

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 30, 2000

Prison Realty Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	0-25245	62-1763875
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(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

10 Burton Hills Boulevard, Suite 100, Nashville, Tennessee 37215

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (615) 263-0200

Not Applicable

(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS.

TERMINATION OF SECURITIES PURCHASE AGREEMENT.

On June 30, 2000, Prison Realty Trust, Inc. ("Prison Realty"), together with Corrections Corporation of America ("CCA"), Prison Management Services, Inc. ("PMSI") and Juvenile and Jail Facility Management Services, Inc. ("JJFMSI") (Prison Realty, CCA, PMSI and JJFMSI, known collectively, as the "Companies"), and Pacific Life Insurance Company ("Pacific Life") entered into a Mutual Termination and Release Agreement with respect to the rights and obligations of each of the parties under the terms of a Securities Purchase Agreement dated as of April 5, 2000, as executed by the parties on April 16, 2000 (the "Securities Purchase Agreement"). The Securities Purchase Agreement has been previously filed by Prison Realty as Exhibit 10.1 to Prison Realty's Current Report on Form 8-K filed with the Commission on April 18, 2000. The Mutual Termination and Release Agreement is included herewith as Exhibit 10.1 and is incorporated herein by this reference.

Under the terms of the Securities Purchase Agreement, the parties had agreed complete a series of previously announced restructuring transactions involving Pacific Life, including the combination of Prison Realty with CCA, PMSI and JJFMSI and a \$200.0 million equity investment in Prison Realty by Prison Realty's common stockholders through a common stock rights offering backstopped 100% by Pacific Life. On June 28, 2000, Prison Realty's board of directors concluded that as a result of several factors, including Prison Realty's ability to satisfy the conditions contained in the Securities Purchase Agreement, the completion of the transactions under the Securities Purchase Agreement was unlikely. The Companies subsequently reached agreement with Pacific Life on the mutual termination of the Securities Purchase Agreement after considering, among other things, Prison Realty's ability to satisfy these conditions and the timing requirements under the terms of Prison Realty's recently amended bank indebtedness.

THE RESTRUCTURING.

In connection with the termination of the Securities Purchase Agreement, Prison Realty's board of directors also determined to proceed with a restructuring of Prison Realty and CCA, its primary tenant (the "Restructuring"), as provided for under the terms of the waiver of existing events of default under, and amendments to, Prison Realty's \$1.0 billion senior secured credit facility obtained on June 9, 2000 (the "Bank Waiver and Amendment"). The Bank Waiver and Amendment requires, among other things:

- the merger of Prison Realty with CCA for non-cash consideration on or before September 15, 2000;
- Prison Realty's election to be taxed as a C corporation, rather than as a REIT, for federal income tax purposes commencing with its 2000 taxable year; and

- Prison Realty's selection of new senior management of Prison Realty through the appointment of a new chief executive officer and a new chief financial officer.

The Bank Waiver and Amendment has been previously filed by Prison Realty as Exhibit 10.1 to Prison Realty's Current Report on Form 8-K filed with the Commission on June 12, 2000.

In connection with the board's determination, Prison Realty entered into an agreement and plan of merger with CCA providing for the merger of CCA with and into a wholly-owned subsidiary of Prison Realty (the "Merger Agreement"). Under the terms of the Merger Agreement, Prison Realty will issue approximately \$10.6 million in shares of its common stock in the merger to existing management and employee shareholders of CCA. The Merger Agreement is filed herewith as exhibit 2.1 and is incorporated herein by this reference. Prison Realty has also agreed to purchase the shares of CCA common stock held by the Baron Asset Fund ("Baron") immediately prior to the merger for non-cash consideration comprised of \$8.0 million in shares of Prison Realty's common stock. As consideration for Baron's consent to the merger, Prison Realty has also agreed to issue Baron warrants to purchase \$3.0 million in shares of Prison Realty's common stock. Baron holds approximately 16.9% of the outstanding capital stock of CCA and has the right to approve any merger of CCA. The exercise price of the warrants, as well as the number of shares of Prison Realty common stock into which the warrants are exercisable, are set forth in the Stock Purchase Agreement, dated June 30, 2000, by and between Prison Realty and Baron which is included herewith as Exhibit 10.3 and is incorporated herein by this reference. Prison Realty is currently negotiating with Sodexho Alliance, S.A. ("Sodexho") with respect to the purchase of shares of CCA common stock held by it prior to the merger. Sodexho also holds approximately 16.9% of CCA's outstanding capital stock.

Prison Realty has determined not to merge with its two private service companies, PMSI and JJFMSI. As such, Prison Realty's existing relationship with PMSI and JJFMSI will remain unchanged. Prison Realty owns 100% of the non-voting common stock of PMSI and JJFMSI, which entitles Prison Realty to receive 95% of each service company's net income, as defined, as cash dividends on such shares. Upon completion of the Restructuring, Prison Realty and its subsidiaries will provide administrative services for the service companies for a cash fee under the terms of the existing agreements between CCA and PMSI and JJFMSI. Prison Realty will also license the use of the CCA name to the service companies for a cash fee under the terms of the existing agreements between CCA and PMSI and JJFMSI. The Bank Waiver and Amendment permits Prison Realty to merge with PMSI and/or JJFMSI in the future for aggregate non-cash consideration not to exceed \$12.6 million, including a maximum of \$10.6 million in non-cash consideration to be paid to outside, non-warden stockholders of the service companies. Prison Realty has initiated discussions with PMSI and JJFMSI regarding a proposed combination with Prison Realty permitted under the terms of the Bank Waiver and Amendment.

As a result of these transactions, the Companies terminated their existing merger agreement, dated December 26, 1999, executed in connection with a restructuring of the Companies led by a group of investors comprised of affiliates of Fortress Investment Group LLC, The Blackstone Group, and Bank of America Corporation. This merger agreement was previously filed by Prison

Realty as Exhibit 2.1 to Prison Realty's Current Report on Form 8-K filed with the Commission on December 28, 1999.

As required by the Bank Waiver and Amendment, Prison Realty anticipates that it will file preliminary proxy materials with the SEC on or before July 1, 2000 seeking approval of Prison Realty's operation as a subchapter C corporation beginning with its 2000 taxable year and of the merger of Prison Realty with CCA. The approval of holders of two-thirds of Prison Realty's outstanding common stock will be required to complete the restructuring. The approval of the holders of 80% of CCA's capital stock will be required to complete the merger of CCA with and into a subsidiary of Prison Realty.

The press release issued by Prison Realty on June 30, 2000 with respect to the Mutual Termination and the Restructuring is filed herewith as Exhibit 99.1 and is incorporated herein in its entirety by this reference.

WAIVER AND AMENDMENT OF CONVERTIBLE, SUBORDINATED NOTES.

\$40.0 MILLION CONVERTIBLE, SUBORDINATED NOTES. On June 30, 2000, Prison Realty obtained a waiver of events of default under, and amendments to, the provisions of the note purchase agreement relating to the \$40.0 million 9.5% convertible, subordinated notes issued by Prison Realty to MDP Ventures IV LLC and affiliated purchasers ("MDP Ventures") (the "MDP Waiver and Amendment"). Under the terms of the MDP Waiver and Amendment, the interest rate on the notes was increased by 0.5%, to 10.0%, and Prison Realty agreed to issue MDP Ventures additional convertible notes representing previously accrued interest under the notes. In addition, the MDP Waiver and Amendment reset the conversion price of the notes based on 125% of the average closing price of Prison Realty's common stock on the NYSE for a specified period of time and made certain amendments to the financial and other covenants contained in the note purchase agreement to reflect the Restructuring and the combination of Prison Realty and CCA. A form of the MDP Waiver and Amendment is included herewith as Exhibit 10.4 and is incorporated herein by this reference.

\$30.0 MILLION CONVERTIBLE, SUBORDINATED NOTES. On June 30, 2000, Prison Realty obtained a waiver of events of default under, and amendments to, the provisions of the note purchase agreement relating to the \$30.0 million 7.5% convertible, subordinated notes issued to PMI Mezzanine Fund, L.P. ("PMI") (the "PMI Waiver and Amendment"). Under the terms of the PMI Waiver and Amendment, the interest rate on the notes was increased by 0.5%, to 8.0%. In addition, the PMI Waiver and Amendment reset the conversion price of the notes based on 125% of the average closing price of Prison Realty's common stock on the NYSE for a specified period of time and made certain amendments to the financial and other covenants contained in the note purchase agreement and the note to reflect the Restructuring and the combination of Prison Realty and CCA. The text of the PMI Waiver and Amendment is included herewith as Exhibit 10.5 and is incorporated herein by this reference.

RECENT CONTINGENCIES.

PRISON REALTY. On October 15, 1998, a complaint captioned Fredrick & May Construction Co. v. U.S. Corrections Corporation was filed in the Circuit Court for Lee County, Kentucky alleging a breach of contract regarding the construction of improvements to two correctional facilities acquired when Old CCA purchased and merged with U.S. Corrections Corporation ("USCC"). Frederick & May Construction Co. ("Fredrick & May") alleged that it had valid contracts for the completion of the improvements and that the contracts were wrongfully terminated. The issue of damages in this matter was tried to a jury in June 2000, subsequent to the Court granting summary judgment in favor of Frederick & May on the issue of the existence of a contract. The jury returned a verdict against USCC in an amount of approximately \$753,000. The Plaintiff's motion to assess and determine the amount of prejudgment interest, if any, is presently pending before the Court. The Company has vigorously defended this action to date and is in the process of appealing the judgment.

In September 1997, Old CCA received a discretionary bonus of approximately \$4.1 million in connection with its management of a correctional facility located in Hardeman County, Tennessee. The construction of the facility was financed with correction facilities revenue bonds in the total principal amount of approximately \$72.7 million. The tax-exempt nature of the bonds is under review by the Internal Revenue Service (the "IRS"). Because of the contractual relationship between Old CCA and the correctional facility, in the event the IRS determines that the bonds are taxable, there exists the risk that Prison Realty, as the successor to Old CCA, may be required to remit all or a portion of the bonus received, or, in the alternative, repurchase the principal amount of the bonds, plus accrued interest. Prison Realty intends to contest this matter vigorously.

CCA. In February 2000, a complaint was filed in federal court in the United States District Court for the Western District of Texas against CCA's inmate transportation subsidiary TransCor America, LLC ("TransCor"). The lawsuit, captioned Cheryl Schoenfeld v. TransCor America, Inc., et. al., names as defendants TransCor and its directors. The lawsuit alleges that two drivers sexually assaulted and raped the Plaintiff during her transportation to a facility in Texas. While the case is in the very early stages of discovery, the Plaintiff recently submitted a \$21.0 million settlement demand. CCA and TransCor intend to defend the action vigorously. It is expected that a portion of any liabilities resulting from this litigation will be covered by liability insurance.

FORWARD-LOOKING STATEMENTS.

This Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Prison Realty's actual results could differ materially from those set forth in the forward-looking statements.

ITEM 7(C). EXHIBITS.

The following exhibits are filed as part of this Current Report:

Exhibit Number -----	Description of Exhibits -----
2.1	Agreement and Plan of Merger, dated as of June 30, 2000, by and among Prison Realty, CCA Acquisition Sub, Inc. and CCA. (Certain exhibits and schedules to this document are omitted from this filing, and Prison Realty agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.)
10.1	Mutual Termination and Release Agreement dated June 30, 2000, by and among Prison Realty, CCA, PMSI, JJFMSI, and Pacific Life.
10.2	Mutual Written Consent to Terminate Agreement and Plan of Merger, dated as of June 30, 2000, by and among Prison Realty, CCA Acquisition Sub, Inc., PMSI Acquisition Sub, Inc., JJFMSI Acquisition Sub, Inc., CCA, PMSI, and JJFMSI.
10.3	Stock Purchase Agreement, dated as of June 30, 2000, by and between Prison Realty and Baron.
10.4	Form of Waiver and Amendment, dated as of June 30, 2000, by and between Prison Realty and MDP Ventures, with form of replacement note and PIK note attached thereto as Exhibit B and C, respectively. (Certain additional exhibits to this document are omitted from this filing, and Prison Realty agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.)
10.5	Waiver and Amendment, dated as of June 30, 2000, by and between Prison Realty and PMI, with form of replacement note attached thereto as Exhibit B.. (Certain additional exhibits to this document are omitted from this filing, and Prison Realty agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.)
99.1	Prison Realty Press Release, dated June 30, 2000, regarding the Mutual Termination and the Restructuring.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the undersigned Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 30, 2000

PRISON REALTY TRUST, INC.

