Corrections Corporation of America Announces Second Quarter Results and Litigation Settlement

August 9, 2001

NASHVILLE, Tenn.--(BUSINESS WIRE)--Aug. 9, 2001--Corrections Corporation of America (NYSE:CXW) (the "Company") (formerly Prison Realty Trust, Inc.) today announced its operating results for the three- and six-month periods ended June 30, 2001. In addition, the Company announced that it has entered into a definitive agreement to settle certain litigation between the Company and Prison Acquisition Company arising from the Company's termination of a proposed restructuring led by the Blackstone Group and the Fortress Investment Group ("Fortress/Blackstone").

The second 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 second quarter of 2001 and the second quarter of 2000 are not comparable.

For the three months ended June 30, 2001, the Company reported a net loss of $4.5 million, or $0.18 per share, compared with a net loss of $81.6 million or $6.89 per share for the comparable prior year period. For the six months ended June 30, 2001, the Company reported a net loss of $14.6 million, or $0.61 per share, compared with a net loss of $117.5 million, or $9.92 per share, for the same period in 2000. The results for the six months ended June 30, 2001, included the effect of non-cash charges of $6.3 million associated with the accounting for an interest rate swap agreement in accordance with Statement of Financial Accounting Standards No. 133.

Second quarter consolidated revenue amounted to $245.7 million. Consolidated EBITDA for the quarter was $48.1 million while average compensated occupancy for the quarter was 89.1%.

Commenting on the results for the second quarter, President and CEO John Ferguson stated, "The results for the second quarter clearly demonstrate the continued improvement in the Company's operations and financial position. The second quarter showed a continuation in the trend of improving EBITDA, occupancy and operating margins, with the Company generating net income prior to preferred distributions. In addition, settlement of the outstanding litigation with Fortress/Blackstone removes a significant contingency, allowing management to focus on operational issues and upcoming loan maturities."

Litigation

On August 8, 2001, the Company entered into a definitive agreement to settle litigation regarding fees allegedly owed by the Company to Fortress/Blackstone as a result of the termination of a securities purchase agreement related to a proposed restructuring of the Company in 2000 led by Fortress/Blackstone. Under the terms of the agreement, the Company will make a cash payment of $15.0 million to Fortress/Blackstone in full settlement of all claims related to the matter.

Asset Sales/Debt Repayment

During the quarter, the Company sold its Pamlico correctional facility located in Bayboro, North Carolina, for approximately $24.1 million and its Agecroft facility located in Salford, England, for approximately $65.7 million. Proceeds from these sales were used to reduce the outstanding balance under the Company's senior credit facility. In addition, during June the Company made an additional payment of $35.0 million on its credit facility using cash from working capital. As a result of these repayments, the Company avoided a 25-basis-point increase in interest rates on July 1, 2001, under terms of the senior credit facility. Through the first six months of the year, the Company has paid down approximately $150.0 million on its senior credit facility through a combination of cash generated from asset sales and working capital.

Operating EBITDA/Liquidity

EBITDA for the second quarter amounted to $48.1 million while required debt service for the quarter, excluding non-cash items, amounted to $29.0 million. At June 30, 2001, the Company had cash on hand of approximately $41.9 million and had $50.0 million available under its working capital line of credit. The balance on the Company's senior credit facility has been reduced from $972.3 million on January 1, 2001, to its current balance of $824.7 million, which was also the balance at June 30, 2001.

Operations Update:

At June 30, 2001, key operating statistics were as follows:

Metric	Quarter Ended June 30, 2001	Quarter Ended March 31, 2001	Pro-Forma Quarter Ended Dec. 31, 2000
Average Available Beds	61,408	61,462	61,462
Average Compensated Occupancy	89.1%	88.3%	86.9%
Total Compensated Man-Days	4,979,785	4,883,865	4,915,894

Revenue per Compensated

Man-Day	$ 48.03	$ 47.91	$ 46.96
Operating Expenses per Compensated Man-Day	$ 37.14	$ 37.06	$ 38.71
Operating Margin per Compensated Man-Day	$ 10.89	$ 10.85	$ 8.25
Operating Margin Rate	22.7%	22.6%	17.6%

During the second quarter, the Company successfully renewed 14 contracts, all at increased rates. In addition, one prison facility received notification of accreditation from the American Correctional Association. At June 30, 2001, approximately 75% of the Company's facilities have received ACA accreditation.

The Company substantially completed the process of idling its Northeast Ohio facility in Youngstown, Ohio, and its Tallahatchie facility in Tutwiler, Mississippi. Also during the quarter, the Company withdrew its application to provide beds under the Federal Bureau of Prisons ("BOP") request for proposal under its Criminal Alien Requirement III ("CAR III"). The Company had submitted a proposal to provide 1,600 beds to the BOP at its Florence, Arizona, facility; however, based upon an assessment of needs from its existing customers, the Company now believes that such existing customers will require all available beds at the facility.

"We are especially pleased with the operating results, particularly in light of the fact that EBITDA continues to increase despite the sale of several assets and the curtailment of operations at our Youngstown, Ohio, and Tallahatchie, Mississippi, facilities," stated Ferguson. "In the near-term, the idling of these facilities will have an immediate positive benefit in that they had been operating at a significant loss for the past two quarters. Looking forward, we are pursuing a number of strategies to fill our remaining capacity."

