Corrections Corporation of America Announces First Quarter Results and Reverse Stock Split

May 8, 2001

NASHVILLE, Tenn.--(BUSINESS WIRE)--May 7, 2001--Corrections Corporation of America (NYSE:CXW - news**;** the ``Company'') (formerly Prison Realty Trust, Inc.) today announced its operating results for the three months ended March 31, 2001. In addition, the Company announced that its Board of Directors has declared a 1 for 10 reverse split of the Company's common shares to be effective May 18, 2001.

The first quarter results discussed below include the operating results of the former operating company that was acquired October 1, 2000, and the former service companies that were acquired December 1, 2000. As a result of these acquisitions, the operating results of the Company for the first quarter of 2001 and the first quarter of 2000 are not comparable. Because the reverse split will not be effective until May 18, all per share amounts reported for the first quarter are prior to adjustment for the reverse split.

The Company reported a net loss of $10.1 million, or $0.04 per share, for the first quarter of 2001 compared with a net loss of $35.9 million, or $0.30 per share, for the first quarter of 2000. Results for the first quarter of 2001 include the effect of a non-cash charge of $6.0 million, or approximately $0.025 per share, related to the accounting for an interest rate swap agreement in accordance with Statement of Financial Accounting Standards No. 133 (``SFAS 133'') discussed below. First quarter consolidated revenues amounted to $240.4 million. Consolidated EBITDA for the quarter was $47.1 million while average compensated occupancy for the quarter was 88.3%.

Commenting on the first quarter operating results, President and CEO John Ferguson stated, ``We are pleased with the Company's first quarter results. We achieved solid increases in occupancy and operating margins while consolidated EBITDA increased to $47.1 million. In addition, we have sold two assets this year generating net proceeds of over $90 million which were used to retire debt.'' Ferguson continued, ``In 1999 the Company had received a going concern opinion from its independent accountants. We were therefore pleased to receive an unqualified audit opinion with respect to our recently released 2000 financial statements.''

Reverse Stock Split

The Company's Board of Directors has declared a 1 for 10 reverse split of the Company's common stock effective May 18, 2001, as part of the Company's efforts to enhance the marketability of its common stock and maintain its listing on the New York Stock Exchange (``NYSE''). It is anticipated that the Company's common stock will begin trading on the NYSE on a post reverse stock split basis on May 18 under its current symbol ``CXW.'' Commenting on the reverse split, Ferguson stated, ``The Board believes the reverse split is in the best interest of the Company and its stockholders. In addition to maintaining our listing on the NYSE, increasing the share price of the common stock through the reverse split should make our shares more attractive to a broader universe of investors.''

American Stock Transfer and Trust Company, the Company's newly appointed transfer agent, will effect the exchange of pre-split stock certificates from the Company's registered stockholders for new certificates in the name of Corrections Corporation of America. Cash will be paid in lieu of issuing fractional shares of common stock as a result of the reverse stock split based on the closing price of the common stock on the NYSE on May 17. Except for the payment of cash in lieu of a fractional share, the reverse stock split will not affect any stockholder's proportionate equity interest in the Company, nor will it change any of the rights of the holders of the common stock. Immediately after the reverse split, the Company estimates that it will have approximately 25.2 million common shares issued and outstanding.

Non-Cash Charge

Included in the results for the first quarter of 2001 was a non-cash charge of $6.0 million related to the accounting for an interest rate swap agreement in accordance with SFAS 133. The interest rate swap agreement is maintained by the Company as required under the terms of its senior credit facility. The charge resulted from adjusting such swap agreement to its estimated market value. The Company will continue to adjust the interest rate swap agreement to its estimated market value on a quarterly basis, potentially resulting in additional non-cash charges or gains. However, as the Company does not expect to terminate the swap agreement prior to maturity, the non-cash charge is expected to reverse into earnings prior to December 31, 2002.

Asset Sales

During the quarter, the Company sold its Mountain View correctional facility located in Spruce Pine, North Carolina, for net proceeds of approximately $24.9 million. During April 2001, the Company also sold its interest in its Agecroft prison facility located in Salford, England, for approximately $65.7 million. Proceeds from these sales were used to immediately pay-down amounts outstanding under the Company's senior credit facility.

Cash Position

EBITDA for the quarter amounted to $47.1 million while debt service cost for the quarter, excluding non-cash items, amounted to approximately $30.0 million. At March 31, 2001, the Company had cash on hand of approximately $58.9 million and had $50.0 million available under its working capital line of credit.