By: /s/ Thomas W. Beasley

Its: Chairman of the Board of Directors

EXHIBIT INDEX

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10.1	Mutual Termination and Release Agreement dated June 30, 2000, by and among Prison Realty, CCA, Prison Management Services Inc. ("PMSI"), and Juvenile and Jail Facility Management Services, Inc. ("JJFMSI"), on the one hand, and Pacific Life Insurance Company ("Pacific Life"), on the other hand.
10.2	Mutual Written Consent to Terminate Agreement and Plan of Merger, dated as of June 30, 2000, by and among Prison Realty, CCA Acquisition Sub, Inc., PMSI Acquisition Sub, Inc., JJFMSI Acquisition Sub, Inc., CCA, PMSI, and JJFMSI.
10.3	Stock Purchase Agreement, dated as of June 30, 2000, by and between Prison Realty and Baron Asset Fund, and all series thereof, on behalf of itself and one or more mutual funds managed by it, or its affiliates.
10.4	Form of Waiver and Amendment, dated as of June 30, 2000, by and between Prison Realty and MDP Ventures IV LLC, with form of replacement note and PIK note attached thereto as Exhibit B and D, respectively. (Certain additional exhibits to this document are omitted from this filing, and Prison Realty agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.)
10.5	Waiver and Amendment, dated as of June 30, 2000, by and between Prison Realty and PMI Mezzanine Fund, L.P., with form of replacement note attached thereto as Exhibit B. (Certain additional exhibits to this document are omitted from this filing, and Prison Realty agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.)
99.1	Prison Realty Press Release, dated June 30, 2000, regarding the mutual termination of the Securities Purchase Agreement and the newly announced restructuring of Prison Realty.

AGREEMENT AND PLAN OF MERGER

DATED AS OF JUNE 30, 2000,

BY AND AMONG

PRISON REALTY TRUST, INC. AND CCA ACQUISITION SUB, INC.,

AND

CORRECTIONS CORPORATION OF AMERICA.

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of June 30, 2000 (the "Agreement"), is by and among PRISON REALTY TRUST, INC., a Maryland corporation ("Prison Realty"), CCA ACQUISITION SUB, INC., a Tennessee corporation and a wholly-owned subsidiary of Prison Realty ("CCA Sub"), and CORRECTIONS CORPORATION OF AMERICA, a Tennessee corporation ("CCA").

WITNESSETH:

WHEREAS, the Boards of Directors of CCA, CCA Sub and Prison Realty have approved the merger of CCA with and into CCA Sub (the "Merger") upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Merger requires the approval by the affirmative vote of the holders of eighty percent (80%) of the Class A common stock, \$0.01 par value per share (the "CCA Class A Common Stock"), and the Class B common stock, \$0.01 par value per share (the "CCA Class B Common Stock" and, together with the CCA Class A Common Stock, the "CCA Common Stock"), of CCA, voting together as a single class, as well as the separate consent of Baron Asset Fund ("Baron"), a Massachusetts business trust and holder of approximately sixteen and nine-tenths percent (16.9%) of the CCA Class A Common Stock (collectively, the "CCA Shareholder Approval");

WHEREAS, in connection with the Merger, Prison Realty intends to amend and restate its charter and intends to alter its operating structure such that Prison Realty will not qualify as a real estate investment trust (a "REIT") as defined by the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ending December 31, 2000, which actions require approval by the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of common stock, \$0.01 par value per share, of Prison Realty (the "Prison Realty Common Stock") (the "Prison Realty Stockholder Approval");

WHEREAS, Prison Realty, CCA Sub and CCA desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger; and

WHEREAS, for federal income tax purposes, it is intended that the Merger qualify as a reorganization within the meaning of Section 368(a) of the Code, and this Agreement is intended to be and is adopted as a plan of reorganization with respect to the Merger.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

THE MERGER

Section 1.01 The Merger. At the Effective Time (as defined in Section 1.03 herein) and subject to and upon the terms and conditions of this Agreement, and in accordance with the Tennessee Business Corporation Act (the "TBCA"), CCA shall be merged with and into CCA Sub, whereupon the separate corporate existence of CCA shall cease and CCA Sub shall continue as the surviving company. Following the Merger, CCA Sub (the "Surviving Company") shall succeed to and assume all the rights and obligations of CCA in accordance with the TBCA.

Section 1.02 Closing. Unless this Agreement shall have been terminated and the transactions contemplated herein abandoned pursuant to Section 7.01, and subject to the satisfaction or waiver of the conditions set forth in Article VI, the closing of the Merger (the "Closing") will take place at 10:00 a.m., local time, on a date to be specified by the parties, which shall be no later than the fifth business day following the satisfaction or waiver of all the conditions set forth in Article VI herein which by their terms are capable of being satisfied prior to the Closing (the "Closing Date"), at the offices of Stokes & Bartholomew, P.A. in Nashville, Tennessee, unless another time, date or place is agreed to by the parties hereto.

Section 1.03 Effective Time. Subject to the provisions of this Agreement, as promptly as practicable on the Closing Date, articles of merger and all other appropriate documents (in any such case, the "Articles of Merger") shall be duly prepared, executed, acknowledged and filed by the parties in accordance with the relevant provisions of the TBCA with the Secretary of State of the State of Tennessee (the "Tennessee Secretary of State"). The Merger shall become effective on the Closing Date at the time of day specified in the Articles of Merger filed with the Tennessee Secretary of State (the "Effective Time").

Section 1.04 Effects of the Merger. At the Effective Time, the Merger shall have the effects set forth in Section 48-21-108 of the TBCA. Without limiting the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of CCA and CCA Sub shall vest in the Surviving Company, and all debts, liabilities and duties of CCA and CCA Sub shall become the debts, liabilities and duties of the Surviving Company.

Section 1.05 Constituent Documents.

(a) Charter. The charter of CCA Sub as in effect immediately prior to the Effective Time shall continue to be the charter of the Surviving Company (with such amendments as may be set forth in the Articles of Merger in accordance with this Agreement) until thereafter changed or amended as provided therein or by applicable law.

(b) Bylaws. The bylaws of CCA Sub as in effect immediately prior to the Effective Time shall continue to be the bylaws of the Surviving Company until thereafter changed or amended as provided therein or by applicable law.

Section 1.06 Directors. The persons named in Schedule 1.06 attached hereto shall be the directors of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

Section 1.07 Officers. The persons named in Schedule 1.07 attached hereto shall be the officers of the Surviving Company, serving in such capacity as is set forth on Schedule 1.07 until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

ARTICLE II

EFFECT OF THE MERGER ON THE CAPITAL SHARES, INDEBTEDNESS AND AGREEMENTS OF THE CONSTITUENT ENTITIES; EXCHANGE OF CERTIFICATES

Section 2.01 Effect on Capital Shares, Indebtedness and Agreements. By virtue of the Merger and without any action on the part of Prison Realty, CCA Sub, CCA or the holders of the Constituent Capital Stock (as defined herein):

(a) Cancellation of Certain Shares, Indebtedness and Agreements. As of the Effective Time: (i) each share of Constituent Capital Stock that is owned by any of the parties hereto or their Subsidiaries (as defined in Section 8.03 herein) (except for any shares of Prison Realty Stock (as defined in Section 3.01(c) herein) owned by CCA Sub which are to be delivered as the CCA Merger Consideration) shall automatically be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor; (ii) any indebtedness between any of the parties hereto shall be canceled and shall cease to exist and no consideration shall be delivered therefor; and (iii) all agreements between any of the parties hereto shall be canceled and shall cease to exist. For purposes hereof, the term "Constituent Capital Stock" means collectively the Prison Realty Stock and the CCA Common Stock.

(b) Conversion of CCA Common Stock. As of the Effective Time, each issued and outstanding share of CCA Common Stock (other than shares canceled pursuant to subparagraph (a) above) shall be converted into the right to receive that number of shares of Prison Realty Common Stock (collectively, the "CCA Merger Consideration") determined by: (i) multiplying \$20,000,000 by a fraction, the numerator of which shall be the total number of shares of CCA Common Stock outstanding immediately prior to the Effective Time which are not to be canceled pursuant to subparagraph (a) above, and the denominator of which shall be the total number of shares of CCA Common Stock outstanding immediately prior to the Effective Time, inclusive of shares which are to be canceled pursuant to subparagraph (a) above; (ii) dividing the amount determined under clause (i) by the Prison Realty Closing Price (as herein defined); and (iii) dividing the amount determined under clause (ii) by the total number of shares of CCA Common Stock outstanding immediately prior to the Effective Time which are not to be canceled pursuant to subparagraph (a) above. All computations made in accordance with the preceding sentence shall be rounded to two decimal places. As of the Effective Time, each issued and outstanding share of CCA Common Stock converted into Prison Realty Common Stock in accordance herewith shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares of CCA Common Stock shall cease to have any rights with respect thereto except the right to receive the CCA Merger Consideration, without interest thereon. Shares of Prison Realty Common Stock that are issued in exchange for shares of CCA Common Stock which are subject to forfeiture under the CCA Restricted Stock Plan (as defined in Section 2.04 herein) shall become subject to the terms and restrictions of the Prison Realty Restricted Stock Plan (as defined in Section 2.04 herein) in accordance with Section 2.04. All remaining shares of Prison Realty Common Stock issued in the CCA Merger shall be subject to the terms and conditions of a Lock-Up Agreement (as defined in Section 5.12 herein). For purposes hereof, the term "Prison Realty Closing Price" means the average closing price of Prison Realty Common Stock over the five trading days ending two trading days prior to the Closing Date.

Section 2.02 Exchange of Certificates.

(a) Exchange. Immediately after the Effective Time, Prison Realty shall exchange certificates representing CCA Common Stock (each, a "CCA Certificate" and, collectively, the "CCA

Certificates") for the CCA Merger Consideration. Promptly after the Effective Time, Prison Realty shall send to each holder of shares of CCA Common Stock (other than Prison Realty or any of its Subsidiaries) at the Effective Time a letter of transmittal for use in such exchange (which shall specify that the delivery shall be effected, and risk of loss and title shall pass, only upon proper delivery of the CCA Certificates to Prison Realty) and instructions for use in effecting the surrender of the CCA Certificates for payment therefor.

(b) Exchange of Certificates. Each holder of shares of CCA Common Stock that have been converted into the right to receive the CCA Merger Consideration will be entitled to receive, upon surrender to Prison Realty of a CCA Certificate, together with a properly completed letter of transmittal, the CCA Merger Consideration in respect of each share of CCA Common Stock represented by such CCA Certificate. Until so surrendered, each such CCA Certificate shall, after the Effective Time, represent for all purposes only the right to receive such CCA Merger Consideration.

(c) Form of Certain Transfers. If any portion of the CCA Merger Consideration is to be paid to a person (as defined in Section 8.03 herein) other than the person in whose name a CCA Certificate is registered, it shall be a condition to such payment that the CCA Certificate so surrendered shall be properly endorsed or otherwise be in proper form for transfer and that the person requesting such payment shall pay to Prison Realty any transfer or other taxes required as a result of such payment to a person other than the registered holder of such CCA Certificate or establish to the satisfaction of Prison Realty that such tax has been paid or is not payable.

(d) Transfers After the Effective Time. After the Effective Time, there shall be no further registration of transfers of shares of CCA Common Stock. If, after the Effective Time, CCA Certificates are presented to Prison Realty or the Surviving Company, they shall be canceled and promptly exchanged for the consideration provided for, in accordance with the procedures set forth in this Article.

(e) Unclaimed Shares. Neither Prison Realty nor the Surviving Company shall be liable to any holder of CCA Common Stock for any amount paid to a public official pursuant to applicable abandoned property laws.

(f) Dividends. No dividends, interest or other distributions with respect to securities of Prison Realty constituting part of the CCA Merger Consideration shall be paid to the holder of any unsurrendered CCA Certificates until such CCA Certificates are surrendered as provided in this Section. Upon such surrender, there shall be paid, without interest, to the person in whose name the securities of Prison Realty have been registered, all dividends, interest and other distributions payable in respect of such securities on a date subsequent to, and in respect of a record date after, the Effective Time.

Section 2.03 Qualified Plans. As of the Effective Time, Prison Realty shall adopt the Corrections Corporation of America 401(k) Savings and Retirement Plan (the "CCA 401(k) Plan"), and shall cause benefits under the Prison Realty 401(k) Savings and Retirement Plan (the "Prison Realty 401(k) Plan") to cease to accrue. After the Effective Time, the Prison Realty 401(k) Plan and the CCA Prison Realty Trust Employee Savings and Stock Ownership Plan (the "Prison Realty ESOP") (the benefits under which ceased to accrue as of December 31, 1998) may, at the discretion of Prison Realty, be maintained as frozen plans in compliance with applicable law. Prior to the Effective Time, Prison Realty and CCA shall take all actions (including, if appropriate, amending the terms of the CCA 401(k) Plan, the Prison Realty 401(k) Plan and the Prison Realty ESOP) that are necessary to give effect to the transactions contemplated by this Section.

Section 2.04 Restricted Stock Plans. As of the Effective Time, the Correctional Management Services Corporation 1998 Restricted Stock Plan (the "CCA Restricted Stock Plan") shall be merged into a new restricted stock plan (the "Prison Realty Restricted Stock Plan") with terms and conditions similar to those of the CCA Restricted Stock Plans, except that any shares forfeited under the Prison Realty Restricted Stock Plan shall be forfeited to all plan participants. Prison Realty, CCA Sub and CCA shall take all actions that are necessary to give effect to the transactions contemplated by this Section.

