longer constitute an Event of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) CCA must irrevocably deposit with the trustee, in trust, for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Liquidated Damages, if any, on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be, and CCA must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, CCA has delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that (a) CCA has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, CCA has delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the indenture) to which CCA or any of its Subsidiaries is a party or by which CCA or any of its Subsidiaries is bound;

(6) CCA must deliver to the trustee an Officers' Certificate stating that the deposit was not made by CCA with the intent of preferring the Holders of notes over the other creditors of CCA or with the intent of defeating, hindering, delaying or defrauding creditors of CCA or others; and

(7) CCA must deliver to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or compliance with any provision of the indenture or the notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting Holder):

(1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to the redemption of the notes (other than provisions relating to the covenants described above under the caption "— Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest on any note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, or Liquidated Damages, if any, on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration);

(5) make any note payable in currency other than that stated in the notes;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of Holders of notes to receive payments of principal of, or interest or premium or Liquidated Damages, if any, on the notes;

(7) waive a redemption payment with respect to any note (other than a payment required by one of the covenants described above under the caption "— Repurchase at the Option of Holders");

(8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the indenture, except in accordance with the terms of the indenture; or

(9) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any Holder of notes, CCA, the Guarantors and the trustee may amend or supplement the indenture or the notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of CCA's obligations to Holders of notes in the case of a merger or consolidation or sale of all or substantially all of CCA's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders of notes or that does not adversely affect the legal rights under the indenture of any such Holder; or

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust and thereafter repaid to CCA, have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year, and CCA or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which CCA or any Guarantor is a party or by which CCA or any Guarantor is bound;

(3) CCA or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and

(4) CCA has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, CCA must deliver an Officers' Certificate and an Opinion of Counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the trustee becomes a creditor of CCA or any Guarantor, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest, as described in the Trust Indenture Act, it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an Event of Default occurs and is continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any Holder of notes, unless such Holder has offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

Additional Information

Anyone who receives this prospectus may obtain a copy of the indenture without charge by writing to CCA's Investor Relations Department at 10 Burton Hills Boulevard, Nashville, Tennessee 37215.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Amended and Restated Charter*" means the Amended and Restated Charter of CCA adopted on September 29, 2000.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights of CCA and/or any Restricted Subsidiary, other than sales of inventory in the ordinary course of business consistent with past practices; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of CCA and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption "— Repurchase at the Option of Holders — Change of Control" and/or the provisions described above under the caption "— Certain Covenants — Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests in any of CCA's Restricted Subsidiaries or the sale of Equity Interests in any of its Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves the sale of assets or the issuance or sale of Equity Interests of a Restricted Subsidiary having a fair market value of less than $5.0 million;

(2) a transfer of assets between or among CCA and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to CCA or to another Restricted Subsidiary;

(4) the sale or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents; and

(6) a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption "— Certain Covenants — Restricted Payments."

"*Asset Swap*" means an exchange of assets other than cash, Cash Equivalents or Equity Interests of CCA or any Subsidiary by CCA or a Restricted Subsidiary of CCA for:

(1) one or more Permitted Businesses;

(2) a controlling equity interest in any Person whose assets consist primarily of one or more Permitted Businesses; and/or

(3) one or more real estate properties.

"*Attributable Debt*" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and

credit of the United States is pledged in support of those securities) ("Government Securities") having maturities of not more than one year from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of CCA and its Restricted Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act);

(2) the approval by the holders of the Voting Stock of CCA of a plan relating to the liquidation or dissolution of CCA or if no such approval is required the adoption of a plan relating to the liquidation or dissolution of CCA by its Board of Directors;

(3) the consummation of any transaction (including without limitation any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of CCA;

(4) CCA consolidates with, or merges with or into, any Person, or any Person consolidated with, or merger with or into, CCA, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of CCA or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of CCA outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a 45% or more of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance); or

(5) the first day on which a majority of the members of the Board of Directors of CCA are not Continuing Directors.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; *plus*

(4) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *minus*

(5) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or Restricted Subsidiary of the Person;

