

CORRECTIONS CORP OF AMERICA

Form DEF 14A

April 07, 2005

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**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ o

Check the appropriate box:

- ☐ o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☒ x Definitive Proxy Statement
- ☐ o Definitive Additional Materials
- ☐ o Soliciting Material under Rule 14a-12

Corrections Corporation of America

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ x No fee required.
- ☐ o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Amount Previously Paid:

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(3) Filing Party:

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April 8, 2005

To our stockholders:

You are invited to attend the 2005 Annual Meeting of Stockholders of Corrections Corporation of America (the Company) to be held at 10:00 a.m., local time, on Tuesday, May 10, 2005, at the Company's corporate headquarters, 10 Burton Hills Boulevard, Nashville, Tennessee. The Notice of Annual Meeting and Proxy Statement, both of which accompany this letter, provide details regarding the business to be conducted at the meeting, as well as other important information about the Company.

During the meeting, management will review our recently completed 2004 fiscal year and provide a report on our progress, including recent developments. Stockholders also will have the opportunity to ask questions about the Company.

Along with the other members of the Board of Directors and management, we look forward to greeting you at the Annual Meeting if you are able to attend.

Sincerely,

/s/ William F. Andrews

William F. Andrews
Chairman of the Board of Directors

/s/ John D. Ferguson

John D. Ferguson
Vice-Chairman of the Board of
Directors,
Chief Executive Officer, and President

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**CORRECTIONS CORPORATION OF AMERICA
10 Burton Hills Boulevard
Nashville, Tennessee 37215**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, MAY 10, 2005**

Time, Date, & Place

The Annual Meeting of Stockholders will be held at 10:00 a.m., local time, on Tuesday, May 10, 2005, at the Company's corporate headquarters, 10 Burton Hills Boulevard, Nashville, Tennessee.

Items of Business

Stockholders will consider and vote on the following items at the Annual Meeting:

- (1) The election of 12 directors to serve on the Company's Board of Directors;
- (2) The ratification of the appointment by the Company's Audit Committee of Ernst & Young LLP as the Company's independent registered public accounting firm; and
- (3) Any other matters that are properly raised at the Annual Meeting.

Who May Vote

Stockholders of record at the close of business on Monday, March 28, 2005 are entitled to receive this notice and vote at the Annual Meeting.

How to Vote

Your vote is important. Most stockholders have a choice of voting on the Internet, by telephone, or by mail using the enclosed proxy card. Please refer to the proxy card and the accompanying Proxy Statement for information regarding your voting options. Even if you plan to attend the Annual Meeting, please take advantage of one of the advance voting options to assure that your shares are represented at the Annual Meeting. You may revoke your proxy at any time before it is voted by following the procedures described in the accompanying Proxy Statement.

By Order of the Board of Directors,

/s/ G. A. Puryear IV

G. A. Puryear IV
Executive Vice President, General
Counsel,
and Secretary

April 8, 2005
Nashville, Tennessee

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CORRECTIONS CORPORATION OF AMERICA

**PROXY STATEMENT
FOR
THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, MAY 10, 2005**

We are providing this Proxy Statement, together with a Notice of Annual Meeting of Stockholders and a form of proxy card, in connection with the solicitation by the Board of Directors of Corrections Corporation of America, a Maryland corporation (the Company, we, or us), of proxies to be voted at our 2005 Annual Meeting of Stockholders and any adjournment or postponement of the meeting (the Annual Meeting). These proxy materials are being sent beginning on or about Friday, April 8, 2005.

The Annual Meeting will take place on Tuesday, May 10, 2005, at 10:00 a.m., local time, at the Company's corporate headquarters, 10 Burton Hills Boulevard, Nashville, Tennessee. All stockholders are invited to attend. Because the Annual Meeting is being held at our corporate headquarters, seating is limited and will be available on a first come, first served basis.

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

What matters will be acted on at the Annual Meeting?

Stockholders will consider and vote on the following matters at the Annual Meeting:

1. The election of 12 members to our Board of Directors;
2. The ratification of the appointment by our Audit Committee of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2005; and
3. Any other matters that are properly raised at the Annual Meeting.

As of the date of this Proxy Statement, we are not aware of any other matters that will be presented for action at the Annual Meeting.

What are the Board of Directors' recommendations?