Section 2.05 Warrants to Purchase CCA Common Stock. At the Effective Time, each warrant to purchase shares of CCA Common Stock (the "CCA Warrants"), whether or not exercisable, shall be deemed to constitute a warrant to acquire, on substantially the same terms and conditions as were applicable to the original warrant to which it relates (a "Substitute Warrant"), the same number of shares of Prison Realty Common Stock as the holder of such warrant would have been entitled to receive pursuant to the Merger had such holder exercised such CCA Warrant in full immediately prior to the Effective Time, at a price per share of Prison Realty Common Stock computed in compliance with the terms of such CCA Warrant; provided, however, that the number of shares of Prison Realty Common Stock that may be purchased upon exercise of such Substitute Warrant shall not include any fractional share. Prior to the Effective Time, CCA will use its best efforts to obtain such consents, if any, as may be necessary to give effect to the transactions contemplated by this Section. In addition, prior to the Effective Time, CCA will use its best efforts to make any amendments to the terms of the CCA Warrants that are necessary to give effect to the transactions contemplated by this Section. Except as contemplated by this Section, CCA will not, after the date hereof, without the written consent of Prison Realty, amend any outstanding CCA Warrants. Prison Realty, CCA Sub and CCA shall take all actions that are necessary to give effect to the transactions contemplated by this Section, including without limitation such actions, if any, as are described in the CCA Warrants.

Section 2.06 Fractional Shares. No fractional shares of Prison Realty Common Stock shall be issued to shareholders of CCA in connection with the Merger, but in lieu thereof each holder of shares of CCA Common Stock otherwise entitled to receive as a result of the Merger a fractional share of Prison Realty Common Stock shall be entitled to receive a cash payment (without interest), rounded to the nearest cent, representing such holder's proportionate interest in the net proceeds resulting from the sale (after deduction of all expenses resulting from such sale) on the New York Stock Exchange ("NYSE") through one or more of its member firms of the fractional shares of Prison Realty Common Stock all holders of shares of CCA Common Stock would otherwise be entitled to receive as a result of the Merger.

Section 2.07 Lost Certificates. If any CCA Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such CCA Certificate to be lost, stolen or destroyed and, if required by the Surviving Company, the posting by such person of a bond, in such reasonable amount as the Surviving Company may direct, as indemnity against any claim that may be made against it with respect to such CCA Certificate, Prison Realty (or its duly appointed transfer agent) will issue in exchange for such lost, stolen or destroyed CCA Certificate the CCA Merger Consideration to be paid in respect of the shares represented by such CCA Certificates as contemplated by this Article.

Article III

REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of Prison Realty. Except as set forth in Prison Realty SEC Documents (as defined in Section 3.01(e) herein) filed with the Securities and Exchange Commission (the "SEC") and publicly available prior to the date hereof (the "Prison Realty Filed SEC Documents") or on the Disclosure Schedule delivered by Prison Realty to CCA prior to the execution of this Agreement (the "Prison Realty Disclosure Schedule"), which Prison Realty Disclosure Schedule constitutes a part hereof and is true and correct in all material respects, Prison Realty hereby represents and warrants to CCA as follows:

(a) Organization and Authority. Prison Realty is a corporation duly incorporated and validly existing and in good standing under the laws of the State of Maryland with full corporate power and authority to own its properties and conduct its business as now conducted and is duly qualified or authorized to do business and is in good standing in all jurisdictions where the failure to so qualify could have a material adverse effect (as defined in Section 8.03 herein). Prison Realty has all requisite corporate power and authority, and has been duly authorized by all necessary consents, approvals, authorizations, orders, registrations, qualifications, licenses and permits of and from all public, regulatory or governmental agencies and bodies, to own, lease and operate its assets and properties and to conduct its business as it is now being conducted and is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the failure to do so could have a material adverse effect upon the conduct of its business or the ownership or leasing of property by it in such jurisdiction.

(b) Subsidiaries.

(i) Except for CCA Sub, the only direct or indirect Subsidiaries of Prison Realty are those listed in Section 3.01(b) of the Prison Realty Disclosure Schedule. Except for Prison Realty's ownership of all of the issued and outstanding common stock of CCA Sub and except for the ownership interests set forth in Section 3.01(b) of the Prison Realty Disclosure Schedule, Prison Realty does not own or control, directly or indirectly, a 50% or greater capital stock interest in a corporation, a general partnership interest or a 50% or greater limited partnership interest in a partnership, or a managing membership interest or a 50% or greater membership interest in a limited liability company, association or other entity or project.

(ii) Except for CCA Sub or the entities listed in Section 3.01(b) of the Prison Realty Disclosure Schedule, Prison Realty does not hold, directly or indirectly, any equity interest or equity investment in any corporation, partnership, association or other entity.

(iii) Except as set forth in Section 3.01(b) of the Prison Realty Disclosure Schedule, all of the issued and outstanding shares of capital stock of, or other equity interests in, each Subsidiary of Prison Realty have been validly issued, are fully paid and nonassessable and are owned, directly or indirectly, by Prison Realty free and clear of any Liens (as hereinafter defined) and there are no outstanding subscriptions, options, calls, contracts, voting trusts, proxies or other commitments, understandings, restrictions, arrangements, rights or warrants, including any right of conversion or exchange under any outstanding security, instrument or other agreement, obligating any Subsidiary of Prison Realty to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of its capital stock or obligating it to grant, extend or enter into any such agreement or commitment.

(c) Capital Structure of Prison Realty. The authorized stock of Prison Realty consists of 300,000,000 shares of Prison Realty Common Stock and 20,000,000 shares of preferred stock, \$0.01 par value per share, of Prison Realty, of which 4,300,000 shares have been designated Series A Preferred Stock (the "Prison Realty Series A Preferred Stock" and, collectively with the Prison Realty Common Stock, the "Prison Realty Stock"). At the close of business on June 22, 2000, (A) 118,409,619 shares of Prison Realty Common Stock were outstanding, (B) 4,300,000 shares of Prison Realty Series A Preferred Stock were outstanding, (C) options ("Prison Realty Options") to acquire 2,396,734 shares of Prison Realty Common Stock from Prison Realty pursuant to Prison Realty's equity incentive plans ("Prison Realty Stock Plans") listed on the Prison Realty Disclosure Schedule were outstanding, (D) 294,897 deferred share awards ("Prison Realty Deferred Share Awards") granted pursuant to Prison Realty Stock Plans were outstanding, (E) subordinated notes ("Prison Realty Notes") convertible into 2,962,336 shares of Prison Realty Common Stock were outstanding, and (F) options to purchase 70,000 shares of Prison Realty Common Stock not granted under any equity incentive plan to Joseph F. Johnson, Jr. (the "Johnson Option"), as set forth in Section 3.01(c) of the Prison Realty Disclosure Schedule, were outstanding. Other than as set forth above, at the close of business on June 22, 2000, there were outstanding no shares of Prison Realty Stock or any other class or series of stock of Prison Realty or options, warrants or other rights to acquire Prison Realty Stock or any other class or series of stock of Prison Realty from Prison Realty. No bonds, debentures, notes or other indebtedness having the right to vote (or convertible into or exchangeable for securities having the right to vote) on any matters on which stockholders of Prison Realty may vote are issued or outstanding, except the Prison Realty Notes.

All outstanding shares of Prison Realty Stock are, and any shares of Prison Realty Common Stock which may be issued upon the exercise of Prison Realty Options, the vesting of the Prison Realty Deferred Share Awards, the conversion of the Prison Realty Notes or the exercise of the Johnson Option when issued will be, duly authorized, validly issued, fully paid and nonassessable, and will be delivered free and clear of all claims, mortgages, deeds of trust, charges, liens, encumbrances, pledges or security interests of any kind or nature whatsoever (collectively, "Liens") and are not now in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities and conform to the description thereof in the Prison Realty Filed SEC Documents. Other than as set forth above, and except for this Agreement, the Prison Realty Stock Plans, the Prison Realty Options, the Prison Realty Deferred Share Awards, the Prison Realty Notes and the Johnson Option, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements or undertakings of any kind to which Prison Realty or any of its Subsidiaries is a party or by which Prison Realty or any of its Subsidiaries is bound obligating Prison Realty or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity or voting securities of Prison Realty or of any Subsidiary of Prison Realty or obligating Prison Realty or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement or undertaking. There are no outstanding obligations of Prison Realty or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of Prison Realty or any of its Subsidiaries and, to the knowledge of the executive officers of Prison Realty, as of the date hereof, no irrevocable proxies have been granted with respect to shares of Prison Realty Common Stock or equity of Subsidiaries of Prison Realty.

(d) Authorization. Prison Realty has all requisite corporate power and authority to enter into this Agreement and, subject to obtaining the Prison Realty Stockholder Approval, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Prison Realty, subject to obtaining the Prison Realty Stockholder Approval. This Agreement has been duly executed and delivered by

Prison Realty and constitutes a valid and binding obligation of Prison Realty, enforceable against Prison Realty in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws from time to time in effect. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any breach or violation of, or default (with or without notice or lapse of time or both) under, or result in the termination of, or accelerate the performance required by, or give rise to a right of termination, cancellation or acceleration of any obligation under, or the creation of a Lien pursuant to, (i) any provision of the charter (or similar organizational documents) or bylaws of Prison Realty or any of its Subsidiaries or (ii) subject to obtaining or making the consents, approvals, orders, authorizations, registrations, declarations and filings referred to in the following sentence, any loan or credit agreement, note, mortgage, indenture, lease, Prison Realty Stock Plan or other agreement, obligation, instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Prison Realty or any of its Subsidiaries or their respective properties or assets, in any case under this clause (ii) which would, individually or in the aggregate, have a material adverse effect on Prison Realty. No consent, approval, order or authorization of, or registration, declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality (a "Governmental Entity") is required by or with respect to Prison Realty or any of its Subsidiaries in connection with the execution and delivery of this Agreement by Prison Realty or the consummation by Prison Realty of the transactions contemplated hereby, the failure of which to be obtained or made would, individually or in the aggregate, have a material adverse effect on Prison Realty or would prevent or materially delay the consummation of the transactions contemplated hereby, except for (A) the filing with the SEC of: (i) a proxy statement relating to the consideration of the transaction contemplated by this Agreement at a meeting of the stockholders of Prison Realty (the "Prison Realty Stockholders' Meeting") duly called and convened to consider the approval of such transaction, as amended or supplemented from time to time (the "Proxy Statement"); (ii) a registration statement relating to the issuance of shares of Prison Realty Stock in the Merger, which shall also contain a proxy statement-prospectus relating to the consideration of the transaction contemplated by this Agreement at a meeting of the shareholders of CCA (the "CCA Shareholders' Meeting") duly called and convened to consider the approval of such transaction, as amended and supplemented from time to time (the "Registration Statement"); and (iii) such reports under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), as may be required in connection with this Agreement and the transaction contemplated hereby, (B) the filing of the Articles of Merger with the Tennessee Secretary of State and appropriate documents with the relevant authorities of other states in which Prison Realty is qualified to do business, (C) filings required pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the "HSR Act"), (D) filings necessary to satisfy the applicable requirements of state securities or "blue sky" laws, (E) filings required under the rules and regulations of the New York Stock Exchange (the "NYSE") and (F) filings required pursuant to Prison Realty's leases and related agreements with Governmental Entities, which are set forth on the Prison Realty Disclosure Schedule (collectively, the "Required Filings").

(e) SEC Documents; Financial Statements. Prison Realty has timely filed all forms, reports, schedules, registration statements, definitive proxy statements and other documents required to be filed by Prison Realty with the SEC since January 1, 1999 (the "Prison Realty SEC Documents"). As of their respective dates, the Prison Realty SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") and the Exchange Act, as

the case may be, applicable to such Prison Realty SEC Documents. None of the Prison Realty SEC Documents when filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Prison Realty and its Subsidiaries are not parties to or otherwise subject to any contracts or other agreements that were or are required to be filed as exhibits to, or otherwise disclosed in, the Prison Realty Filed SEC Documents and have not been so filed or disclosed. The financial statements of Prison Realty included in the Prison Realty SEC Documents (the "Prison Realty Financial Statements") comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis ("GAAP") during the periods involved and fairly present in all material respects the consolidated financial position of Prison Realty and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended. Except as set forth in the Prison Realty Filed SEC Documents (including any item accounted for in the financial statements contained in the Prison Realty Filed SEC Documents or set forth in the notes thereto) and except for the effect of the contemplated transactions under this Agreement and related agreements, since March 31, 2000, (i) neither Prison Realty nor any of its Subsidiaries has incurred any claims, liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, would have a material adverse effect on Prison Realty (other than claims, liabilities or obligations contemplated by this Agreement or expressly permitted to be incurred pursuant to this Agreement), and (ii) Prison Realty and each of its Subsidiaries have conducted their respective businesses only in the ordinary course consistent with past practice.