(2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded;

(4) the cumulative effect of a change in accounting principles will be excluded; and

(5) the Net Income or loss of any Unrestricted Subsidiary will be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"*Consolidated Net Income After Preferred Cash Dividend*" means the difference between the Consolidated Net Income of CCA and the aggregate amount of payment of any cash dividends to the holders of CCA's Series A Preferred Stock or CCA's Series B Preferred Stock.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of CCA who:

(1) was a member of such Board of Directors on the date of the indenture; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"*Credit Agreement*" means that certain Third Amended and Restated Credit Agreement, by and among CCA and Lehman Commercial Paper, Inc., and other parties thereto, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, (and/or amended and restated) modified, renewed, refunded, replaced or refinanced from time to time, in whole or in part, with the same or different lenders (including, without limitation, any amendment, amendment and restatement, modification, renewal, refunding, replacement or refinancing that increases the maximum amount of the loans made or to be made thereunder).

"*Credit Facilities*" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, (and/or amended and restated) restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"*Damages Payment Date*" shall have the meaning given to such term in the proposed form of registration rights agreement.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Assets*" means those correctional facilities owned by CCA that are located in San Diego, California; Walsenburg, Colorado; Nichols, Georgia; Alamo, Georgia; Tutweiler, Mississippi; Shelby, Montana; Cushing, Oklahoma; Holdenville, Oklahoma; Memphis, Tennessee; and Washington, DC, in each case so long as, and to the extent that, CCA or a Restricted Subsidiary has granted an option to purchase such facility (or provided for the reversion of CCA's ownership interest in all or a portion of such facility) pursuant to a Designated Asset Contract.

"*Designated Asset Contract*" means each of the following contracts pursuant to which CCA has granted (a) an option to purchase a Designated Asset for the Designated Asset Value or (b) a right of reversion of all or a portion of CCA's ownership in such Designated Assets, in each case as in effect on the Issue Date: Standard Form Lease Agreement, East Mesa Detention Facility, dated October 30, 1997, between the County of San Diego and CCA; Lease Agreement, dated April 30, 1996, between Huerfano County and CCA; Request for Proposal Number 0467-019-955259 Issues on Behalf of the Georgia Department of Corrections re: Bid of Private Prisons in Coffee and Wheeler Counties; Contract No. 467-019-955259-1, dated July 24, 1996, between the Georgia Department of Corrections and CCA; Contract No. 467-019-955259-2, dated July 24, 1996, between the Georgia Department of Corrections and CCA; Agreement, dated October 6, 1998, between the Tallahatchie County Correctional Authority and CCA, as amended by that certain Amendment No. 1 to Agreement dated May 18, 2000, between the Tallahatchie County Correctional Authority and CCA; Contract for Facility Development — Design, Build, dated July 22, 1998, between the Montana Department of Corrections and CCA; Contractual Agreement, dated July 1, 1997, between the State of Oklahoma Department of Corrections and CCA; Correctional Services Contract, dated July 1, 1998, between the State of Oklahoma Department of Corrections and CCA; Lease Agreement, dated April 15, 1985, between the County of Shelby and CCA; Contract, dated February 25, 1986, between the Tennessee Department of Finance and Administration and CCA; and Lease Agreement, dated January 1997, between the District of Columbia and CCA.

"*Designated Asset Value*" means the aggregate consideration specified in a Designated Asset Contract to be received by CCA upon the exercise of an option to acquire a Designated Asset pursuant to the terms of a Designated Asset Contract.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require CCA to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that CCA may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "— Certain Covenants — Restricted Payments."

"*Domestic Subsidiary*" means any Restricted Subsidiary of CCA that was formed under the laws of the United States or any state of the United States (but not the laws of Puerto Rico) or the District of Columbia or that guarantees or otherwise provides direct credit support for any Indebtedness of CCA.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Existing Indebtedness*" means the Indebtedness of CCA and its Restricted Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of the indenture, until such amounts are repaid.