Ferguson continued, "Although we are disappointed that we will not be able to accommodate the Federal Bureau of Prisons with its CAR III requirement, which was specific to the Southwest, we nevertheless believe it is a very positive sign that our existing customers in that region have demonstrated a more immediate need for these beds. We remain in contention for the BOP's request for proposal under its Criminal Alien Requirement II in the Southeast having submitted our McRae, Georgia, facility for this opportunity, and we intend to work closely with the Federal Bureau of Prisons on any future opportunities."

About the Company

The Company is the nation's largest provider of outsourced corrections management services, housing an inmate population larger than that of all but five public correctional systems in the United States. The Company specializes in owning, operating and managing prisons and other correctional facilities and providing inmate residential and prisoner transportation services for governmental agencies. In addition to providing the fundamental residential services relating to inmates, each of the Company's facilities offers a variety of rehabilitation and educational programs, including basic education, life skills and employment training and substance abuse treatment. The Company also provides health care (including medical, dental and psychiatric services), institutional food services and work and recreational programs. The Company owns or manages approximately 66,000 beds in 71 facilities in the United States and Puerto Rico, with 65 facilities under contract for management containing approximately 61,000 beds, four leased facilities and two facilities under construction.

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 AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ASSETS	June 30, 2001	December 31, 2000
Cash and cash equivalents	$ 41,934	$ 20,889
Restricted cash	10,522	9,209
Accounts receivable, net of allowance of $857 and $1,486, respectively	119,738	132,306
Income tax receivable	650	32,662
Prepaid expenses and other current assets	20,252	18,726
Assets held for sale under contract	-	24,895
Total current assets	193,096	238,687

Property and equipment, net	1,590,472	1,615,130
Investment in direct financing lease	-	23,808
Assets held for sale	71,413	138,622
Goodwill	108,638	109,006
Other assets	41,328	51,739
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Total assets	$ 2,004,947	$ 2,176,992
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LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	$ 208,664	$ 243,312
Income tax payable	6,804	8,437
Distributions payable	13,522	9,156
Current portion of long-term debt	286,751	14,594
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Total current liabilities	515,741	275,499
Long-term debt, net of current portion	709,918	1,137,976
Deferred tax liabilities	58,789	56,450
Fair value of interest rate swap agreement	10,062	-
Other liabilities	21,351	19,052
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Total liabilities	1,315,861	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 - 3,514 and 3,297 shares issued and outstanding at June 30, 2001 and December 31, 2000, respectively; stated at liquidation preference of $24.46 per share	85,946	80,642
Common stock - $0.01 par value; 80,000 and 400,000 shares authorized; 25,138 and 235,395 shares issued and 25,137 and 235,383 shares outstanding at June 30 2001 and December 31, 2000, respectively	251	2,354
Additional paid-in capital	1,317,065	1,299,390
Deferred compensation	(4,168)	(2,723)
Retained deficit	(813,500)	(798,906)
Treasury stock, 1.2 shares and 12 shares respectively, at cost	(242)	(242)
Accumulated other comprehensive loss	(3,766)	-
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Total stockholders' equity	689,086	688,015
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Total liabilities and stockholders' equity	$ 2,004,947	$ 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 June 30, 2001	2000
REVENUE:		
Management and other	$243,937	$ --
Rental	1,788	11,466
Licensing fees from affiliates	--	2,666
	245,725	14,132
EXPENSES:		
Operating	189,181	--
General and administrative	8,434	32,197
Depreciation and amortization	13,176	13,407
Write-off of amounts under lease arrangements	--	4,416
	210,791	50,020
OPERATING INCOME (LOSS)	34,934	(35,888)
OTHER (INCOME) EXPENSE:		
Equity loss and amortization of deferred gain, net	90	4,419
Interest expense, net	33,046	31,267
Change in fair value of interest rate swap agreement	327	--
(Gain) loss on disposal of assets	(39)	301
Unrealized foreign currency transaction (gain) loss	(41)	7,530
	33,383	43,517
INCOME (LOSS) BEFORE INCOME TAXES	1,551	(79,405)
Income tax expense	(1,037)	--
NET INCOME (LOSS)	514	(79,405)
Distributions to preferred stockholders	(4,980)	(2,150)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$(4,466)	$(81,555)
BASIC NET LOSS AVAILABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	$(0.18)	$(6.89)
DILUTED NET LOSS AVAILABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	$(0.18)	$(6.89)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	24,653	11,841

For the Six Months Ended

	June 30, 2001	June 30, 2000
REVENUE:		
Management and other	$481,909	$ --
Rental	4,198	22,926
Licensing fees from affiliates	--	5,242
	486,107	28,168
EXPENSES:		
Operating	373,836	--
General and administrative	17,034	34,740
Depreciation and amortization	25,877	26,331
Write-off of amounts under lease arrangements	--	8,416
	416,747	69,487
OPERATING INCOME (LOSS)	69,360	(41,319)
OTHER (INCOME) EXPENSE:		
Equity loss and amortization of deferred gain, net	175	4,257
Interest expense, net	67,115	59,749
Change in fair value of interest rate swap agreement	6,296	--
(Gain) loss on disposal of assets	(39)	301
Unrealized foreign currency transaction (gain) loss	344	7,530
	73,891	71,837
INCOME (LOSS) BEFORE INCOME TAXES	(4,531)	(113,156)
Income tax expense	(262)	--
NET INCOME (LOSS)	(4,793)	(113,156)
Distributions to preferred stockholders	(9,801)	(4,300)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$(14,594)	$(117,456)
BASIC NET LOSS AVAILABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	$(0.61)	$(9.92)
DILUTED NET LOSS AVAILABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	$(0.61)	$(9.92)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC AND DILUTED	23,938	11,840

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