(f) Information Supplied. None of (i) the information supplied or to be supplied by Prison Realty specifically for inclusion or incorporation by reference in the Proxy Statement, at the date it is first mailed to stockholders of Prison Realty or at the time of the Prison Realty Stockholders' Meeting, and (ii) the information supplied or to be supplied by Prison Realty specifically for inclusion or incorporation by reference in the Registration Statement, at the date the proxy statement-prospectus comprising a portion of the Registration Statement is first mailed to shareholders of CCA or at the time of the CCA Shareholders' Meeting, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that in each case no representation or warranty is made by Prison Realty with respect to statements made or incorporated by reference therein based on information supplied by CCA, Prison Management Services, Inc., a Tennessee corporation ("PMSI"), or Juvenile and Jail Facility Management Services, Inc., a Tennessee corporation ("JJFMSI"), specifically for inclusion or incorporation by reference therein. The Proxy Statement and the Registration Statement will comply as to form in all material respects with the requirements of the Exchange Act and the Securities Act, except that in each case no representation or warranty is made by Prison Realty with respect to statements made or incorporated by reference therein based on information supplied by CCA, PMSI or JJFMSI for inclusion or incorporation by reference therein. If at any time prior to the date of the Prison Realty Stockholders' Meeting or the CCA Shareholders' Meeting, any event with respect to Prison Realty, or with respect to information supplied by Prison Realty specifically for inclusion in the Proxy Statement or the Registration Statement, shall occur which is required to be described in an amendment of, or supplement to, the Proxy Statement or the Registration Statement, such event shall be so described by Prison Realty.

(g) Proxy Statement and Registration Statement. The Proxy Statement and Registration Statement to be filed with the SEC with respect to the Merger and the offering of Prison Realty

Stock in connection with the Merger, and any amendments or supplements thereto, will, when filed, comply as to form in all material respects with the applicable requirements of the Securities Act and Exchange Act. At the time the Proxy Statement, or any amendment or supplement thereto, is cleared by the SEC and at the time the Registration Statement, or any amendment or supplement thereto, becomes effective, and at the Effective Time, the Proxy Statement and the Registration Statement, each as amended or supplemented, if applicable, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements contained therein not misleading. The foregoing representations and warranties will not apply to statements or omissions included in the Proxy Statement or the Registration Statement or any amendment or supplement thereto based upon information furnished by CCA for use therein.

(h) Absence of Certain Changes or Events. Except for the effect of the contemplated transaction under this Agreement and related agreements, subsequent to March 31, 2000, neither Prison Realty nor any Subsidiary has sustained any material loss or interference with its business or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which is not disclosed in the Prison Realty Disclosure Schedule; and subsequent to the respective dates as of which information is given in the Prison Realty Filed SEC Documents, (i) neither Prison Realty nor any Subsidiary has incurred any material liabilities or obligations, direct or contingent, or entered into any transactions not in the ordinary course of business consistent with past practice, and (ii) there has not been any issuance of options, warrants or rights to purchase Prison Realty Stock or any interests therein, or any adverse change, in the general affairs, management, business, prospects, financial position, net worth or results of operations of Prison Realty or any Subsidiary.

(i) Compliance with Laws; Litigation. Except as described in the Prison Realty Disclosure Schedule or the Prison Realty Filed SEC Documents, there are no claims, actions, suits, arbitration, grievances, proceedings or investigations pending or, to Prison Realty's knowledge, threatened, against Prison Realty or any Subsidiary, or any properties or rights of Prison Realty or any Subsidiary, or any officers or directors of Prison Realty or any Subsidiary in their capacity as such, by or before any Governmental Entity which, individually or in the aggregate, is reasonably likely to have a material adverse effect on Prison Realty or prevent, materially delay or intentionally delay the ability of Prison Realty to consummate the transactions contemplated hereby. Neither Prison Realty nor its Subsidiaries is subject to any judgment, order or decree which could reasonably be expected to result in a material adverse effect.

Prison Realty and its Subsidiaries have at all times operated and currently operate their business in conformity in all material respects with all applicable statutes, common laws, ordinances, decrees, orders, rules and regulations of Governmental Entities. Prison Realty and each of its Subsidiaries has all licenses, approvals or consents to operate its businesses in all locations in which such businesses are currently being operated, and to its knowledge is not aware of any existing or imminent matter which may materially adversely impact its operations or business prospects other than as specifically disclosed in the Prison Realty Filed SEC Documents or the Prison Realty Disclosure Schedule. None of Prison Realty or its Subsidiaries have failed to file with the applicable regulatory authorities any material statements, reports, information or forms required by all applicable laws, regulations or orders; all such filings or submissions were in material compliance with applicable laws when filed, and no material deficiencies have been asserted by any regulatory commission, agency or authority with respect to such filings or submissions. None of Prison Realty or its Subsidiaries have failed to maintain in full force and effect any material licenses, registrations or permits necessary or proper for the

conduct of its business, or received any notification that any revocation or limitation thereof is threatened or pending, and there is not to the knowledge of Prison Realty pending any change under any law, regulation, license or permit which would materially adversely affect the business, operations, property or business prospects of Prison Realty. None of Prison Realty or its Subsidiaries have received any notice of violation of or been threatened with a charge of violating or are under investigation with respect to a possible violation of any provision of any law, regulation or order. Neither Prison Realty nor any of its Subsidiaries has at any time (i) made any unlawful contribution to any candidate for domestic or foreign office or failed to disclose fully any contribution in violation of law or (ii) made any payment to any federal or state governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by the laws of the United States or any jurisdiction thereof.

(j) Taxes.

(i) Prison Realty has timely filed (or there have been filed on its behalf) all Tax Returns required to be filed by it under applicable law, and all such Tax Returns were and are true, complete and correct in all material respects. Except to the extent adequately reserved for in accordance with GAAP and reflected on the most recent balance sheets of Prison Realty contained in the Prison Realty Filed SEC Documents, all Taxes due and payable by Prison Realty have been timely paid in full.

(ii) There are no Tax liens upon the assets of Prison Realty except liens for Taxes not yet due.

(iii) Prison Realty has complied with the provisions of the Code relating to the withholding of Taxes, as well as similar provisions under any other laws, and has, within the time and in the manner prescribed by law, withheld, collected and paid over to the proper governmental authorities all amounts required.

(iv) No audits or other administrative proceedings or court proceedings are presently pending or, to the knowledge of Prison Realty, asserted with regard to any Taxes or Tax Returns of Prison Realty.

(v) Prison Realty has not received a written ruling of a taxing authority relating to Taxes or entered into a written and legally binding agreement with a taxing authority relating to Taxes with any taxing authority.

(vi) Except with respect to Prison Realty's election to be taxed as a REIT with respect to its taxable year ended December 31, 1999, Prison Realty has not requested any extension of time within which to file any Tax Return, which Tax Return has not since been filed.

(vii) Prison Realty has not agreed to and is not required to make any adjustment pursuant to Section 481(a) of the Code (or any predecessor provision) by reason of any change in any accounting method of Prison Realty, and there is no application pending with any taxing authority requesting permission for any changes in any accounting method of Prison Realty. To the knowledge of Prison Realty, the Internal Revenue Service (the "IRS") has not proposed any such adjustment or change in accounting method.

(viii) Prison Realty has not joined in the filing of a consolidated return for federal income tax purposes. Prison Realty is not and has never been subject to the provisions of Section 1503(f) of the Code.

(ix) Prison Realty is not a party to any agreement providing for the allocation or sharing of Taxes or indemnification by Prison Realty of any other person in respect of Taxes.

(x) Prison Realty is not a party to any agreement, contract, or arrangement that would result, individually or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(xi) To the knowledge of Prison Realty, Prison Realty does not have, nor has it ever had, any income which is includable in computing the taxable income of a United States person (as determined under Section 7701 of the Code) under Section 951 of the Code. To the knowledge of Prison Realty, none of the Subsidiaries of Prison Realty is or has ever been a "passive foreign investment company" within the meaning of Section 1297 of the Code. To the knowledge of Prison Realty, Prison Realty is not and never has been a "personal holding company" within the meaning of Section 542 of the Code. To the knowledge of Prison Realty, there are no gain recognition agreements, within the meaning of Treasury Regulation 1.367(a)-8 or any predecessor provision, between Prison Realty, on one hand, and a stockholder of Prison Realty, on the other. There is no pending or, to the knowledge of Prison Realty, threatened, action, proceeding or investigation by any taxing authority for assessment or collection of Taxes with respect to Prison Realty in any jurisdiction where Prison Realty has not filed a Tax Return. All dealings and arrangements between and among Prison Realty and its Subsidiaries are at arm's length and consistent with arm's length dealings and arrangements between or among unrelated, uncontrolled taxpayers.

(xii) Each Subsidiary which is a partnership, joint venture or limited liability company has been treated since its formation, and continues to be treated for federal income tax purposes, as a partnership or as a disregarded entity, and not as a corporation or as an association taxable as a corporation.

(xiii) For purposes of this Section 3.01(j), other than Section 3.01(j)(xii), all representations and warranties with respect to Prison Realty are deemed to include and to apply to each of its Subsidiaries and predecessors (and the Subsidiaries of such predecessors). For purposes of this Section 3.01(j), the term "predecessors" shall include, without limitation, Corrections Corporation of America, a Tennessee corporation ("Old CCA"), and CCA Prison Realty Trust, a Maryland real estate investment trust ("Old Prison Realty"), which entities merged with and into Prison Realty on December 31, 1998 and January 1, 1999, respectively.

(xiv) For each of its taxable years, Old Prison Realty was organized, operated and duly qualified as a REIT under Section 856 of the Code.

(xv) As used in this Agreement, (A) the term "Taxes" means any federal, state, county, local or foreign taxes, charges, fees, levies or other assessments, including all net income, gross income, sales and use, ad valorem, transfer, gains, profits, excise, franchise, real and personal property, gross receipt, capital stock, production, business and occupation, disability, employment, payroll, license, estimated, stamp, custom duties, severance or withholding taxes or charges imposed by any governmental entity, and includes any interest and penalties (civil or criminal) on or additions to any such taxes, and (B) the term "Tax Return" means a report, return or other information required to be supplied to a governmental entity with respect to Taxes including, where permitted or required, combined or consolidated returns.

(k) No Defaults. Except for violations or defaults which, individually or in the aggregate, would not have a material adverse effect, or for which valid waivers have been obtained by Prison Realty or its Subsidiaries, neither Prison Realty nor any of its Subsidiaries is in violation or default under any provision of its charter, by-laws, partnership agreements or other governing or organizational documents, or is in breach of or default with respect to any provision of any note, bond, agreement, judgment, decree, order, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which it is a party or by which it or any of its properties are bound; and there does not exist any state of facts which would constitute an event of default on the part of any of Prison Realty or its Subsidiaries as defined in such documents which, with notice or lapse of time or both, would constitute a default. Neither Prison Realty nor any of its Subsidiaries is a party to any contract (other than leases) containing any covenant restricting its ability to conduct its business as currently conducted except for any such covenants that would not, individually or in the aggregate, have a material adverse effect on Prison Realty.

(l) Properties.

(i) Prison Realty Real Property. For purposes of this Agreement, "Prison Realty Permitted Liens" means (a) mechanics', carriers', workers', repairers', materialmen's, warehousemen's and other similar Liens arising or incurred in the ordinary course of business for sums not yet due and payable and such Liens as are being contested by Prison Realty in good faith, (b) Liens for current Taxes not yet due or payable, (c) any covenants, conditions, restrictions, reservations, rights, Liens, easements, encumbrances, encroachments and other matters affecting title which are shown as exceptions on Prison Realty's title insurance policies and/or title commitments or reports which have been made available to CCA and (d) any other covenants, conditions, restrictions, reservations, rights, non-monetary Liens, easements, encumbrances, encroachments and other matters affecting title which would not individually or in the aggregate, be reasonably expected to have a material adverse effect. "Prison Realty Leases" means the real property leases, subleases, licenses and use or occupancy agreements pursuant to which Prison Realty or any of its Subsidiaries is the lessee, sublessee, licensee, user or occupant of real property other than the Prison Realty Owned Real Property, or interests therein necessary for the conduct of, or otherwise material to, the business of Prison Realty and its Subsidiaries as it is currently conducted. "Prison Realty Leased Real Property" means all interests in real property pursuant to the Prison Realty Leases. "Prison Realty Owned Real Property" means the real property owned in fee by Prison Realty and its Subsidiaries necessary for the conduct of, or otherwise material to, the business of Prison Realty and its Subsidiaries as it is currently conducted. "Prison Realty Real Property" means, collectively, the Prison Realty Owned Real Property and the Prison Realty Leased Real Property. The Prison Realty Filed SEC Documents describe all material Prison Realty Real Property. Except as disclosed therein, or in the title insurance policies relating to the Prison Realty Real Property or in the Prison Realty Disclosure Schedule, each of Prison Realty and its Subsidiaries has good, valid and marketable title to the Prison Realty Real Property free of all Liens, in each case except Prison Realty Permitted Liens. Except as set forth in Section 3.01(l)(i) of the Prison Realty Disclosure Schedule, there are no outstanding contracts for the sale of any of the Prison Realty Real Property, except those contracts relating to Prison Realty Real Property the value in respect of which does not exceed \$5,000,000 individually or \$15,000,000 in the aggregate. Except for such exceptions as would not, in the aggregate, have a material adverse effect, (a) each Prison Realty Lease is valid and binding upon Prison Realty and its Subsidiaries and in full force and effect and grants the lessee under the Prison Realty Lease the exclusive right to use and occupy the premises, and (b) either Prison Realty or its Subsidiaries has good and valid title to the leasehold estate or other interest created under