Our Board of Directors recommends that you vote:

FOR the election of each of the 12 nominees to serve as directors on the Board of Directors.
The Audit Committee of our Board of Directors recommends that you vote:

FOR the ratification of the appointment of Ernst & Young LLP.

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If any other matter properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

Who is entitled to vote at the Annual Meeting?

Stockholders of record of our common stock at the close of business on the record date are entitled to receive the accompanying notice and to vote at the Annual Meeting. The Board of Directors has fixed the close of business on Monday, March 28, 2005 as the record date.

As of the record date, there were 39,122,810 shares of common stock outstanding and entitled to vote. Holders of common stock are entitled to one vote for each share of common stock held as of the record date on each matter to be voted on at the Annual Meeting.

How do I vote?

Your vote is important. Whether or not you plan to attend the meeting in person, we urge you to vote as soon as possible by completing, signing, dating, and promptly returning the enclosed proxy card in the envelope provided or by voting by telephone or the Internet as described below. If you choose to attend the meeting in person, you may revoke your proxy and personally cast your votes.

Voting by proxy card. If you complete and properly sign the accompanying proxy card and return it to the Company, it will be voted as you direct. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the meeting will need to obtain a proxy from the institution that holds their shares.

Voting by telephone or the Internet. If you are a registered stockholder, you may also vote by telephone by following the instructions on your proxy card. The deadline for registered holders to vote by telephone is 11:59 p.m., Eastern Daylight Savings Time, on May 9, 2005. If your shares are held in street name, you may vote by telephone or electronically through the Internet as instructed on your proxy card. The deadline for street name holders voting by telephone or the Internet is 11:59 p.m., Eastern Daylight Savings Time, on May 9, 2005.

401(k) shares. If you participate in the Corrections Corporation of America 401(k) Savings and Retirement Plan, you may vote the shares of our common stock credited to your account as of the record date by completing and returning the accompanying proxy card or by telephone by following the instructions on your proxy card. If you do not vote your shares, the trustee will vote your shares in its discretion.

Changing a vote. You may change your vote at any time before it is cast by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. If you have voted by telephone or by the Internet, you may change your vote by following the same instructions used in originally voting your shares. Attendance at the meeting will not by itself revoke a previously granted proxy.

What vote is required to approve each item?

Quorum Requirement. The presence, in person or by proxy, of the Company's stockholders entitled to cast a majority of the votes entitled to be cast at the Annual Meeting is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes will be treated as shares present and entitled to vote for purposes of determining the presence of a quorum.

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Election of Directors. Under the Company's Third Amended and Restated Bylaws (the "Bylaws") and Maryland law, the affirmative vote of a plurality of all of the votes cast at the Annual Meeting is required for the election of directors. A properly executed proxy marked "WITHHOLD AUTHORITY" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for the purposes of determining whether there is a quorum.

Other Items. For the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2005 and any other matter that properly comes before the Annual Meeting, the affirmative vote of a majority of the votes cast is required for approval. An "ABSTAIN" election will not be counted as a vote for or against any such matter. As noted above, if any other matter properly comes before the Annual Meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

If you hold your shares in "street name" through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. However, shares represented by such "broker non-votes" will be counted in determining whether there is a quorum.

What if I am unable to attend the Annual Meeting in person?

A live broadcast of the Annual Meeting will be available on-line through our website at www.correctionscorp.com (under the "Webcasts" section of the Investor page). The on-line replay will be archived on our website promptly following the meeting.

Where can I find the voting results?

We will announce the voting results at the Annual Meeting. We also will report the voting results in our Quarterly Report on Form 10-Q for the second quarter of fiscal year 2005, which we expect to file with the Securities and Exchange Commission, or the SEC, in August 2005.

How and when may I submit a stockholder proposal for the Company's 2006 Annual Meeting?

Our annual meeting of stockholders generally is held in May of each year. Consistent with applicable SEC rules, we will consider for inclusion in our proxy materials for next year's annual meeting stockholder proposals that are received at our executive offices no later than December 9, 2005 and that comply with other SEC rules regarding form and content. Proposals must be sent to the following address: Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215.

Other stockholder proposals may be raised at next year's meeting (but not considered for inclusion in our proxy materials) if timely received and otherwise in compliance with the advance notice provisions of our Bylaws. In order to be timely, notice must be received at our executive offices (the address listed above) between February 9, 2006 and March 11, 2006.

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Can I communicate directly with members of the Company's Board of Directors?

