



CCA Third Quarter Net Income Up 54%

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NASHVILLE, Tenn., Oct. 22 /PRNewswire/ -- Corrections Corporation of America (NYSE: CCA) today announced net income for the third quarter of \$21.1 million, up 54% from the third quarter last year and the equivalent of \$.26 per basic and \$.24 per diluted share.

For the three months ended September 30, 1998, CCA recorded \$179.1 million in revenue, a 41% increase over the same quarter in 1997. For the comparable quarter of 1997, revenues were \$127.1 million, with net income of \$13.7 million, or \$.18 per basic and \$0.15 per diluted share.

For the first nine months of 1998, the company reported net income of \$60.6 million, up 63% from the first three quarters of 1997. Earnings per share were \$0.76 basic and \$0.68 diluted, while last year's earnings per share for the first nine months were \$.49 and \$.42 basic and diluted, respectively. Revenues through September 30 grew 49% to \$484.5 million in 1998, from \$325.9 million in 1997.

"Our operational performance continued to strengthen in the third quarter," said CCA Chairman, CEO and President Doctor R. Crants, "with revenue per manday at \$43.56 and operating cost per manday at \$30.30. The \$13.26 spread between the two is the largest in our history.

"We have brought more beds on line so far this year than in any other nine month period, yet the company's occupancy rate for the quarter was 95.9% and for the nine months was 95.2%. The current demand from our customers is producing the highest level of occupancy for CCA in the decade of the 90s," he said.

CCA plans to open about 7,200 more beds in the fourth quarter, bringing new bed additions to over 18,000 for the 1998 year.

"Outside of our excellent results from operations, we experienced some erosion in interest income," Crants explained. "Of course, the decrease in interest income was in part due to sharply lower interest rates on our cash balances, as rates generally declined. It is also attributed to increased investment of our cash in new owned-and-managed projects. We believe our ability to provide government with capital for new beds gives us a competitive advantage."

CCA has proposed a merger with Prison Realty Trust (NYSE: [PZN](#)) that will give CCA shareholders 0.875 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 provides a full range of services that includes finance, design, construction, renovation and management of new or existing facilities, as well as inmate transportation.

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.

CORRECTIONS CORPORATION OF AMERICA
Financial Highlights
(000's except per share amounts)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	1998	1997	1998	1997
Revenues	\$179,136	\$127,069	\$484,505	\$325,931
Expenses:				
Operating	124,794	93,062	339,136	234,034
Lease	15,702	6,826	40,638	9,123
General & administrative	5,720	4,267	16,183	11,558
Depreciation & amortization	4,386	3,011	11,673	10,941
	150,602	107,166	407,630	265,656
Operating income	28,534	19,903	76,875	60,275
Interest income, net	(112)	(1,625)	(5,323)	(273)
Income before income taxes	28,646	21,528	82,198	60,548
Provision for income taxes	7,544	7,863	21,565	23,276
Net income	\$ 21,102	\$ 13,665	\$ 60,633	\$ 37,272
Net income per share:				
Basic	\$ 0.26	\$ 0.18	\$ 0.76	\$ 0.49
Diluted	\$ 0.24	\$ 0.15	\$ 0.68	\$ 0.42
Weighted average shares outstanding:				
Basic	80,970	77,721	79,924	76,525
Diluted	89,726	90,606	89,728	89,897
Beds in operation (end of period)	46,886	36,049	46,886	36,049
Compensated mandays	4,024,450	2,830,821	11,091,585	7,410,857
Average occupancy	95.9%	92.7%	95.2%	93.4%

	September 30,	December 31,
(000's)	1998	1997
Cash and cash equivalents	\$ 27,627	\$136,147
Current assets	179,267	233,422
Property & equipment, net	613,892	266,493
Notes receivable	1,151	59,264
Investment in direct financing leases	75,217	90,184
Total assets	944,927	697,940

Current liabilities	124,771	96,660
Long-term debt	292,832	127,075
Total liabilities	531,654	349,864
Stockholders' equity	413,273	348,076