"*Equity Offering*" means an offering by a Person of its shares of Equity Interests (other than Disqualified Stock) however designated and whether voting or non-voting, and any and all rights, warrants or options to acquire such Equity Interests (other than Disqualified Stock).

"*Event of Default*" means any event that is described under the caption —"Events of Defaults and Remedies."

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letters of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations, but excluding amortization of debt issuance costs and original issue discount and other non-cash interest payments; *plus*

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than (i) dividends on Equity Interests payable in Equity Interests of CCA (other than Disqualified Stock), (ii) dividends to CCA or a Restricted Subsidiary of CCA, or (iii) up to $10,750,000 paid on January 15, 2002 as accrued but unpaid dividends in arrears on shares of CCA's Series A Preferred Stock, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local effective cash tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period will be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; and

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date.

"*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession as amended and/or modified from time to time.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness, but not any Indebtedness of CCA under the Forward Delivery Deficits Agreement, dated as of September 25, 1997, by and between CCA and First Union National Bank, as trustee, or under the Debt Service Deficits Agreement, dated as of January 1, 1997, by and between CCA and Hardeman County Correctional Facilities Corporation, each as in effect on the Issue Date, provided that and for so long as such Indebtedness is not required to be classified as debt of CCA or any Restricted Subsidiary pursuant to GAAP.

"*Guarantors*" means each of:

(1) the Guarantors named under "— Subsidiary Guarantees" above; and

(2) any other subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of the indenture;

and their respective successors and assigns.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness; and

(3) with respect to Hedging Obligations, the amount of Indebtedness required to be recorded as a liability in accordance with GAAP.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP and include the designation of a Restricted Subsidiary as an Unrestricted Subsidiary. If CCA or any Subsidiary of CCA sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of CCA such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of CCA, CCA will be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments." The acquisition by CCA or any Subsidiary of CCA of a Person that holds an Investment in a third Person will be deemed to be an Investment by CCA or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "— Certain Covenants — Restricted Payments."

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*MDP Notes*" means those certain 10.0% Convertible Subordinated Notes due December 31, 2008 issued pursuant to that certain Note Purchase Agreement, dated as of December 31, 1998, as amended on June 30, 2000, between CCA, on the one hand, and MDP Ventures IV, LLC and certain affiliated purchasers, on the other hand.

"*Net Income*" means, with respect to any specified Person for any period, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries;

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss;

(3) any loss resulting from impairment of goodwill recorded on the consolidated financial statement of a Person pursuant to SFAS No. 142 "Goodwill and Other Intangible Assets;"

(4) any loss resulting from the change in fair value of a derivative financial instrument pursuant to SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities;" and

(5) amortization of debt issuance costs.

"*Net Proceeds*" means the aggregate cash proceeds received by CCA or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither CCA nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of CCA or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of CCA or any of its Restricted Subsidiaries.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Permitted Business*" means the business conducted by CCA and its Restricted Subsidiaries on the date of the indenture and businesses reasonably related thereto or ancillary or incidental thereto or a reasonable extension thereof, including the privatization of governmental services.

"*Permitted Investments*" means:

(1) any Investment in CCA or in a Restricted Subsidiary of CCA that is a Guarantor;

(2) any Investment in cash or Cash Equivalents;

(3) any Investment by CCA or any Restricted Subsidiary of CCA in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of CCA and a Guarantor; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, CCA or any Restricted Subsidiary of CCA that is a Guarantor;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "— Repurchase at the Option of Holders — Asset Sales";

(5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of CCA;

(6) any Investments received in compromise of obligations of such persons incurred in the ordinary course of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer;

(7) Hedging Obligations; and

(8) other Investments in any other Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (8) not to exceed $35.0 million;

(9) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(10) loans or advances to employees made in the ordinary course of business of CCA or any Restricted Subsidiary not to exceed $5.0 million outstanding at any one time for all loans or advances under this clause (10);

(11) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to CCA or any Restricted Subsidiary or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of a debtor;

(12) Investments in existence on the date of the indenture;

(13) Guarantees issued in accordance with the covenant described above under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(14) Investments that are made with Equity Interests of CCA (other than Disqualified Stock of CCA).