Yes. Stockholders, employees, and other parties interested in communicating directly with members of the Company's Board of Directors (including specific members of the Board or non-management directors as a group) may do so by writing to Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215. The Secretary of the Company compiles all substantive communications and periodically submits them to the Board, the group of directors, or the individual directors to whom they are addressed. Concerns relating to accounting, internal controls, or auditing matters are handled in accordance with procedures established by the Audit Committee.

How can I obtain the Company's Annual Report on Form 10-K?

All stockholders of record on the record date will receive with this Proxy Statement a copy of our 2004 Annual Report to Stockholders. The Annual Report to Stockholders is not part of the proxy solicitation materials. Any stockholder who desires a copy of our 2004 Annual Report to Stockholders or our Annual Report on Form 10-K for the year ended December 31, 2004, as filed with the SEC, may obtain a copy without charge by visiting our website, www.correctionscorp.com, or by addressing a request to: Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215.

What are the costs of soliciting these proxies?

The Company pays the cost of soliciting proxies. We have retained Corporate Communications, Inc. to assist with the solicitation of proxies on our behalf. Corporate Communications, Inc. will receive a fee of \$4,000, plus reasonable expenses, for these and other services in connection with the Annual Meeting. Solicitation initially will be made by mail. Forms of proxies and proxy materials may also be distributed through brokers, custodians, and other like parties to the beneficial owners of shares of our common stock, in which case we will reimburse these parties for their reasonable out-of-pocket expenses. Proxies may also be solicited personally or by telephone or fax by directors, officers, and employees of the Company. No additional compensation will be paid for these services.

How many copies should I receive if I share an address with another stockholder?

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If at any time you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or our transfer agent, identified below, if you hold registered shares. You can also notify us by sending a written request to Corrections Corporation of America, Attention: Karin Demler, 10 Burton Hills Boulevard, Nashville, Tennessee 37215, or by calling Karin Demler at (615) 263-3000.

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Who should I contact if I have any questions?

If you have any questions about the Annual Meeting or these proxy materials, please contact Karin Demler, our director of investor relations, at 10 Burton Hills Boulevard, Nashville, Tennessee 37215, (615) 263-3000. If you are a registered stockholder and have any questions about your ownership of our common stock, please contact our transfer agent, the American Stock Transfer and Trust Company, at 59 Maiden Lane, New York, New York 10038, (800) 937-5449, or Karin Demler at the address and phone number above. If your shares are held in a brokerage account, please contact your broker.

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You can access our corporate charter, Bylaws, Corporate Governance Guidelines, current committee charters, Code of Ethics and Business Conduct, and other corporate governance-related information on our website, www.correctionscorp.com (under the Corporate Governance section of the Investor page), or by addressing a written request to Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215. We did not make any material revisions to these documents in 2004.

We believe that effective corporate governance is important to our long-term health and our ability to create value for our stockholders. With leadership from our Nominating and Governance Committee, our Board of Directors regularly evaluates regulatory developments and trends in corporate governance to determine whether our policies and practices in this area should be enhanced. The Nominating and Governance Committee also administers an annual Board self-evaluation process. In addition, our directors are encouraged to attend director education programs, which are reimbursed by the Company.

Board of Directors Meetings and Committees

Our Board of Directors is responsible for establishing the Company's broad corporate policies and strategic objectives, reviewing our overall performance, and overseeing management's performance. Among other things, the Board selects and evaluates our executive officers; establishes, reviews, and approves our corporate objectives and strategies; and evaluates and approves major capital commitments.

The Board currently consists of twelve members, all of whom are standing for re-election and are identified, along with their biographical information, under Proposal I Election of Directors. The Board met six times in 2004, with each director attending over 90% of their Board and committee meetings. All directors attended all of the full Board meetings and 11 of 12 attended all of their committee meetings. All directors attended last year's annual meeting of stockholders, and the Board has adopted as its policy that directors are strongly encouraged to attend each annual meeting.

Our Board of Directors has four regularly standing committees: the Audit, Compensation, Nominating and Governance, and Executive Committees. Each committee has a written charter that has been approved by the committee and the Board and that is reviewed at least annually. The table below shows the current composition of each of our Board committees, together with a summary of each committee's responsibilities and the number of meetings each committee held in 2004.

Committee	Members⁽¹⁾	Summary of Responsibilities	Meetings
Audit	C. Michael Jacobi (Chair) Donna M. Alvarado Lucius E. Burch, III Charles L. Overby Henri L. Wedell	See Audit Committee Report below.	7
Compensation	Joseph V. Russell (Chair) John D. Correnti	Responsible for executive and director compensation and administration of	3

John R. Horne

equity-based compensation plans.