the Prison Realty Leases. No non-monetary defaults exist under the Prison Realty Leases which, individually or in the aggregate, would have a material adverse effect. The use and operation of the Prison Realty Real Property in the conduct of the business of Prison Realty and its Subsidiaries does not violate any instrument of record or agreement affecting the Prison Realty Real Property, except for such violations that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect. Valid policies of title insurance have been issued insuring Prison Realty's or, if applicable, its Subsidiary's, fee simple title to the Prison Realty Owned Real Property owned by it, subject only to Prison Realty Permitted Liens, except where the failure of such policies to be in full force and effect would not reasonably be expected, in the aggregate, to have a material adverse effect. To the best knowledge of Prison Realty, such policies are, at the date hereof, in full force and effect, except where the failure to have such valid policies of title insurance would not reasonably be expected, in the aggregate, to have a material adverse effect. To the best knowledge of Prison Realty, no material claim has been made against any such policy. Except as provided in Schedule 3.01(1) of the Prison Realty Disclosure Schedule, Prison Realty and its Subsidiaries have no knowledge (a) that any certificate, permit or license from any Governmental Entity having jurisdiction over any of the Prison Realty Real Property or any agreement, easement or other right which is necessary to permit the lawful use and operation of the buildings and improvements on any of the Prison Realty Real Property or which is necessary to permit the lawful use and operation of all driveways, roads and other means of egress and ingress to and from any of the Prison Realty Real Property has not been obtained and is not in full force and effect, or of any pending threat of modification or cancellation of any of the same which would have a material adverse effect, (b) of any written notice of any violation of any federal, state or municipal law, ordinance, order, regulation or requirement issued by any Governmental Entity having a material adverse effect, (c) of any structural defects relating to any Prison Realty Real Property which would have a material adverse effect, (d) of any Prison Realty Real Property whose building systems are not in working order so as to have a material adverse effect, or (e) of any physical damage to any Prison Realty Real Property which would have a material adverse effect for which there is no insurance in effect covering the cost of the restoration. "Prison Realty Space Lease" means each lease or other right of occupancy affecting or relating to a property in which Prison Realty or its Subsidiaries (or an entity in which it directly or indirectly has an interest) is the landlord, either pursuant to the terms of a lease agreement or as successor to any prior landlord. No default exists under any Prison Realty Space Lease, except for such defaults as would, individually or in the aggregate, not reasonably be expected to have a material adverse effect.

(ii) Improvements Under Construction. With respect to those Improvements (as defined herein) being constructed or under development and located on any Prison Realty Real Property as set forth in the Prison Realty Disclosure Schedule, to the knowledge of Prison Realty: (a) the budget for the construction of the Improvements fairly and accurately reflects Prison Realty's good faith estimate of the costs and expenses shown thereon reasonably necessary to develop and construct the Improvements in accordance with the plans and specifications therefor, and Prison Realty has strictly adhered to said budget in all material respects and has permitted no material deviations from said budget or the plans and specifications for the Improvements; (b) the plans and specifications for the Improvements have been approved by all applicable Governmental Entities having jurisdiction over the Prison Realty Real Property, the development and construction of the Improvements and the use and occupancy thereof for its intended purposes, and/or any utility services to the Prison Realty Real Property; (c) all utility services necessary for the development and construction of the Improvements and the use and occupancy thereof for

its intended purposes are available through public or private easements or rights-of-way at the boundaries of the Prison Realty Real Property, including, without limitation, sanitary sewer, electricity, gas, water, telephone, and storm water drainage; (d) all roads necessary for ingress and egress to the Prison Realty Real Property, and for the full utilization of the Prison Realty Real Property for its intended purposes, have either been completed pursuant to public or private easements, or the necessary rights-of-way therefor have been dedicated to public use and accepted by the appropriate Governmental Entity; (e) all building permits, curb cuts, sewer and water taps, and other permits, licenses, approvals, authorizations and consents required for the development and construction of the Improvements have been obtained; (f) the plans and specifications for the Improvements, the development and construction of the Improvements pursuant thereto, and the use and occupancy of the Improvements for their respective intended purposes comply and will comply with all applicable zoning ordinances, building regulations, restrictive covenants and governmental laws, rules, regulations and ordinances, and comply and will comply with all applicable requirements, standards and regulations of appropriate supervising boards of fire underwriters and similar agencies, authorities or boards; (g) Prison Realty has: (A) diligently pursued the development, construction and installation of the Improvements; and (B) performed such duties as may be necessary to complete the development, construction and installation of the Improvements in accordance with the plans and specifications and without Liens, claims or assessments, actual or contingent, asserted against Prison Realty Real Property for any material, labor or other items furnished in connection therewith, and all in full compliance with all construction, use, building, zoning and other similar laws, ordinances, rules, regulations, codes and restrictions of any applicable Governmental Entities or authorities or otherwise applicable thereto; (h) Prison Realty has complied with all laws, ordinances, rules, regulations, judgments, orders, injunctions, writs and decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any of them, applicable to the construction of the Improvements, and has paid when due all taxes and assessments upon the Improvements or Prison Realty Real Property, and all claims for labor or materials, rents, and other obligations that, if unpaid, will or might become a Lien against the Improvements or the Prison Realty Real Property; (i) Prison Realty has maintained, in sufficient amount, and in satisfactory form and substance, and with satisfactory insurers: (A) builder's risk insurance, all-risk nonreporting completed value form, insuring the Improvements against fire, theft, extended coverage, vandalism, and such other hazards in full force and effect at all times until the completion of construction of all of the Improvements; and (B) such other insurance, in such amounts and for such terms, as may from time to time be reasonably required insuring against such other casualties or losses which at the time are commonly insured against in the case of premises similarly situated; and (j) the Improvements have been constructed in accordance with the plans and specifications therefor, and in compliance with all laws, ordinances, rules and regulations applicable thereto, and in a good and workmanlike manner. For the purposes of this Agreement "Improvements" shall mean all buildings, improvements, structures and fixtures now or on the Closing Date located on the Prison Realty Real Property, including, without limitation, landscaping, parking lots and structures, roads, drainage and all above ground and underground utility structures, equipment systems and other so-called "infrastructure" improvements.

(m) Environmental Matters.

(i) To the knowledge of Prison Realty, the Prison Realty Real Property and the Improvements thereon (the "Prison Realty Facilities") are presently operated in compliance in all material respects with all Environmental Laws (as defined below).

(ii) There are no Environmental Laws requiring any material remediation, clean up, repairs, constructions or capital expenditures (other than normal maintenance) with respect to the Prison Realty Facilities.

(iii) There are no (A) notices of any violation or alleged violation of any Environmental Laws relating to the Prison Realty Facilities or their uses that have been received by Prison Realty, or (B) writs, injunctions, decrees, orders or judgments outstanding, or any actions, suits, claims, proceedings or investigations pending, or, to the knowledge of Prison Realty, threatened, relating to the ownership, use, maintenance or operation of the Prison Realty Facilities.

(iv) To the knowledge of Prison Realty, there are no past, present or anticipated future events, conditions, circumstances, activities, practices, incidents, actions, or plans relating to Prison Realty and its Subsidiaries that may interfere with or prevent compliance or continued compliance with applicable Environmental Laws or which may give rise to any liability under the Environmental Laws.

(v) All material permits and licenses required under any Environmental Laws in respect of the operations of the Prison Realty Facilities have been obtained, and the Prison Realty Facilities and Prison Realty are in compliance, in all material respects, with the terms and conditions of such permits and licenses.

(vi) For purposes of this Agreement, "Environmental Laws" mean all applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, demands, approvals, authorizations and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative and regulatory decrees, judgments and orders relating to the protection of human health, the environment, or worker or public health and safety as in effect as of the date hereof, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Materials (as defined herein), substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes, whether solid, liquid or gaseous in nature, into the air, surface water, ground water or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes, whether solid, liquid or gaseous in nature, including by way of illustration and not by way of limitation, (A) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. sec.sec. 960111 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. sec.sec. 69011 et seq.), the Clean Air Act (42 U.S.C. sec.sec. 7401 et seq.), the Federal Water Pollution Control Act (33 U.S.C. sec.sec. 1251), the Safe Drinking Water Act (42 U.S.C. sec.sec. 300f et seq.), the Toxic Substances Control Act (15 U.S.C. sec.sec. 2601 et seq.), the Endangered Species Act (16 U.S.C. sec.sec. 1531 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. sec.sec. 11001 et seq.) and (B) analogous state and local provisions.

(vii) For purposes of this Agreement, "Hazardous Material" means any chemical substance:

(A) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action or policy, administrative request or civil complaint under any of the foregoing or under common law; or

(B) which is defined as a "hazardous waste" or "hazardous substance" under any federal, state or local statute, regulation or ordinance or amendments thereto as in effect as of the date hereof, or as hereafter amended, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. sec.sec. 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. sec.sec. 6901 et seq.); or

(C) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, or any state or any political subdivision thereof having or asserting jurisdiction over any of the Prison Realty Facilities; or

(D) the presence of which on any of the Prison Realty Facilities causes a nuisance upon such facilities or to adjacent properties or poses a hazard to the health or safety of persons on or about any of the Prison Realty Facilities; or

(E) the presence of which on adjacent properties constitutes a trespass by any owner or operator of the Prison Realty Facilities; or

(F) which contains gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls (PCBs) or asbestos or asbestos-containing materials or urea formaldehyde foam insulation, or lead-based paint, solder or other building materials; or

(G) radon gas.

(n) Benefit Plans.

(i) All "employee benefit plans" (as defined in Section 3(3) of ERISA) and all other compensation, bonus, pension, profit sharing, deferred compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, employment, change-in-control, welfare, collective bargaining, severance, disability, death benefit, hospitalization and medical plans, agreements, arrangements or understandings that are maintained or contributed to (or previously contributed to) for the benefit of any current or former employee, officer or director of Prison Realty or any of its Subsidiaries and with respect to which Prison Realty or any of its Subsidiaries would reasonably be expected to have direct or contingent liability are defined as the "Prison Realty Benefit Plans." Prison Realty has heretofore delivered or made available to CCA true and complete copies of all Prison Realty Benefit Plans and, with respect to each Prison Realty Benefit Plan, true and complete copies of the following documents: the most recent actuarial report, if any; the most recent annual report, if any; any related trust agreement, annuity contract or other funding instrument, if any; the most recent determination letter, if any; and the most recent summary plan description, if any.

(ii) Except as disclosed in Section 3.01(n) of the Prison Realty Disclosure Schedule: (A) none of the Prison Realty Benefit Plans is a "multiemployer plan" within the meaning of Section 3(37) of ERISA or is otherwise subject to Title IV of ERISA; (B) none of the Prison Realty Benefit Plans promises or provides retiree medical or life insurance benefits to any person; (C) neither Prison Realty nor any of its Subsidiaries has any obligation to adopt or has taken any corporate action to adopt, any new Prison Realty Benefit Plan or, except as required by law, to amend any existing Prison Realty Benefit Plan; (D) Prison Realty and its Subsidiaries are in compliance in all material respects with and each Prison Realty Benefit Plan is and has been administered in all material respects in compliance with its terms and the applicable provisions of ERISA, the Code and all other applicable laws, rules

and regulations except for any failures to so administer any Prison Realty Benefit Plan as would not have a material adverse effect on Prison Realty; (E) each Prison Realty Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code, to Prison Realty's knowledge, has been determined by the IRS to be so qualified, and no circumstances exist that could reasonably be expected to result in the revocation of any such determination; (F) each Prison Realty Benefit Plan intended to provide for the deferral of income, the reduction of salary or other compensation, or to afford other income tax benefits, complies with the requirements of the applicable provisions of the Code or other laws, rules and regulations required to provide such income tax benefits; (G) no prohibited transactions (as defined in Section 406 or 407 of ERISA or Section 4975 of the Code) have occurred for which a statutory exemption is not available with respect to any Prison Realty Benefit Plan, and which could give rise to liability on the part of Prison Realty, any of its Subsidiaries, any Prison Realty Benefit Plan, or any fiduciary, party in interest or disqualified person with respect thereto that would be material to Prison Realty or would be material to Prison Realty if it were its liability; (H) neither Prison Realty nor any entity required to be treated as a single employer with Prison Realty under Section 414 of the Code has any unsatisfied liability under Title IV of ERISA that would have a material adverse effect on Prison Realty; (I) other than funding obligations and benefits claims payable in the ordinary course, to Prison Realty's knowledge, no event has occurred and no circumstance exists with respect to any Prison Realty Benefit Plan that could give rise to any material liability arising under the Code, ERISA or any other applicable law, or under any indemnity agreement to which Prison Realty or any of its Subsidiaries is a party, excluding liability relating to benefit claims and funding obligations payable in the ordinary course, whether directly or by reason of its affiliation with any entity required to be treated as a single employer with Prison Realty under Section 414 of the Code; (J) as of the date hereof there are no pending or, to the knowledge of the executive officers of Prison Realty, threatened investigations, claims or lawsuits in respect of any Prison Realty Benefit Plan that would have a material adverse effect on Prison Realty; (K) other than continuation coverage required to be provided under Section 4980B of the Code or Part 6 of Title I of ERISA or otherwise as provided by state law, none of the Prison Realty Benefit Plans that are "welfare plans," within the meaning of Section 3(1) of ERISA, provides for any benefits with respect to current or former employees for periods extending beyond their retirement or other termination of service; (L) no amount payable pursuant to a Prison Realty Benefit Plan or any other plan, contract or arrangement of Prison Realty would be considered an "excess parachute payment" under Section 280G of the Code; and (M) no Prison Realty Benefit Plan exists that could result in the payment to any current or former employee, officer or director of Prison Realty any money or other property or accelerate or provide any other rights or benefits as a result of the transactions contemplated by this Agreement which would constitute an excess parachute payment within the meaning of Section 280G of the Code.