Operations Update

At March 31, 2001, key operating statistics for the Company were as follows:

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	Quarter Ended	Pro Forma Quarter Ended

Metric	March 31, 2001	December 31, 2000
Average Available Beds	61,462	61,462
Average Compensated Occupancy	88.3%	86.9%
Total Compensated Man-Days	4,883,865	4,915,894
Revenue per Compensated Man-Day	$ 47.91	$ 46.96
Operating Cost per Compensated Man-Day	$ 37.06	$ 38.71
Operating Margin per Compensated Man-Day	$ 10.85	$ 8.25
Operating Margin Rate	22.6%	17.6%

During the quarter the Company successfully renewed contracts at increased rates in five jurisdictions representing approximately 1,900 beds. President and CEO John Ferguson stated, ``We continue to emphasize the importance of filling existing beds and improving our operating margins. Along these lines, we increased average occupancy to 88.3% during the first quarter of 2001 from 86.9% during the fourth quarter of 2000 and significantly improved our operating margin over the previous quarter. In addition, three facilities received accreditation from the American Correctional Association. We are proud of the fact that 75% of our facilities have earned this certification.''

Ferguson continued, ``Year-to-date, the Company has made significant progress in a number of areas. With respect to the balance sheet, we have reduced outstanding indebtedness by over $90 million through the successful sale of two assets. This represents an excellent start toward our goal of refinancing our long-term debt and rationalizing our capital structure. From an operational perspective, we generated strong EBITDA growth, improved occupancies and successfully renewed five contracts. We believe these results reflect the success of our ongoing efforts to reinvent the Company.''

About the Company

The Company is the nation's largest provider of detention and corrections services to governmental agencies with approximately 61,000 beds in 65 facilities under contract for management in the United States and Puerto Rico. The Company's full range of services includes management of new or existing jails and prisons for adults and juveniles, long distance transportation services and the design, construction and renovation of prison facilities.

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.

CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES
(FORMERLY PRISON REALTY TRUST, INC.)
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED AND IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ASSETS	March 31, 2001	December 31, 2000
Cash and cash equivalents	$58,901	$20,889
Restricted cash	9,031	9,209
Accounts receivable, net of allowance of $1,619 and $1,486, respectively	133,314	132,306
Income tax receivable	2,090	32,662
Prepaid expenses and other current assets	17,609	18,726
Assets held for sale under contract	65,432	24,895
Total current assets	286,377	238,687
Property and equipment, net	1,602,463	1,615,130
Investment in direct financing lease	23,532	23,808
Assets held for sale	71,850	138,622
Goodwill	110,671	109,006
Other assets	46,255	51,739

Total assets	$2,141,148	$2,176,992
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LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	$226,317	$243,312
Income taxes payable	7,014	8,437
Distributions payable	11,253	9,156
Current portion of long-term debt	384,123	14,594
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Total current liabilities	628,707	275,499
Long-term debt, net of current portion	738,978	1,137,976
Deferred tax liabilities	59,267	56,450
Fair value of interest rate swap agreement	10,364	--
Other liabilities	19,055	19,052
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Total liabilities	1,456,371	1,488,977
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Commitments and contingencies		
Preferred stock - $0.01 par value; 50,000 shares authorized:		
Series A - 4,300 shares issued and outstanding; stated at liquidation preference of $25.00 per share	107,500	107,500
Series B - 3,407 and 3,297 shares issued and outstanding at March 31 2001 and December 31, 2000, respectively; stated at liquidation preference of $24.46 per share	83,334	80,642
Common stock - $0.01 par value; 400,000 shares authorized; 243,886 and 235,395 shares issued and 243,874 and 235,383 shares outstanding at March 31, 2001 and December 31, 2000, respectively	2,439	2,354
Additional paid-in capital	1,307,666	1,299,390
Deferred compensation	(2,491)	(2,723)
Retained deficit	(809,034)	(798,906)
Treasury stock, 12 shares, at cost	(242)	(242)
Accumulated other comprehensive loss	(4,395)	--
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Total stockholders' equity	684,777	688,015
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Total liabilities and stockholders' equity	$2,141,148	$2,176,992
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CORRECTIONS CORPORATION OF AMERICA AND SUBSIDIARIES
(FORMERLY PRISON REALTY TRUST, INC.)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED AND AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	For the Three Months Ended March 31,	
	2001	2000
REVENUE:		
Management and other	$237,972	$ --

Rental	2,410	11,460
Licensing fees from affiliates	--	2,576
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	240,382	14,036
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EXPENSES:		
Operating	184,655	--
General and administrative	8,600	2,536
Depreciation and amortization	12,701	12,924
Write-off of amounts under lease arrangements	--	4,000
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	205,956	19,460
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OPERATING INCOME (LOSS)	34,426	(5,424)
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OTHER (INCOME) EXPENSE:		
Equity (earnings) loss and amortization of deferred gain, net	85	(162)
Interest expense, net	34,069	28,482
Strategic investor fees	--	7
Change in fair value of interest rate swap agreement	5,969	--
Unrealized foreign currency transaction loss	385	--
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	40,508	28,327
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LOSS BEFORE INCOME TAXES	(6,082)	(33,751)
Benefit for income taxes	775	--
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NET LOSS	(5,307)	(33,751)
Distributions to preferred stockholders	(4,821)	(2,150)
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NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$(10,128)	$(35,901)
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BASIC NET LOSS AVAILABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	$(0.04)	$(0.30)
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DILUTED NET LOSS AVAILABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	$(0.04)	$(0.30)
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WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	236,034	118,395
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