



CCA Settles Shareholder Litigation on Pending Merger With PZN

November 20, 1998

NASHVILLE, Tenn., Nov. 20 /PRNewswire/ -- Corrections Corporation of America (NYSE: CCA) and Prison Realty Trust (NYSE: PZN) announced today that CCA has reached an agreement with shareholders who had filed a class-action complaint against the company regarding its proposed merger with PZN.

The settlement agreement, which is subject to approval by the court and customary conditions, includes the following:

* CCA stock options outstanding at the merger will be converted into options to purchase new PZN common stock on the same terms, including vesting. Additionally, awards of CCA deferred stock under CCA's Stock Bonus Plan will be converted into awards of new PZN deferred stock on similar vesting terms. These stock option and award plans are described on page 84 of the joint proxy statement-prospectus.

* The two new service companies, which will encompass most of CCA's existing management-only contracts and which propose to pay to new PZN the equivalent of 95% of the net economics of those companies, will not dilute new PZN's economic interest by issuing equity or convertible debt in either service company, unless written authority is granted by PZN's board.

* The trade name use agreement allowing the management company OPCO to operate as Corrections Corporation of America will have a fee structure that pays to new PZN a higher amount than is described in the joint proxy-prospectus. In years one through five, the fee ranges from approximately 2.75% to 3.25% of the management company OPCO revenues, or .25% higher than previously described. In years six through ten, the fee is approximately 3.625% of the management company OPCO revenues, or .625% higher than previously described. The percentage limitation on such fees has been increased by a similar amount.

* New PZN will have the right to terminate its leases with the management company OPCO in the event of a change in control of OPCO before January 1, 2004 and will have a preemptive right to maintain its ownership level in the management company.

* Any fee awarded to counsel for the plaintiffs will be decided by the court and paid by the defendants.

* The disclosure of this settlement will be disseminated to CCA and PZN shareholders. It is expected that the disclosure will be made in supplement to the joint proxy-prospectus to be mailed no later than Monday, Nov. 23.

Complaints in the shareholder litigation were first filed in April 1998 and then consolidated in a single action in July 1998 in Chancery Court for Davidson County in Nashville, Tenn. The complaint named CCA and its directors as defendants and sought, among other things, injunctive relief prohibiting the completion of the merger, unspecified damages and attorney's fees.

CCA has proposed a merger with PZN that will give CCA shareholders .875 share of PZN for every share of CCA stock held. Once closed, the resulting company will operate as a real estate investment trust, or REIT. Consummation of the merger is planned for January 1999.

CCA manages prisons and other correctional institutions for governmental agencies. The company is the industry leader in private sector corrections with 64,956 beds in 78 facilities under contract in the U.S., Puerto Rico, Australia and the United Kingdom. CCA's full range of services includes finance, design, construction and management of new or existing facilities, as well as long-distance inmate transportation.

PZN builds and acquires correctional and detention facilities from government entities and private prison managers. The company has elected to qualify as a REIT under the Internal Revenue Code.

This press release contains forward-looking statements that involve various risks and uncertainties. Actual results could differ materially from those contained in these forward-looking statements due to certain factors, including business and economic conditions and availability of financing. These and other risks and uncertainties are detailed in the company's reports filed with the SEC.