(o) Material Contracts. There are no contracts or other documents required by the Securities Act to be described in or to be filed as exhibits to the Prison Realty Filed SEC Documents which have not been described or filed as required. All such contracts to which Prison Realty or any of its Subsidiaries is a party have been duly authorized, executed and delivered by Prison Realty or such Subsidiary, constitute valid and binding agreements of Prison Realty or such Subsidiary and are enforceable against Prison Realty or such Subsidiary in accordance with the terms thereof. Each of Prison Realty and its Subsidiaries has performed all material obligations required to be performed by it, and is neither in default in any material respect nor has it received notice of any default or dispute under, any such contract or other material instrument to which it is a party or by which its property is bound or affected. To the

best knowledge of Prison Realty, no other party under any such contract or other material instrument to which it or any of its Subsidiaries is a party is in default in any material respect thereunder.

(p) No Undisclosed Liabilities. Except (a) as set forth in the Prison Realty Filed SEC Documents, (b) as set forth in Section 3.01(p) of the Prison Realty Disclosure Schedule, (c) as incurred in the ordinary course of the business of Prison Realty subsequent to March 31, 2000 which would, individually or in the aggregate, not have, or be reasonably expected not to have, a material adverse effect, (d) for any expenses incurred in connection with transactions contemplated by this Agreement or for liabilities or obligations relating to contractual obligations, indebtedness, litigation or other matters which are covered by other representations and warranties in this Agreement or otherwise identified in the Prison Realty Disclosure Schedule, neither Prison Realty nor any of its Subsidiaries has any liabilities or obligations (direct or indirect, contingent or fixed, known or unknown, matured or unmatured accrued or unaccrued), whether arising out of contract, tort, statute or otherwise, and whether or not required by GAAP to be reflected on or in footnotes to the Prison Realty Financial Statements.

(q) Investment Company Act. Neither Prison Realty nor any of the Subsidiaries is (i) an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended, (ii) a "holding company" or a "subsidiary company" of a holding company or an "affiliate" thereof within the meaning of the Public Utility Holding Company Act of 1935, as amended, or (iii) subject to regulation under the Federal Power Act or the Interstate Commerce Act.

(r) Reporting. Prison Realty is subject to Section 13 of the Exchange Act and is in compliance in all material respects with the provisions of such section.

(s) Labor Matters. Except as set forth in Section 3.01(s) of the Prison Realty Disclosure Schedule: (i) neither Prison Realty nor its Subsidiaries is a party to, or bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization; (ii) to the knowledge of Prison Realty, no union claims to represent the employees of Prison Realty and its Subsidiaries currently exist; (iii) none of the employees of Prison Realty or its Subsidiaries is represented by any labor organization and Prison Realty has no knowledge of any current union organizing activities among the employees of Prison Realty or its Subsidiaries, nor does any question concerning representation exist concerning such employees; neither Prison Realty nor its Subsidiaries is the subject of any proceeding asserting that it has committed an unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or conditions of employment; (iv) there is no strike, work stoppage, lockout or other labor dispute involving Prison Realty or its Subsidiaries pending or threatened; (v) no action, suit, complaint, charge, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity brought by or on behalf of any employee, prospective employee, former employee, retiree, labor organization or other representative of its employees is pending or, to the knowledge of Prison Realty, threatened, against Prison Realty or its Subsidiaries; (vi) to the knowledge of Prison Realty, no grievance is threatened against Prison Realty or its Subsidiaries; (vii) neither Prison Realty nor its Subsidiaries is a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices; (viii) there are no written personnel policies, rules or procedures applicable to employees of Prison Realty or its Subsidiaries, other than those set forth in Section 3.01(s) of the Prison Realty Disclosure Schedule, true and correct copies of which have heretofore been delivered or made available to CCA; (ix) Prison Realty and its Subsidiaries are, and have at all times been, in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, wages, hours of work and

occupational safety and health, and are not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable law, ordinance or regulation; (x) since the enactment of the Worker Adjustment and Retraining Notification Act (the "WARN Act"), neither Prison Realty nor its Subsidiaries has effectuated (A) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any of Prison Realty or its Subsidiaries; or (B) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of any of Prison Realty or its Subsidiaries, in either case, other than in substantial compliance with the WARN Act; nor has Prison Realty or its Subsidiaries been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state, local or foreign law or regulation; and (xi) neither Prison Realty nor any of its Subsidiaries is aware that it has any liability or potential liability under the Multi-Employer Pension Plan Act.

(t) Insurance. Prison Realty and its Subsidiaries maintain primary, excess and umbrella insurance of types and amounts customary for their business against general liability, fire, workers= compensation, products liability, theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect and with respect to property insurance for assets for which it is customary to have replacement cost coverage or there are coinsurance provisions, the amount of such insurance is sufficient to provide for such coverage or to prevent the application of the coinsurance provision. Section 3.01(t) of the Prison Realty Disclosure Schedule sets forth a complete list of the insurance policies maintained by Prison Realty and its Subsidiaries.

(u) Affiliate Transactions. Except as set forth in Section 3.01(u) of the Prison Realty Disclosure Schedule, there is no transaction and no transaction is now proposed, to which Prison Realty or its Subsidiaries is or is to be a party in which any current stockholder (holding in excess of 5% of the Prison Realty Common Stock or any securities convertible into or exchangeable for Prison Realty Common Stock), general partner, limited partner (holding in excess of 5% of the limited partnership interests), director or executive officer of Prison Realty or its Subsidiaries has a direct or indirect interest.

(v) Internal Accounting Controls. Prison Realty=s system of internal accounting controls is sufficient to meet the broad objectives of internal accounting controls insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to Prison Realty=s financial statements.

(w) Board Recommendation. Prior to the date hereof with respect to this Agreement, the Board of Directors of Prison Realty, at a meeting duly called and held, by the majority vote of the directors present at such meeting and voting, (i) determined that such Agreement and the Merger and the other transactions contemplated hereby or thereby are fair to and in the best interests of the shareholders of Prison Realty, (ii) adopted such Agreement and approved the Merger and (iii) approved the delivery of the CCA Merger Consideration to the holders of CCA Certificates pursuant to the terms and conditions of this Agreement.

(x) Maryland Law on Business Combinations and Control Shares. None of the parties to the Merger is an interested stockholder (as defined in Section 3-601 of the Maryland General Corporation Law (the "MGCL")) of Prison Realty or an affiliate (as defined in Section 3-601 of the MGCL) of an interested stockholder who was not exempted from the provisions of Section 3-602 of the MGCL prior to the most recent date on which such person became an interested stockholder. None of the shares of Prison Realty Stock issued in the Merger constitute "control shares" as such term is defined in Section 3-701 of the MGCL. The approval of the

Merger, and the issuance of the Prison Realty Stock in connection therewith, by the Board of Directors of Prison Realty referred to in Section 3.01(w) constitutes approval of the Merger and the issuance of the Prison Realty Stock and related transactions for purposes of Sections 3-602 and 3-702 of the MGCL.

(y) Brokers. No broker, investment banker, financial advisor or other person, other than Merrill Lynch & Co. ("Merrill Lynch") and Wasserstein Perella & Co., Inc. ("Wasserstein Perella"), the fees and expenses of which will be paid by Prison Realty, is entitled to any brokers, finders, financial advisors or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Prison Realty. Prison Realty's arrangements with Merrill Lynch and Wasserstein Perella have been disclosed to CCA prior to the date hereof.

(z) Share Ownership. Prison Realty owns 981,393 shares of the issued and outstanding Class B Common Stock of CCA. All of such shares shall be canceled in connection with the Merger as set forth in Section 2.01 (a) hereof.

Section 3.02 Representations and Warranties of CCA Sub. CCA Sub hereby represents and warrants, severally and not jointly and with respect to itself only, to CCA as follows:

(a) Organization and Authority. CCA Sub is a corporation duly incorporated and validly existing in good standing under the laws of the State of Tennessee with full corporate power and authority to own its properties and conduct its business as now conducted and is duly qualified or authorized to do business and is in good standing in all jurisdictions where the failure to so qualify could have a material adverse effect. CCA Sub does not have a direct or indirect ownership interest in any subsidiary corporation, joint venture, partnership or other entity. CCA Sub has made available to CCA complete and correct copies of its charter and bylaws, in each case as amended to the date of this Agreement. CCA Sub is a newly-formed entity and, except for activities incident to the Merger and the transactions contemplated hereby, CCA Sub has not engaged in any business activity of any type or kind whatsoever prior to the date hereof.

(b) Capital Structure. The authorized capital stock of CCA Sub consists of 10,000 shares of common stock, no par value per share, of which 1,000 shares are issued and outstanding.

(c) Authorization. CCA Sub has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of CCA Sub. This Agreement has been duly executed and delivered by CCA Sub and constitutes a valid and binding obligation of CCA Sub, enforceable against CCA Sub in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws from time to time in effect. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any breach or violation of, or default (with or without notice or lapse of time or both) under, or result in the termination of, or accelerate the performance required by, or give rise to a right of termination, cancellation or acceleration of any obligation under, or the creation of a Lien pursuant to, (i) any provision of the charter (or similar organizational documents) or bylaws of CCA Sub or (ii) subject to obtaining or making the consents, approvals, orders, authorizations, registrations, declarations and filings referred to in the following sentence, any loan or credit agreement, note, mortgage, indenture, lease, or other agreement, obligation, instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to CCA Sub or its respective properties or assets, in any

case under this clause (ii) which would, individually or in the aggregate, have a material adverse effect on CCA Sub. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to CCA Sub in connection with the execution and delivery of this Agreement by CCA Sub or the consummation by CCA Sub of the transactions contemplated hereby, the failure of which to be obtained or made would, individually or in the aggregate, have a material adverse effect on CCA Sub or would prevent or materially delay the consummation of the transactions contemplated hereby, except for (A) the filing of the Articles of Merger with the Tennessee Secretary of State and appropriate documents with the relevant authorities of other states in which CCA Sub is qualified to do business, (B) filings required pursuant to the HSR Act, and (C) filings necessary to satisfy the applicable requirements of state securities or "blue sky" laws.

(d) Information Supplied. None of (i) the information supplied or to be supplied by CCA Sub specifically for inclusion or incorporation by reference in the Proxy Statement, at the date it is first mailed to stockholders of Prison Realty or at the time of the Prison Realty Stockholders' Meeting, and (ii) the information supplied or to be supplied by CCA Sub specifically for inclusion or incorporation by reference in the Registration Statement, at the date the proxy statement-prospectus comprising a portion of the Registration Statement is first mailed to shareholders of CCA or at the time of the CCA Shareholders' Meeting, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that in each case no representation or warranty is made by CCA Sub with respect to statements made or incorporated by reference therein based on information supplied by CCA, PMSI or JJFMSI specifically for inclusion or incorporation by reference therein. If at any time prior to the date of the Prison Realty Stockholders' Meeting or the CCA Shareholders' Meeting, any event with respect to CCA Sub, or with respect to information supplied by CCA Sub specifically for inclusion in the Proxy Statement or the Registration Statement, shall occur which is required to be described in an amendment of, or supplement to, the Proxy Statement or the Registration Statement, such event shall be so described by CCA Sub.

(e) Certain Agreements. CCA Sub is not in default under any material agreement, commitment, lease or other instrument to which it or any of its properties is subject, and there has not occurred any event that, with the giving of notice or the lapse of time or both, would constitute such a default by CCA Sub or, to the knowledge of the executive officers of CCA Sub, a default thereunder by any other party thereto, except in all cases where such defaults, individually or in the aggregate, would not have a material adverse effect on CCA Sub. CCA Sub is not in breach in any material respect under its charter, bylaws or other organizational documents.

(f) Board Recommendation. Prior to the date hereof with respect to this Agreement, the Board of Directors of CCA Sub, at a meeting duly called and held, by the majority vote of the directors present at such meeting and voting, (i) determined that such Agreement and the Merger and the other transactions contemplated hereby or thereby are fair to and in the best interests of the shareholders of CCA Sub, (ii) adopted such Agreement and approved the Merger and (iii) resolved to recommend that its shareholder approve the Agreement and the Merger.