"*Permitted Liens*" means:

(1) Liens on real or personal property of CCA and any Guarantor securing Indebtedness and other Obligations under Credit Facilities that were permitted by the terms of the indenture to be incurred;

(2) Liens in favor of CCA or the Guarantors;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with CCA or any Restricted Subsidiary of CCA; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with CCA or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition of the property by CCA or any Restricted Subsidiary of CCA, *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant described above under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with such Indebtedness;

(7) Liens existing on the date of the indenture;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens securing Permitted Refinancing Indebtedness; *provided* that any such Lien does not extend to or cover any property, Capital Stock or Indebtedness other than the property, shares or debt securing the Indebtedness so refunded, refinanced or extended;

(10) Attachment or judgment Liens not giving rise to a Default or an Event of Default;

(11) Liens on the Capital Stock of Unrestricted Subsidiaries;

(12) Liens incurred in the ordinary course of business of CCA or any Subsidiary of CCA with respect to obligations that do not exceed $15.0 million at any one time outstanding;

(13) pledges or deposits under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which CCA or any Restricted Subsidiary is a party, or deposits to secure public or statutory obligations of CCA or any Restricted Subsidiary or deposits or cash or Government Securities to secure surety or appeal bonds to which CCA or any Restricted Subsidiary is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case incurred in the ordinary course of business;

(14) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings if a reserve or other appropriate provisions; if any, as shall be required by GAAP shall have been made in respect thereof;

(15) encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of CCA or a Restricted Subsidiary or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of CCA or such Restricted Subsidiary;

(16) Liens securing Hedging Obligations so long as the related Indebtedness is secured by a Lien on the same property securing such Hedging Obligations;

(17) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of CCA or any of its Restricted Subsidiaries; and

(18) normal customary rights of setoff upon deposits of cash in favor of banks or other depository institutions.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of CCA or any of its Restricted Subsidiaries issued in repayment of, exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, repay, defease or refund other Indebtedness of CCA or any of its Restricted Subsidiaries (other than intercompany Indebtedness and Disqualified Stock of CCA or a Restricted Subsidiary); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, repaid, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, repaid, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, repaid, defeased or refunded is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the notes on terms at least as favorable to the Holders of notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, repaid, defeased or refunded; and

(4) such Indebtedness is incurred either by CCA or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, repaid, defeased or refunded.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*PMI Notes*" means those certain 8.0% Convertible Subordinated Notes due February 28, 2005 issued pursuant to that certain Note Purchase Agreement, dated as of December 31, 1998, as amended on June 30, 2000 and on March 5, 2001, between CCA and PMI Mezzanine Fund, L.P.

"*Qualified Trust*" means a trust or other special purpose vehicle formed for the sole purpose of, and which is limited by its charter or other organizational documents to conduct no business other than, issuing Qualified Trust Preferred Stock and lending the proceeds from such issuance to CCA.

"*Qualified Trust Indebtedness*" means Indebtedness of CCA or a Restricted Subsidiary to a Qualified Trust (a) in an aggregate principal amount not exceeding the amount of funds raised by such trust from the issuance of Qualified Trust Preferred Stock and (b) that by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the Qualified Trust or the holder of any Qualified Trust Preferred Stock), or upon the happening of any event, does not mature and is not mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the Qualified Trust or any holder of the Qualified Trust Preferred Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature; provided that such Qualified Trust Indebtedness may be redeemed pursuant to its terms upon a change of control of CCA if the terms of such Qualified Trust Indebtedness (a) define a "change of control" in a manner that is not more expansive than the definition contained in the indenture and (b) explicitly provide that no payment shall be made with respect to such indebtedness upon a change of control unless and until CCA has complied with the provisions described above under "— Repurchase at the Option of Holders — Change of Control" and purchases all notes properly tendered and not withdrawn pursuant to a Change of Control Offer to the extent required by the indenture.