Other

John R. Prann, Jr.

responsibilities include:

Evaluate the performance of the
CEO and executive officers; and

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Committee	Members⁽¹⁾	Summary of Responsibilities	Meetings
		Assist the Nominating and Governance Committee with executive succession planning efforts.	
		See Report of the Compensation Committee below.	
Nominating and Governance	Charles L. Overby (Chair) Thurgood Marshall, Jr. Joseph V. Russell	Responsible for identifying and recommending director nominees to the full Board and taking a leadership role in shaping and evaluating the Board's corporate governance initiatives. Other responsibilities include: Review and assess the Company's ethics and compliance program; Oversee Board's self-evaluation process; and Lead the Board's executive succession planning efforts. See Director Candidates below.	3
Executive	John D. Ferguson (Chair) William F. Andrews Lucius E. Burch, III Joseph V. Russell	When necessary, and subject to authority limitations with respect to significant corporate actions, act on behalf of the full Board during intervals between Board meetings.	1

(1) Mr. Burch also served on the Compensation Committee from February 2004 through December 2004.

Executive Sessions

Executive sessions, or meetings of our non-management directors without management present, are held regularly in order to provide an opportunity for the outside directors to discuss openly any and all matters. Executive sessions of the Board are chaired on a rotating basis by the outside directors, with rotation in alphabetical order by last name. In 2004, the outside directors met in executive session three times.

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Director Independence

Mr. Andrews and Mr. Ferguson are the only members of the Board of Directors who are CCA employees. The Board has determined that all of our other directors are independent. Accordingly, 10 of our 12 directors are independent and our Audit, Compensation, and Nominating and Governance Committees are composed entirely of independent directors. In making its independence determinations, the Board used the standards for director independence set forth in the New York Stock Exchange (NYSE) corporate governance listing standards (Section 303A) and our Corporate Governance Guidelines and, with respect to Audit Committee members, Section 10A(m)(3) of the Securities Exchange Act of 1934.

As disclosed in last year's proxy statement, the Board determined that the independence of Mr. Correnti and Mr. Horne could be considered impaired for parts of 2004 and 2005 as a result of the application of the three year look back period required by the revised NYSE independence standards that became effective in November 2003. Each resigned from the Compensation Committee in February 2004 to ensure our compliance with the NYSE standards. The NYSE again revised its independence standards in November 2004. In December 2004, the Board determined that Mr. Correnti's independence would not be considered impaired under the revised standards and accordingly that he was independent, and re-appointed him to the Compensation Committee. With respect to Mr. Horne, the Board determined that he was independent and re-appointed him to the Compensation Committee based upon the expiration of the three year look back period in February 2005.

Independence and Financial Literacy of Audit Committee Members

The Board has determined that each member of the Audit Committee is independent as defined by the standards of the NYSE and Rule 10A-3 under the Securities Exchange Act of 1934. The Board also has determined that each member is financially literate as defined by the rules of the NYSE and that Mr. Jacobi is an audit committee financial expert as defined in Item 401(e) of Regulation S-K under the Securities Exchange Act of 1934.

Director Compensation

Employee directors (Mr. Andrews and Mr. Ferguson) do not receive compensation for Board service. Non-employee directors are compensated pursuant to our Non-Employee Directors' Compensation and Non-Employee Directors' Share Option Plans, which provide for the following:

Annual option grants;

Annual retainers; and

Board and committee meeting fees.

Non-employee directors may elect to receive all or a portion of their retainers in the form of common stock rather than cash. Non-employee directors may also defer all or a portion of their retainer and meeting fees pursuant to our Non-Employee Directors' Deferred Compensation Plan. In addition, non-employee directors are reimbursed for reasonable expenses incurred to attend Board and committee meetings, as well as director education programs.

