



Corrections Corporation of America Receives Preliminary Court Approval of Revised Terms of Settlement Agreements in Stockholder Litigation

January 19, 2001

NASHVILLE, Tenn.--(BUSINESS WIRE)--Jan. 19, 2001--Corrections Corporation of America (formerly Prison Realty Trust, Inc.) (NYSE: CXW) announced today that it has received preliminary court approval of the revised terms of the definitive settlement agreements regarding the settlement of all outstanding stockholder litigation against CCA and certain of its existing and former directors and executive officers. The stipulations of settlement, as amended, provide for the "global" settlement of a series of class action and derivative lawsuits brought against CCA by current and former stockholders of the company and its predecessors. The hearings for final court approval of the revised settlement are scheduled to be completed in early to mid-February, 2001.

Pursuant to the revised terms of the settlements, the Company will issue the plaintiffs:

- an aggregate of 46,900,000 shares of the Company's common stock; and
- a subordinated promissory note in the aggregate principal amount of \$29.0 million.

The promissory note will be due January 2, 2009, and accrue interest at a rate of 8.0% per annum. All principal and interest due under the note will be payable in one lump sum at maturity; provided, however, that should the average trading price of the Company's common stock meet or exceed a "termination price" equal to \$1.63 per share for 15 consecutive trading days at any time prior to the maturity date of the note, all amounts outstanding under the promissory note will be deemed fully satisfied without further action by the Company. To the extent the highest average trading price of the common stock does not reach "termination price" during the period, the amount to be paid under the note will be reduced by the amount the shares of stock issued to the plaintiffs appreciate in value pursuant to a calculation to be made at the time of the maturity of the note.

The Company had previously announced the provisions of a Memorandum of Understanding with respect to the revised terms of the settlements providing for the issuance of 51,500,000 shares of the Company's common stock and a 6.0% subordinated promissory note due in 2005. The number of shares and the terms of the note were adjusted in order for the Company to comply with the rules of the New York Stock Exchange and obtain the consent of its bank lenders.

The issuance of the shares of common stock and promissory note described above by the Company will be in lieu of the requirement of the original settlement agreements that the Company issue the plaintiffs 17,235,715 shares of its common stock at an agreed value of \$4.375 per share. Under the terms of the settlement agreements, these shares were subject to a stock price guarantee of \$4.375 per share, which would have required the Company to pay or issue, at its option, cash or additional shares of common stock to the plaintiffs if the trading price of the Company's common stock did not reach \$4.375 per share for a specified number of trading days during the period from the completion of the settlement through August 31, 2001. As a result, the Company, which expected to satisfy the stock price guarantee in additional shares of common stock rather than in cash, would have been required to issue an indeterminate number of shares of its common stock based on the continued trading price of the Company's common stock through August 31, 2001.

Also, as part of the revised settlement, the deadline for submitting a Proof of Claim and Release Forms by claimants who have not already done so has been extended to March 12, 2001.

No other terms of the original settlement agreements have been altered by the terms of the revised settlements, including the requirement that the Company pay approximately \$47.5 million in cash insurance proceeds to the plaintiffs.

Further details on the revised settlement can be found in the Supplemental Notice of Pendency of Class Actions, Proposed Settlement Thereof, Settlement Hearing and Right to Share in Settlement Fund, which is available from the Settlement Administrator.

About the Company

The Company is the nation's largest provider of detention and corrections services to governmental agencies. The Company is the industry leader in private sector corrections with approximately 61,000 beds in 68 facilities under contract for management in the United States and Puerto Rico. The Company's full range of services includes design, construction, ownership, renovation and management of new or existing jails and prisons, as well as long distance inmate transportation services.

Forward-Looking Statements

This press release contains statements that are forward-looking statements as defined within the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Factors that could cause operating and financial results to differ are described in the Company's Form 10-K, as well as in other documents filed with the Securities and Exchange Commission, and these factors include, but are not limited to, the growth of the private corrections and detention industry, the Company's ability to obtain and maintain facility management contracts and general market conditions. The Company does not undertake any obligation to publicly release the result of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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