"*Qualified Trust Preferred Stock*" means a preferred stock or preferred interest in a Qualified Trust the net proceeds from the issuance of which are used to finance Qualified Trust Indebtedness and that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Qualified Trust Preferred Stock), or upon the happening of any event, does not mature and is not mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Qualified Trust Preferred Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of CCA means any Subsidiary of CCA that is not an Unrestricted Subsidiary.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement relating to property now owned or hereafter acquired whereby CCA or a Restricted Subsidiary transfers such property to another Person and CCA or a Restricted Subsidiary leases it from such Person other than a lease properly characterized pursuant to GAAP as a capital lease obligation.

"*Series A Preferred Stock*" means the 8% Series A Cumulative Preferred Stock of CCA described in CCA's Amended and Restated Charter.

"*Series B Preferred Stock*" means the Series B Cumulative Convertible Preferred Stock of CCA described in CCA's Amended and Restated Charter.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the indenture.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Stockholder Litigation*" means that certain action styled *Dasburg, S.A. v. Corrections Corporation of America, et al.*, Civil Action No. 98-2391-III, filed in the Chancery Court for the State of Tennessee, Twentieth District, Davidson County, and constituting the state court portion of previously outstanding federal and state stockholder litigation against CCA.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"*Unoccupied Facility*" means any prison facility owned by CCA or a Restricted Subsidiary which for the twelve month period ending on the date of measurement has had an average occupancy level of less than 15%.

"*Unrestricted Subsidiary*" means any Subsidiary of CCA that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with CCA or any Restricted Subsidiary of CCA unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to CCA or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of CCA;

(3) is a Person with respect to which neither CCA nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of CCA or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of CCA as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "— Certain Covenants — Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of CCA as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock," CCA will be in default of such covenant. The Board of Directors of CCA may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of CCA of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "— Certain Covenants — Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, or liquidation preference, as the case may be, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding aggregate principal amount or liquidation preference, as the case may be, of such Indebtedness.

Form of Registered Notes

The certificates representing the notes will be issued in fully registered form, without coupons. Except as described in the next paragraph, the notes will be deposited with, or on behalf of, DTC, and registered in the name of Cede & Co., as DTC's nominee, in the form of a global note. Holders of the notes will own book-entry interests in the global note evidenced by records maintained by DTC.

Book-entry interests may be exchanged for certificated notes of like tenor and equal aggregate principal amount, if

(1) DTC notifies us that it is unwilling or unable to continue as depositary or we determine that DTC is unable to continue as depositary and we fail to appoint a successor depositary within 90 days,

(2) we provide for the exchange pursuant to the terms of the indenture, or

(3) we determine that the book-entry interests will no longer be represented by global notes and we execute and deliver to the trustee instructions to that effect.

As of the date of this prospectus, no certificated notes are issued and outstanding.

FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax considerations relating to the exchange of old notes for registered notes in the exchange offer. It does not contain a complete analysis of all the potential tax considerations relating to the exchange. This summary is limited to holders of old notes who hold the old notes as "capital assets" (in general, assets held for investment). Special situations, such as the following, are not addressed:

- tax consequences to holders who may be subject to special tax treatment, such as tax-exempt entities, dealers in securities or currencies, financial institutions, insurance companies, regulated investment companies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings or corporations that accumulate earnings to avoid U.S. federal income tax;

- tax consequences to persons holding notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle or other risk reduction transaction;

- tax consequences to holders whose "functional currency" is not the U.S. dollar;

- tax consequences to persons who hold notes through a partnership or similar pass-through entity;

- alternative minimum tax consequences, if any; or

- any state, local or foreign tax consequences.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, existing and proposed Treasury regulations promulgated thereunder, and rulings, judicial decisions and administrative interpretations thereunder, as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below.

Consequences of Tendering Notes

We believe the exchange of your old notes for registered notes in the exchange offer will not constitute an exchange for federal income tax purposes. Accordingly, we believe the exchange offer will have no federal income tax consequences to you if you exchange your old notes for registered notes. For example, there will be no change in your tax basis and your holding period will carry over to the registered notes. In addition, the federal income tax consequences of holding and disposing of your registered notes will also be the same as those applicable to your old notes.