The retainers and meeting fees paid to our non-employee directors were modified in May 2004. The current and previous amounts for retainers and meeting fees are as follows:

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Retainers and Fees	Current	Previous
Board retainer	\$ 45,000	\$ 34,000
Board meeting fee	\$ 3,000	\$ 1,500
Audit chair retainer	\$ 7,500	N/A
Audit member retainer	\$ 2,000	N/A
Compensation, Nominating and Governance chair retainer	\$ 2,000	N/A
Committee chair meeting fee (excluding Executive)	\$ 2,500	\$ 2,500
Non-chair committee meeting fee	\$ 2,000	\$ 1,500

In addition to cash compensation, each non-employee director receives an annual grant of a non-qualified option for the purchase of 4,000 shares of the Company's common stock. The option has an exercise price equal to the fair market value of the stock on the grant date and is fully vested as of the grant date. The terms and amounts of option grants have not changed with respect to 2004 or 2005.

Director Candidates

The Nominating and Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and stockholders. A stockholder who wishes to recommend a prospective nominee for the Board should notify our Secretary in writing, along with any supporting material the stockholder considers appropriate, in accordance with the stockholder proposal provisions of our Bylaws. General information concerning the submission of stockholder proposals is provided above under the caption "How and when may I submit a stockholder proposal for the Company's 2006 Annual Meeting?" Pursuant to Board policy, there are to be no differences in the manner in which the Committee evaluates candidates based on the source of the recommendation.

The Nominating and Governance Committee is authorized by the Board to identify director candidates, evaluate and consider candidates proposed by any director, member of management, or stockholder, develop and implement screening processes it deems necessary and appropriate, and recommend for selection by the Board director nominees for each annual meeting of stockholders and, when necessary, vacancies on the Board. The Committee is authorized by the Board to exercise sole authority in retaining any third-party search firm the Committee deems appropriate to identify and assist with the evaluation of director candidates, and has utilized that authority in past director searches.

The Committee evaluates prospective nominees against the criteria in our Corporate Governance Guidelines and the Director Nominations Policy adopted by the Board, which include professional integrity and sound judgment, sufficient time available to devote to Board activities, a general understanding of marketing, finance, and other elements relevant to the success of a publicly-traded company in today's business environment, an understanding of our business, and factors such as diversity, age, skills, and educational and professional background. The Committee may also consider other factors it deems relevant, including the current composition of the Board, whether there is a need to fill vacancies or expand or contract the size of the Board, the balance of management and independent directors, the need for Audit Committee expertise, and the qualifications of other prospective nominees. With respect to determining whether current directors should stand for re-election, the Nominating and Governance Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board and the Company.

With respect to new candidates for Board service, a full evaluation may also include detailed background checks, in-person and telephonic interviews with Nominating and Governance Committee and other Board members, and consultation with our Chairman and other Board members. The

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Committee evaluation process culminates with a decision as to whether or not to recommend the prospective nominee to the full Board for appointment and/or nomination.

Limitations on Other Board Service

The Audit Committee charter provides that a member of the Audit Committee may not serve on the audit committee of more than two other public companies without Board approval. Otherwise, we do not believe that our directors should be categorically prohibited from serving on boards and/or board committees of other organizations. However, our Corporate Governance Guidelines and Director Nominations Policy instruct the Nominating and Governance Committee and the full Board to take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and in making its recommendations to our stockholders. Service on boards and/or committees of other organizations must also be consistent with our conflicts of interest policy, as set forth in our Code of Ethics and Business Conduct, which, among other things, requires a director to provide notice to the Board of his or her acceptance of a nomination to serve on the board of another public company.

Communications with Directors

Stockholders, employees, and other interested parties may communicate with members of the Company's Board of Directors (including specific members of the Board or non-management directors as a group) by writing to Corrections Corporation of America, Attention: Secretary, 10 Burton Hills Boulevard, Nashville, Tennessee 37215. To the extent such communications are received, our Secretary compiles all substantive communications and periodically submits them to the Board, the group of directors, or the individual directors to whom they are addressed. Communications that the Secretary would not consider substantive, and therefore may not submit to the addressee, may include junk mail, mass mailings, resumes and job inquiries, surveys, business solicitations, advertisements, frivolous communications, and other similarly unsuitable communications.

Communications expressing concerns or complaints relating to accounting, internal controls, or auditing matters are handled in accordance with procedures established by the Audit Committee. Under those procedures, concerns that are improperly characterized as having to do with accounting, internal controls, or auditing matters or that are frivolous or clearly inconsequential may be addressed by the Secretary without presentation to the Audit Committee. However, in all cases the Secretary maintains a log of correspondence addressed to directors that may be reviewed by any director at his or her request.

Certain Relationships and Related Transactions

Since the beginning of the last fiscal year, there have been no related party transactions between us and any of our directors, executive officers, 5% stockholders, or their family members which require disclosure under Item 404 of Regulation S-K under the Securities Exchange Act of 1934.