(g) Tennessee Business Combination Act. The approval of the Merger by the Board of Directors of CCA Sub referred to in Section 3.02(f) constitutes approval of the Merger for purposes of the TBCA and represents all the actions necessary to ensure that Sections 48-103-201, et seq., of the TBCA do not apply to the Merger.

Section 3.03 Representations and Warranties of CCA. Except as set forth in the Prison Realty Filed SEC Documents or on the Disclosure Schedule delivered by CCA to Prison Realty prior to the execution of this Agreement (the "CCA Disclosure Schedule"), which CCA Disclosure Schedule constitutes a part hereof and is true and correct in all material respects, CCA represents and warrants to Prison Realty and CCA Sub as follows:

(a) Organization and Authority. CCA is duly formed and validly existing and in good standing under the laws of the State of Tennessee with full power and authority to own its properties and conduct its business as now conducted and is duly qualified or authorized to do business and is in good standing in all jurisdictions where the failure to so qualify could have a material adverse effect on CCA. CCA has all requisite corporate power and authority, and has been duly authorized by all necessary consents, approvals, authorizations, orders, registrations, qualifications, licenses and permits of and from all public, regulatory or governmental agencies and bodies, to own, lease and operate its assets and properties and to conduct its business as it is now being conducted and is duly qualified or licensed to do business in each jurisdiction in which the failure to do so could have a material adverse effect upon the conduct of its business or the ownership or leasing of property by it in such jurisdiction.

(b) Subsidiaries.

(i) The only direct or indirect Subsidiaries of CCA are those listed in Section 3.03(b) of the CCA Disclosure Schedule. Except for the ownership interests set forth in Section 3.03(b) of the CCA Disclosure Schedule, CCA does not own or control, directly or indirectly, a 50% or greater capital stock interest in a corporation, a general partnership interest or a 50% or greater limited partnership interest in a partnership, or a managing membership interest or a 50% or greater membership interest in a limited liability company, association or other entity or project.

(ii) Except for the entities listed in Section 3.03(b) of the CCA Disclosure Schedule, CCA does not hold, directly or indirectly, any equity interest or equity investment in any corporation, partnership, association or other entity.

(iii) Except as set forth in Section 3.03(b) of the CCA Disclosure Schedule, all of the issued and outstanding shares of capital stock of, or other equity interests in, each Subsidiary of CCA have been validly issued, are fully paid and nonassessable and are owned, directly or indirectly, by CCA free and clear of any Liens and there are no outstanding subscriptions, options, calls, contracts, voting trusts, proxies or other commitments, understandings, restrictions, arrangements, rights or warrants, including any right of conversion or exchange under any outstanding security, instrument or other agreement, obligating any Subsidiary of CCA to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of its capital stock or obligating it to grant, extend or enter into any such agreement or commitment.

(iv) CCA's Subsidiaries do not own or operate or possess any material assets, licenses, management contracts, or franchises or other rights nor are such Subsidiaries liable with respect to any material indebtedness, obligations, liabilities, or claims. For purposes of this section, "material" means with respect to assets, licenses, management contracts, franchises or rights of the Subsidiaries that the aggregate value of such items for the Subsidiaries taken as a whole does not exceed 5.0% of the aggregate value of such items for CCA and its Subsidiaries taken as a whole; and with respect to indebtedness, obligations, liabilities, and claims of the Subsidiaries, that the aggregate amount of such items for the Subsidiaries

taken as a whole does not exceed 5.0% of the aggregate amount of such items for CCA and its Subsidiaries taken as a whole.

(c) Capital Structure. The authorized capital stock of CCA consists of 100,000,000 shares of CCA Class A Common Stock, 100,000,000 shares of CCA Class B Common Stock and 50,000,000 shares of preferred stock, \$0.01 par value per share. At the close of business on June 22, 2000, (A) 9,349,061 shares of CCA Class A Common Stock were outstanding, (B) 981,393 shares of CCA Class B Common Stock were outstanding, (C) no shares of preferred stock were outstanding and (D) warrants to acquire 546,729 shares of CCA Class A Common Stock were outstanding. Other than as set forth above, at the close of business on June 22, 2000, there were outstanding no shares of CCA Common Stock or any other class or series of stock of CCA or options, warrants or other rights to acquire shares of CCA Common Stock or any other class or series of stock of CCA from CCA. No bonds, debentures, notes or other indebtedness having the right to vote (or convertible into or exchangeable for securities having the right to vote) on any matters on which shareholders of CCA may vote are issued or outstanding.

All outstanding shares of CCA Common Stock are duly authorized, validly issued, fully paid and nonassessable, and will be delivered free and clear of Liens and will not be in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities. Other than as set forth above, and except for this Agreement and for certain contractual preemptive rights granted to each of Prison Realty, Sodexho (as defined herein) and Baron, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements or undertakings of any kind to which CCA or any Subsidiary of CCA is a party or by which CCA or any Subsidiary of CCA is bound obligating CCA or any Subsidiary of CCA to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of CCA Common Stock or other equity or voting securities of CCA or of any Subsidiary of CCA or obligating CCA or any Subsidiary of CCA to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement or undertaking. There are no outstanding obligations of CCA or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of CCA Common Stock or any of its Subsidiaries and, to the knowledge of the executive officers of CCA, as of the date hereof, no irrevocable proxies have been granted with respect to shares of CCA Common Stock or equity of Subsidiaries of CCA.

(d) Authorization. CCA has all requisite power and authority to enter into this Agreement and, subject to obtaining the CCA Shareholder Approval with respect to the Merger, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of CCA, subject to obtaining CCA Shareholder Approval with respect to the Merger. This Agreement has been duly executed and delivered by CCA and constitutes a valid and binding obligation of CCA, enforceable against CCA in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, fraudulent transfer and other similar laws from time to time in effect. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any breach or violation of, or default (with or without notice or lapse of time or both) under, or result in the termination of, or accelerate the performance required by, or give rise to a right of termination, cancellation or acceleration of any obligation under, or the creation of a Lien pursuant to, (i) any provision of the charter (or similar organizational documents) or bylaws of CCA or any Subsidiary of CCA or (ii) subject to obtaining or making the consents, approvals, orders, authorizations, registrations, declarations and filings referred to in the following sentence, any loan or credit

agreement, note, mortgage, indenture, lease, or other agreement, obligation, instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to CCA or any Subsidiary of CCA or their respective properties or assets, in any case under this clause (ii) which would, individually or in the aggregate, have a material adverse effect on CCA. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to CCA or any Subsidiary of CCA in connection with the execution and delivery of this Agreement by CCA or the consummation by CCA of the transactions contemplated hereby, the failure of which to be obtained or made would, individually or in the aggregate, have a material adverse effect on CCA or would prevent or materially delay the consummation of the transactions contemplated hereby, except for (A) the filing of the Articles of Merger with the Tennessee Secretary of State and appropriate documents with the relevant authorities of other states in which CCA is qualified to do business, (B) filings required pursuant to the HSR Act, (C) filings necessary to satisfy the applicable requirements of state securities or "blue sky" laws, and those required pursuant to CCA's agreements or management contracts with Governmental Entities.

(e) Information Supplied. None of (i) the information supplied or to be supplied by CCA specifically for inclusion or incorporation by reference in the Proxy Statement, at the date it is first mailed to stockholders of Prison Realty or at the time of the Prison Realty Stockholders' Meeting, and (ii) the information supplied or to be supplied by CCA specifically for inclusion or incorporation by reference in the Registration Statement, at the date the proxy statement-prospectus comprising a portion of the Registration Statement is first mailed to shareholders of CCA or at the time of the CCA Shareholders' Meeting, will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that in each case no representation or warranty is made by CCA with respect to statements made or incorporated by reference therein based on information supplied by Prison Realty, CCA Sub, PMSI or JJFMSI specifically for inclusion or incorporation by reference therein. The Proxy Statement and the Registration Statement will comply as to form in all material respects with the requirements of the Exchange Act and the Securities Act, except that in each case no representation or warranty is made by CCA with respect to statements made or incorporated by reference therein based on information supplied by Prison Realty, CCA Sub, PMSI or JJFMSI for inclusion or incorporation by reference therein. If at any time prior to the date of the Prison Realty Stockholders' Meeting or the CCA Shareholders' Meeting, any event with respect to CCA, or with respect to information supplied by CCA specifically for inclusion in the Proxy Statement or the Registration Statement, shall occur which is required to be described in an amendment of, or supplement to, the Proxy Statement or the Registration Statement, such event shall be so described by CCA.

(f) Absence of Certain Changes or Events. Subsequent to March 31, 2000, neither CCA nor any Subsidiary has sustained any material loss or interference with its business or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which is not disclosed; and subsequent to March 31, 2000 (i) neither CCA nor any Subsidiary has incurred any material liabilities or obligations, direct or contingent, or entered into any transactions not in the ordinary course of business consistent with past practice, and (ii) there has not been any issuance of options, warrants or rights to purchase CCA Common Stock, or any interests therein, or any adverse change, or any development involving a prospective adverse change, in the general affairs, management, business, prospects, financial position, net worth or results of operations of CCA or any Subsidiary.

(g) Compliance with Laws; Litigation. Except as described in the CCA Disclosure Schedule or in the Prison Realty Filed SEC Documents, there are no claims, actions, suits, arbitration, grievances, proceedings or investigations pending or, to CCA's knowledge, threatened, against CCA or any Subsidiary, or any properties or rights of CCA or any Subsidiary, or any officers or directors of CCA or any Subsidiary in their capacity as such, by or before any Governmental Entity which, individually or in the aggregate, is reasonably likely to have a material adverse effect on CCA or prevent, materially delay or intentionally delay the ability of CCA to consummate the transactions contemplated hereby. Neither CCA nor its Subsidiaries is subject to any judgment, order or decree which could reasonably be expected to result in a material adverse effect.

Each of CCA and its Subsidiaries has at all times operated and currently operates its business in conformity in all material respects with all applicable statutes, common laws, ordinances, decrees, orders, rules and regulations of Governmental Entities. Each of CCA and its Subsidiaries has all licenses, approvals or consents to operate its businesses in all locations in which such businesses are currently being operated, and to its knowledge is not aware of any existing or imminent matter which may materially adversely impact its operations or business prospects other than as specifically disclosed in the CCA Disclosure Schedule. CCA and each Subsidiary have not failed to file with the applicable regulatory authorities any material statements, reports, information or forms required by all applicable laws, regulations or orders, all such filings or submissions were in material compliance with applicable laws when filed, and no material deficiencies have been asserted by any regulatory commission, agency or authority with respect to such filings or submissions. CCA and each Subsidiary have not failed to maintain in full force and effect any material licenses, registrations or permits necessary or proper for the conduct of its or their business, or received any notification that any revocation or limitation thereof is threatened or pending, and there is not to the knowledge of CCA pending any change under any law, regulation, license or permit which would materially adversely affect the business, operations, property or business prospects of CCA. CCA and each Subsidiary have not received any notice of violation of or been threatened with a charge of violating and are not under investigation with respect to a possible violation of any provision of any law, regulation or order. Neither CCA nor any of its Subsidiaries has at any time (i) made any unlawful contribution to any candidate for domestic or foreign office or failed to disclose fully any contribution in violation of law or (ii) made any payment to any federal or state governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by the laws of the United States or any jurisdiction thereof.

(h) Taxes.

(i) CCA has timely filed (or there have been filed on its behalf) all Tax Returns required to be filed by it under applicable law, and all such Tax Returns were and are true, complete and correct in all material respects. Except to the extent adequately reserved for in accordance with GAAP and reflected on the most recent balance sheets of CCA, all Taxes due and payable by CCA have been timely paid in full.

(ii) There are no Tax liens upon the assets of CCA except liens for Taxes not yet due.

(iii) CCA has complied with the provisions of the Code relating to the withholding of Taxes, as well as similar provisions under any other laws, and has, within the time and in the manner prescribed by law, withheld, collected and paid over to the proper governmental authorities all amounts required.

(iv) No audits or other administrative proceedings or court proceedings are presently pending or, to the knowledge of CCA, asserted with regard to any Taxes or Tax Returns of CCA.

(v) CCA has not received a written ruling of a taxing authority relating to Taxes or entered into a written and legally binding agreement with a taxing authority relating to Taxes with any taxing authority.

(vi) Except as described on the CCA Disclosure Schedule, CCA has not requested any extension of time within which to file any Tax Return, which Tax Return has not since been filed.

(vii) CCA has not agreed to and is not required to make any adjustment pursuant to Section 481(a) of the Code (or any predecessor provision) by reason of any change in any accounting method of CCA, and there is no application pending with any taxing authority requesting permission for any changes in any accounting method of CCA. To the knowledge of CCA, the IRS has not proposed any such adjustment or change in accounting method.

(viii) CCA has not joined in the filing of a consolidated return for federal income tax purposes. CCA is not and has never been subject to the provisions of Section 1503(f) of the Code.

(ix) CCA is not a party to any agreement providing for the allocation or sharing of Taxes or indemnification by CCA of any other person in respect of Taxes.