The preceding discussion of certain U.S. federal income tax considerations is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of exchanging old notes for registered notes, including the applicability and effect of any state, local or foreign tax laws, and of any proposed changes in applicable laws.

PLAN OF DISTRIBUTION

Each broker-dealer that receives registered notes in the exchange offer for its own account must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the notes. We reserve the right in our sole discretion to purchase or make offers for, or to offer registered notes for, any old notes that remain outstanding subsequent to the expiration of the exchange offer pursuant to this prospectus or otherwise and, to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions or otherwise. This prospectus, as it may be amended or supplemented from time to time, may be used by all persons subject to the prospectus delivery requirements of the Securities Act, including broker-dealers in connection with resales of registered notes received in the exchange offer, where the notes were acquired as a result of market-making activities or other trading activities and may be used by us to purchase any notes outstanding after expiration of the exchange offer. We have agreed that, for a period of 180 days after the expiration of the exchange offer, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with such a resale.

We will not receive any proceeds from any sale of registered notes by broker-dealers. Registered notes received by broker-dealers in the exchange offer for their own account may be sold from time to time in one or more transactions in the over-the counter market, in negotiated transactions, through the writing of options on the registered notes or a combination of those methods of resale, at market prices prevailing at the time of resale, at prices related to the prevailing market prices or negotiated prices. Such a resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from such a broker-dealer and/or the purchasers of any of the registered notes. Any broker-dealer that resells registered notes that were received by it in the exchange offer for its own account and any broker or dealer that participates in a distribution of the notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on such a resale of the notes and any commissions or concessions received by those persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests these documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the reasonable fees and expenses of counsel to the initial purchasers of the old notes, other than commissions or concessions of any brokers or dealers, and will indemnify holders of the notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

Certain legal matters in connection with the exchange offer will be passed upon for us by Stokes Bartholomew Evans & Petree, P.A., Nashville, Tennessee.

EXPERTS

The 2001 consolidated financial statements of Corrections Corporation of America and Subsidiaries appearing in our Current Report on Form 8-K for the year ended December 31, 2001, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The combined and consolidated financial statements as of December 31, 2001 and 2000 and for the years ended December 31, 2001, 2000 and 1999 incorporated by reference into this prospectus have been included in reliance on the report of Arthur Andersen LLP, independent certified public accountants, given authority of said firm as experts in auditing and accounting. Reference is made to said report, which includes an explanatory paragraph with respect to the change in the method of accounting for derivative financial instruments effective January 1, 2001 as discussed in note 17 to the combined and consolidated financial statements. Arthur Andersen has not consented to the inclusion of their report in this prospectus, and we have dispensed with the requirement to file Arthur Andersen’s consent in reliance on Rule 437a under the Securities Act. Because Arthur Andersen has not consented to the inclusion of their report in this prospectus, you may not be able to recover against Arthur Andersen under Section 11 of the Securities Act for any untrue statement of a material fact contained in the financial statements audited by Arthur Andersen or any omissions to state a material fact required to be stated in those financial statements.

CORRECTIONS CORPORATION OF AMERICA

Offer to Exchange

up to $250,000,000 of 9 7/8% Senior Notes due 2009
for
up to $250,000,000 of 9 7/8% Senior Notes due 2009
that have been registered under the Securities Act of 1933

Each broker-dealer registered as such under the Securities Exchange Act of 1934 that receives registered notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the registered notes. The letter of transmittal that accompanies this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of registered notes received in exchange for outstanding notes where the outstanding notes were acquired by the broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business 180 days after the expiration date of the exchange offer, or such shorter period as will terminate when all registered notes held by broker-dealers that receive registered notes for their own account or initial purchasers of the outstanding securities have been sold pursuant to this prospectus, we will make this prospectus available to any broker-dealer for use in connection with any resale of registered notes received by a broker-dealer for its own account. See "Plan of Distribution."

PROSPECTUS

January 8, 2003