Compensation Committee Interlocks and Insider Participation

During 2004, Mr. Prann and Mr. Russell served on our Compensation Committee for the full year, with Mr. Russell serving as the committee's chair. Mr. Burch, Mr. Correnti, and Mr. Horne each served on the committee for a portion of the year. None of the foregoing current and former members of the Compensation Committee or any

of their family members serve or have served as an officer or employee of the Company. None of our executive officers served during 2004 as a member of the board of directors or compensation committee (or other committee serving an equivalent function) of any entity that had one or more executive officers serving as a member of the Compensation Committee.

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Code of Ethics and Business Conduct

All of our directors and employees, including our Chief Executive Officer and President, Chief Financial Officer, and principal accounting officer, are subject to our Code of Ethics and Business Conduct. Our Code of Ethics and Business Conduct and related compliance policies are designed to promote an environment in which integrity is valued, business is conducted in a legal and ethical manner, and ethics and compliance issues are raised and addressed. Our Nominating and Governance Committee is responsible for reviewing the Code annually and our Audit Committee is responsible for addressing any violations or waivers involving our executive officers and directors. We intend to post amendments to or waivers from our Code of Ethics and Business Conduct (to the extent applicable to our directors, chief executive officer, principal financial officer, or principal accounting officer) on our website. Our Code of Ethics and Business Conduct is accessible on our website, www.correctionscorp.com (under the Corporate Governance section of the Investor page).

Report of the Audit Committee

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

General Responsibilities

Our Audit Committee is charged with oversight of the integrity of our financial statements; the effectiveness of our internal control over financial reporting; our compliance with legal and regulatory requirements; the qualifications, independence, and performance of our independent registered public accounting firm; and the performance of our internal audit function. Among other things, the Committee monitors preparation by our management of quarterly and annual financial reports and interim earnings releases; supervises our relationship with our independent registered public accounting firm, including making decisions with respect to appointment or removal, reviewing the scope of audit services, approving audit and non-audit services, and annually evaluating the audit firm's independence; and oversees management's implementation and maintenance of effective systems of internal accounting and disclosure controls, including review of our policies relating to legal and regulatory compliance and review of our internal auditing program. The full text of the Audit Committee charter is available on the Company's website at www.correctionscorp.com (under the Corporate Governance section of the Investor page).

2004 Meetings

The Audit Committee met seven times in 2004. Within those meetings, the Committee conducted executive sessions with our independent registered public accounting firm five times. The Committee also meets in separate executive sessions at least annually with each of management and the Company's internal audit personnel.

Oversight of Financial Reporting

As part of its oversight of our financial statements, the Committee reviews and discusses with both management and our independent registered public accounting firm all annual and quarterly financial statements prior to their issuance. With respect to fiscal 2004, management advised the Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles and reviewed significant accounting and disclosure issues with the

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Committee. These reviews included discussion with the independent registered public accounting firm of matters required to be discussed pursuant to *Statement on Auditing Standards No. 61 (Communication with Audit Committees)*, as amended, including the quality of our accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Committee also discussed with Ernst & Young LLP matters relating to its independence, including a review of audit and non-audit fees and the disclosures made to the Committee pursuant to *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees)*.

Also with respect to fiscal 2004, management completed the documentation, testing, and evaluation of the Company's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee received periodic updates provided by management, the independent registered public accounting firm, and the internal auditors at each regularly scheduled Audit Committee meeting, and provided oversight during the process. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed a report on, the effectiveness of our internal control over financial reporting. The Audit Committee also reviewed the following, all of which are included in our Annual Report on Form 10-K for the year ended December 31, 2004: Management's Report on Internal Control over Financial Reporting; Ernst & Young LLP's Report of Independent Registered Public Accounting Firm; and Ernst & Young LLP's Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting.

Taking all of these reviews and discussions into account, the undersigned Committee members recommended to the Board of Directors that the Board approve the inclusion of our audited financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, for filing with the SEC.

Submitted by the Audit
Committee of the Board of
Directors:

C. Michael Jacobi, Chair	Charles L. Overby
Donna M. Alvarado Lucius E. Burch, III	Henri L. Wedell

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PROPOSAL I - ELECTION OF DIRECTORS

Directors Standing for Election

The current term of office of each of our directors expires at the Annual Meeting. The Board of Directors proposes that the following nominees, all of whom are currently serving as directors, be re-elected for a new term of one year and until their successors are duly elected and qualified. We expect each of the nominees to serve if elected. If any of them becomes unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

Information regarding each of the nominees for director is set forth below. Directors' ages are given as of the date of this Proxy Statement.

