

PRESS RELEASE



Private Corrections Institute (www.privateci.org)

March 20, 2013 – For Immediate Release

CCA Excludes Shareholder Resolution Requiring Company to Fully Disclose Information about REIT Conversion

Nashville, TN – On March 18, the Securities and Exchange Commission (SEC) ruled in favor of Corrections Corporation of America (CCA), the nation’s largest for-profit prison company which trades as CXW, on CCA’s no-action request seeking to exclude a shareholder resolution from its proxy materials in advance of the company’s annual meeting in May.

The resolution, filed by CCA shareholder Alex Friedmann, president of the Private Corrections Institute (PCI), would have required CCA’s Board of Directors to issue a report to stockholders addressing the following specific subject areas concerning the company’s recent conversion to a real estate investment trust (REIT):

1. Any known disadvantages to stockholders, and/or advantages to the company, should the company elect to make required REIT dividend distributions primarily in the form of stock rather than cash;
2. The extent to which the Board has taken into account the company’s prior conversion to a REIT in 1999 and the outcome of same;
3. The extent to which the Board has taken into account shareholder lawsuits related to the company’s prior conversion to a REIT and the outcome of same; and
4. How the company plans on an ongoing basis to comply with, and monitor compliance with, IRS rules governing REITs – including the limitation on REIT assets that can be held in non-qualifying securities or stock of taxable REIT subsidiaries – and the federal tax implications of same for the company.

With respect to the second and third points, the resolution’s supporting statement noted that CCA previously had converted to a REIT with disastrous results for shareholder value. “Following the Company’s conversion to a REIT in 1999 by merging with Prison Realty Trust, the Company’s stock price dropped from over \$60.00/share to under \$1.00/share. Consequently, the Company instituted a 1-for-10 reverse stock split to prevent it from being delisted from the NYSE, and later reversed its REIT conversion.”

Additionally, according to the supporting statement, “Shareholders filed lawsuits against the Company and Prison Realty Trust over the prior REIT conversion. The suits alleged that the companies and various officers and directors had concealed material information from shareholders, and made false and misleading statements. The Company settled the lawsuits for approximately \$104 million in stock and cash.”

(continued)

CCA filed a no-action letter with the SEC on January 15, 2013, seeking to exclude the proposed REIT-related resolution from the company's proxy materials. Friedmann submitted a response and CCA filed a 101-page supplement to its no-action request on March 4.

"CCA really, really didn't want this resolution to be presented to shareholders," said Friedmann. "This is in spite of the fact that in its press releases and SEC filings, including its Form 10-K, CCA did not inform stockholders about the company's prior REIT conversion which resulted in a precipitous drop in stock price, a reverse stock split and shareholder lawsuits.

"One would think, if CCA's Board was concerned about the interests of stockholders, it would want to fully disclose material information about the company's prior disastrous foray into REIT territory. The Board's unanimous decision to seek to exclude the resolution, which ultimately proved successful, speaks volumes."

The SEC, in issuing a letter concurring that CCA may exclude the shareholder resolution, found that the proposed resolution "relates to plans 'to comply with, and monitor compliance with, IRS rules governing REITs.' Proposals that concern a company's legal compliance program are generally excludable..." The SEC did not address other arguments advanced by Friedmann and CCA for and against the resolution, respectively.

"Should CCA's REIT conversion turn out badly, as did the company's first attempt to become a REIT, the company and its Board cannot claim they were unaware that they should have fully informed shareholders about CCA's history with respect to REITs," Friedmann stated.

For more information, please contact:

Alex Friedmann
President, Private Corrections Institute
(615) 495-6568
afriedmann@prisonlegalnews.org
www.privateci.org

The Private Corrections Institute is a non-profit citizen watchdog organization that works to educate the public about the significant dangers and pitfalls associated with the privatization of correctional services.

PCI maintains an online collection of news reports and other resources related to the private prison industry, and holds the position that for-profit prisons have no place in a free and democratic society.