The Board of Directors unanimously recommends a vote FOR each of the 12 nominees listed below.

WILLIAM F. ANDREWS

Director since 2000

Mr. Andrews, age 73, has served as a director and Chairman of our Board since August 2000. Mr. Andrews also serves as a member of our Executive Committee. Prior to our restructuring in 2000, Mr. Andrews served as a director for our predecessor company and its affiliated operating company. Mr. Andrews has been a principal of Kohlberg & Company, a private equity firm specializing in middle market investing, since 1995. He also currently serves as: chairman of Katy Industries, Inc., a publicly-traded manufacturer and distributor of consumer electric corded products and maintenance cleaning products, among other product lines; chairman of Allied Aerospace, a private company engaged in the engineering and manufacture of complex aerospace hardware and prototype systems for ground test and flight applications; a director of Black Box Corporation, a publicly-traded provider of information technology infrastructure solutions; a director of Trex Corporation, a publicly-traded producer of decking and railing products; and a director of O'Charley's Inc., a publicly-traded restaurant company. Mr. Andrews previously served as chairman of Northwestern Steel and Wire Company, Scovill Fasteners Inc., and Schrader-Bridgeport International, Inc., among others. Mr. Andrews is a graduate of the University of Maryland and received a Masters of Business Administration from Seton Hall University.

JOHN D. FERGUSON

Director since 2000

Mr. Ferguson, age 59, has served as a director, our Chief Executive Officer and President, and Vice-Chairman of our Board since August 2000. Mr. Ferguson also serves as the Chair of our Executive Committee. Prior to joining the Company, Mr. Ferguson served as the Commissioner of Finance for the State of Tennessee from June 1996 to July 2000. As Commissioner of Finance, Mr. Ferguson served as the State's chief corporate officer and was responsible for directing the preparation and implementation of the State's \$17.2 billion budget. From 1990 to February 1995, Mr. Ferguson served as the chairman and chief executive officer of Community Bancshares, Inc., the parent corporation of The Community Bank of Germantown (Tennessee). Mr. Ferguson is a former member of the State of Tennessee Board of Education and served on the Governor's Commission on Practical Government for the State of Tennessee. Mr. Ferguson currently serves as a director for the Tennessee Performing Arts Center Management Corporation and the United Way of Metro Davidson County. Mr. Ferguson graduated from Mississippi State University in 1967.

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DONNA M. ALVARADO

Director since 2003

Ms. Alvarado, age 56, has served as a director and member of our Audit Committee since December 2003. Ms. Alvarado is the founder and current President of Aguila International, an international business consulting firm that specializes in human resources and leadership development and provides a consortium for businesses and non-profit organizations seeking to collaborate in the western hemisphere. In addition to her established career in the private sector, Ms. Alvarado has held senior management positions in government, including Deputy Assistant Secretary of Defense with the U.S. Department of Defense, Counsel for the U.S. Senate Committee on the Judiciary Subcommittee on Immigration and Refugee Policy, Staff Member of the U.S. House of Representatives Select Committee on Narcotics Abuse and Control, and Director of ACTION, the federal domestic volunteer agency, a position to which she was appointed by President Reagan. Ms. Alvarado currently serves as Vice-Chair of the Ohio Board of Regents, as a member of the Ohio Governor's Commission on Higher Education and the Economy, and as Chair of the Ohio Governor's Workforce Policy Board. Ms. Alvarado earned both a master's and bachelor's degree in Spanish from Ohio State University, completed doctoral coursework in Latin American Literature at the University of Oklahoma, and earned a postgraduate certificate in Financial Management from the Wharton School of Business at the University of Pennsylvania.

LUCIUS E. BURCH, III

Director since 2000

Mr. Burch, age 63, has served as a director and member of our Audit Committee since December 2000 and served as a member of our Compensation Committee from February 2004 to December 2004. Mr. Burch also serves on our Executive Committee. Prior to our restructuring in 2000, Mr. Burch served as a director for our predecessor company and as chairman of its affiliated operating company. Mr. Burch currently serves as chairman and chief executive officer of Burch Investment Group, a private venture capital firm located in Nashville, Tennessee (formerly known as Massey Burch Investment Group, Inc.), a position he has held since October 1989. Mr. Burch currently serves as a director of Affirmative Insurance Holdings, Inc., a publicly traded provider of specialty insurance products, and also serves on the boards of directors of several private companies, including Maxwell Medical, Education Networks of America, and MCT Corp. Mr. Burch graduated from the University of North Carolina where he received a B.A. degree in 1963.

JOHN D. CORRENTI

Director since 2000

Mr. Correnti, age 58, has served as a director since December 2000. Mr. Correnti currently serves as chairman and chief executive officer of SteelCorr Inc., a position he has held since December 2002. From December 1999 through December 2002, Mr. Correnti served as the chairman of the board of directors and as the chief executive officer of Birmingham Steel Corporation, a publicly-traded steel manufacturing company whose assets were acquired by Nucor Corporation, a publicly-traded manufacturer of steel products, in December 2002. Mr. Correnti served as the president, chief executive officer, and vice chairman of Nucor Corporation from 1996 to 1999 and as its president and chief operating officer from 1991 to 1996. Mr. Correnti also serves as a director of Navistar International Corporation. Mr. Correnti holds a B.S. degree in civil engineering from Clarkson University.

JOHN R. HORNE

Director since 2001

Mr. Horne, age 67, has served as a director since December 2001. Mr. Horne served as chairman of Navistar International Corporation, a publicly-traded truck and engine manufacturer, from April 1996 to February 2004. From March 1995 to February 2003, Mr. Horne served as Navistar's president and chief executive officer, after having served as the company's chief operating officer for more than four years.

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Mr. Horne also currently serves on the board of directors of Internet Corporation and Junior Achievement of Chicago. Mr. Horne received his M.S. degree in mechanical engineering from Bradley University in 1964, a B.S. degree in mechanical engineering from Purdue University in 1960, which also awarded him an Honorary Doctor of Engineering degree in May 1998, and is a graduate of the management program at Harvard Graduate School of Business Administration.

C. MICHAEL JACOBI

Director since 2000

Mr. Jacobi, age 63, has served as a director and as Chair of the Audit Committee since December 2000. Mr. Jacobi currently is the President and Chief Executive Officer and a director of Katy Industries, Inc. Mr. Jacobi has been associated with Katy Industries since June 2001. From October 1999 until April 2000 he was Chairman of Timex Watches Limited (India), a public company headquartered in New Delhi, India and from July 1999 until April 2000 he was Chairman and Chief Executive Officer of Beepware Paging Products, L.L.C., Waterbury, Connecticut, a company jointly owned by Timex Corporation and Motorola, Inc. Mr. Jacobi served as President and Chief Executive Officer and a director of Timex Corporation, headquartered in Middlebury, Connecticut, from December 1993 to August 1999. He is also a member of the board of directors of Webster Financial Corporation, a public company engaged in banking and financial services, and Invisible Technologies, Inc., a privately held company headquartered in Garrett, Indiana engaged in the design, manufacture, and distribution of electronic training products for sporting dogs and pet companion dogs under the brand names Innotek and Invisible Fence. Mr. Jacobi is a certified public accountant and holds a B.S. degree from the University of Connecticut.

THURGOOD MARSHALL, JR.

Director since 2002

Mr. Marshall, age 48, has served as a director and member of the Nominating and Governance Committee since December 2002. Mr. Marshall is a partner in the law firm of Swidler Berlin LLP in Washington D.C. In addition, he is a managing director of the Harbour Group, LLC, a wholly owned subsidiary of Swidler Berlin LLP that develops public relations campaigns and legislative strategies for business clients. Previously, he has held appointments in each branch of the federal government, including Cabinet Secretary to President Clinton and Director of Legislative Affairs and Deputy Counsel to Vice President Al Gore. In his role under President Clinton, Mr. Marshall was the chief liaison between the President and the agencies of the Executive Branch. Mr. Marshall, the son of the historic Supreme Court Justice Thurgood Marshall, earned a B.A. in 1978 and a J.D. in 1981 from the University of Virginia, after which he clerked for United States District Judge Barrington D. Parker. He serves on the American Bar Association Election Law Committee and served previously as its chair. He also serves as a board member of the National Fish & Wildlife Foundation and the Supreme Court Historical Society, and as a member of the Ethics Committee of the United States Olympi