(x) CCA is not a party to any agreement, contract, or arrangement that would result, individually or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(xi) To the knowledge of CCA, CCA does not have, nor has it ever had, any income which is includable in computing the taxable income of a United States person (as determined under Section 7701 of the Code) under Section 951 of the Code. To the knowledge of CCA, none of the Subsidiaries of CCA is or has ever been a "passive foreign investment company" within the meaning of Section 1297 of the Code. To the knowledge of CCA, CCA is not and never has been a "personal holding company" within the meaning of Section 542 of the Code. To the knowledge of CCA, there are no gain recognition agreements, within the meaning of Treasury Regulation 1.367(a)-8 or any predecessor provision, between CCA, on one hand, and a stockholder of the CCA, on the other. There is no pending or, to the knowledge of CCA, threatened, action, proceeding or investigation by any taxing authority for assessment or collection of Taxes with respect to CCA in any jurisdiction where CCA has not filed a Tax Return. All dealings and arrangements between and among CCA and its Subsidiaries are at arm's length and consistent with arm's length dealings and arrangements between or among unrelated, uncontrolled taxpayers.

(xii) For purposes of this Section 3.03(h), all representations and warranties with respect to CCA are deemed to include and to apply to each of its Subsidiaries and predecessors.

(i) No Defaults. Except for violations or defaults which, individually or in the aggregate, would not have a material adverse effect, or for which valid waivers have been obtained by CCA or its Subsidiaries, neither CCA nor any of its Subsidiaries is in violation or default under any provision of its charter, by-laws, partnership agreements or other organizational documents, or is in breach of or default with respect to any provision of any note, bond, agreement, judgment, decree, order, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which it is a party or by which it or any of its properties are bound; and there does

not exist any state of facts which would constitute an event of default on the part of any of CCA or its Subsidiaries as defined in such documents which, with notice of lapse of time or both, would constitute a default. Neither CCA nor any of its Subsidiaries is a party to any contract (other than leases) containing any covenant restricting its ability to conduct its business as currently conducted except for any such covenants that would not, individually or in the aggregate, have a material adverse effect on CCA.

(j) Environmental Matters.

(i) To the knowledge of CCA, the correctional and detention facilities operated or managed by CCA (the "CCA Facilities") are presently operated in compliance in all material respects with all Environmental Laws.

(ii) There are no Environmental Laws requiring any material remediation, clean up, repairs, constructions or capital expenditures (other than normal maintenance) with respect to the CCA Facilities.

(iii) There are no (A) notices of any violation or alleged violation of any Environmental Laws relating to the CCA Facilities or their uses that have been received by CCA, or (B) writs, injunctions, decrees, orders or judgments outstanding, or any actions, suits, claims, proceedings or investigations pending, or, to the knowledge of CCA, threatened, relating to the ownership, use, maintenance or operation of the CCA Facilities.

(iv) To the knowledge of CCA, there are no past, present or anticipated future events, conditions, circumstances, activities, practices, incidents, actions, or plans relating to CCA and its Subsidiaries that may interfere with or prevent compliance or continued compliance with applicable Environmental Laws or which may give rise to any liability under the Environmental Laws.

(v) All material permits and licenses required under any Environmental Laws in respect of the operations of the CCA Facilities have been obtained, and the CCA Facilities and CCA are in compliance, in all material respects, with the terms and conditions of such permits and licenses.

(k) Benefit Plans.

(i) All "employee benefit plans" (as defined in Section 3(3) of ERISA) and all other compensation, bonus, pension, profit sharing, deferred compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, employment, change-in-control, welfare, collective bargaining, severance, disability, death benefit, hospitalization and medical plans, agreements, arrangements or understandings that are maintained or contributed to (or previously contributed to) for the benefit of any current or former employee, officer or director of CCA or any of its Subsidiaries and with respect to which CCA or any of its Subsidiaries would reasonably be expected to have direct or contingent liability are defined as the "CCA Benefit Plans." CCA has heretofore delivered or made available to Prison Realty true and complete copies of all CCA Benefit Plans and, with respect to each CCA Benefit Plan, true and complete copies of the following documents: the most recent actuarial report, if any; the most recent annual report, if any; any related trust agreement, annuity contract or other funding instrument, if any; the most recent determination letter, if any; and the most recent summary plan description, if any.

(ii) Except as disclosed in Section 3.03(k) of the CCA Disclosure Schedule: (A) none of the CCA Benefit Plans is a "multiemployer plan" within the meaning of Section 3(37) of ERISA or is otherwise subject to Title IV of ERISA; (B) none of the

CCA Benefit Plans promises or provides retiree medical or life insurance benefits to any person; (C) neither CCA nor any of its Subsidiaries has any obligation to adopt or has taken any corporate action to adopt, any new CCA Benefit Plan or, except as required by law, to amend any existing CCA Benefit Plan; (D) CCA and its Subsidiaries are in compliance in all material respects with and each CCA Benefit Plan is and has been administered in all material respects in compliance with its terms and the applicable provisions of ERISA, the Code and all other applicable laws, rules and regulations except for any failures to so administer any CCA Benefit Plan as would not have a material adverse effect on CCA; (E) each CCA Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code, to CCA's knowledge, has been determined by the IRS to be so qualified, and no circumstances exist that could reasonably be expected to result in the revocation of any such determination; (F) each CCA Benefit Plan intended to provide for the deferral of income, the reduction of salary or other compensation, or to afford other income tax benefits, complies with the requirements of the applicable provisions of the Code or other laws, rules and regulations required to provide such income tax benefits; (G) no prohibited transactions (as defined in Section 406 or 407 of ERISA or Section 4975 of the Code) have occurred for which a statutory exemption is not available with respect to any CCA Benefit Plan, and which could give rise to liability on the part of CCA, any of its Subsidiaries, any CCA Benefit Plan, or any fiduciary, party in interest or disqualified person with respect thereto that would be material to CCA or would be material to CCA if it were its liability; (H) neither CCA nor any entity required to be treated as a single employer with CCA under Section 414 of the Code has any unsatisfied liability under Title IV of ERISA that would have a material adverse effect on CCA; (I) other than funding obligations and benefits claims payable in the ordinary course, to CCA's knowledge, no event has occurred and no circumstance exists with respect to any CCA Benefit Plan that could give rise to any liability arising under the Code, ERISA or any other applicable law, or under any indemnity agreement to which CCA or any of its Subsidiaries is a party, excluding liability relating to benefit claims and funding obligations payable in the ordinary course, whether directly or by reason of its affiliation with any entity required to be treated as a single employer with CCA under Section 414 of the Code; (J) as of the date hereof there are no pending or, to the knowledge of the executive officers of CCA, threatened investigations, claims or lawsuits in respect of any CCA Benefit Plan that would have a material adverse effect on CCA; (K) other than continuation coverage required to be provided under Section 4980B of the Code or Part 6 of Title I of ERISA or otherwise as provided by state law, none of the CCA Benefit Plans that are "welfare plans," within the meaning of Section 3(1) of ERISA, provides for any benefits with respect to current or former employees for periods extending beyond their retirement or other termination of service; (L) no amount payable pursuant to a CCA Benefit Plan or any other plan, contract or arrangement of CCA would be considered an "excess parachute payment" under Section 280G of the Code; and (M) no CCA Benefit Plan exists that could result in the payment to any current or former employee, officer or director of CCA any money or other property or accelerate or provide any other rights or benefits as a result of the transactions contemplated by this Agreement which would constitute an excess parachute payment within the meaning of Section 280G of the Code.

(1) Material Contracts. All contracts to which CCA or any Subsidiary is a party have been duly authorized, executed and delivered by CCA or any Subsidiary, constitute valid and binding agreements of CCA or any Subsidiary and are enforceable against CCA or any Subsidiary in accordance with the terms thereof. Each of CCA and each Subsidiary has performed all material obligations required to be performed by it, and is neither in default in any material respect nor has it received notice of any default or dispute under, any such contract or

other material instrument to which it is a party or by which its property is bound or affected. To the best knowledge of CCA, no other party under any such contract or other material instrument to which it is a party is in default in any material respect thereunder.

(m) No Undisclosed Liabilities. Except (a) as set forth in the Prison Realty Filed SEC Documents, (b) as set forth in Section 3.03(m) of the CCA Disclosure Schedule, (c) as incurred in the ordinary course of the business of CCA subsequent to March 31, 2000 which would, individually or in the aggregate, not have, or be reasonably expected not to have, a material adverse effect, (d) for any expenses incurred in connection with transactions contemplated by this Agreement or for liabilities or obligations relating to contractual obligations, indebtedness, litigation or other matters which are covered by other representations and warranties in this Agreement or otherwise identified in the CCA Disclosure Schedule, neither CCA nor any of its Subsidiaries has any liabilities or obligations (direct or indirect, contingent or fixed, known or unknown, matured or unmatured accrued or unaccrued), whether arising out of contract, tort, statute or otherwise, and whether or not required by GAAP to be reflected on or in footnotes to the financial statements of CCA.

(n) Labor Matters. Except as set forth in Section 3.03(n) of the CCA Disclosure Schedule: (i) neither CCA nor its Subsidiaries is a party to, or bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization; (ii) to the knowledge of CCA, no union claims to represent the employees of CCA and its Subsidiaries; (iii) none of the employees of CCA or its Subsidiaries is represented by any labor organization and CCA has no knowledge of any current union organizing activities among the employees of CCA or its Subsidiaries, nor does any question concerning representation exist concerning such employees; neither CCA nor its Subsidiaries is the subject of any proceeding asserting that it has committed an unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or conditions of employment; (iv) there is no strike, work stoppage, lockout or other labor dispute involving CCA or its Subsidiaries pending or threatened; (v) no action, suit, complaint, charge, arbitration, inquiry, proceeding or investigation by or before any Governmental Entity brought by or on behalf of any employee, prospective employee, former employee, retiree, labor organization or other representative of its employees is pending or, to the knowledge of CCA, threatened against CCA or its Subsidiaries; (vi) to the knowledge of CCA, no grievance is threatened against CCA or its Subsidiaries; (vii) neither CCA nor its Subsidiaries is a party to, or otherwise bound by, any consent decree with, or citation by, any Governmental Entity relating to employees or employment practices; (viii) there are no written personnel policies, rules or procedures applicable to employees of CCA or its Subsidiaries, other than those set forth in Section 3.03(n) of the CCA Disclosure Schedule, true and correct copies of which have heretofore been delivered or made available to Prison Realty, PMSI and JJFMSI; (ix) CCA and its Subsidiaries are, and have at all times been, in material compliance with all applicable laws respecting employment and employment practices, terms and conditions of employment, wages, hours of work and occupational safety and health, and are not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable law, ordinance or regulation; (x) since the enactment of the WARN Act, neither CCA nor its Subsidiaries has effectuated (A) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any of CCA or its Subsidiaries; or (B) a "mass layoff" (as defined in the WARN Act) affecting any site of employment or facility of any of CCA or its Subsidiaries, in either case, other than in substantial compliance with the WARN Act; nor has CCA or its Subsidiaries been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state, local or foreign law or regulation; and

(xi) neither CCA nor any of its Subsidiaries is aware that it has any liability or potential liability under the Multi-Employer Pension Plan Act.

(o) Insurance. CCA and its Subsidiaries maintain primary, excess and umbrella insurance of types and amounts customary for their business against general liability, fire, workers' compensation, products liability, theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect and with respect to property insurance for assets for which it is customary to have replacement cost coverage or there are coinsurance provisions, the amount of such insurance is sufficient to provide for such coverage or to prevent the application of the coinsurance provision. Section 3.03(o) of the CCA Disclosure Schedule sets forth a complete list of the insurance policies maintained by CCA and its Subsidiaries.

(p) Affiliate Transactions. Except as set forth in Section 3.03(p) of the CCA Disclosure Schedule, there is no transaction and no transaction is now proposed, to which CCA or its Subsidiaries is or is to be a party in which any current stockholder (holding in excess of 5% of the CCA's Common Stock or any securities convertible into or exchangeable for Common Stock), general partner, limited partner (holding in excess of 5% of the limited partnership interests), director or executive officer of CCA or its Subsidiaries has a direct or indirect interest.

(q) Internal Accounting Controls. CCA's system of internal accounting controls is sufficient to meet the broad objectives of internal accounting controls insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to CCA's financial statements.

(r) Vote Required. The CCA Shareholder Approval is the only vote of the holders of any class or series of CCA's securities necessary to approve this Agreement and the transactions contemplated hereby.

(s) Board Recommendation. On the date hereof with respect to this Agreement, the Board of Directors of CCA, at a meeting duly called and held, by the majority vote of the directors present at such meeting, (i) determined that such Agreement and the Merger and the other transactions contemplated hereby and thereby are fair to and in the best interests of the shareholders of CCA, (ii) adopted such Agreement and approved the Merger and (iii) resolved to recommend that the holders of CCA Common Stock approve such Agreement and the Merger.

(t) Tennessee Business Combination Act. CCA has received the opinion of Sherrard & Roe, PLC, counsel to CCA, that the approval of the Merger by the Board of Directors of CCA referred to in Section 3.03(s) constitutes approval of the Merger for purposes of the TBCA and represents all the actions necessary to ensure that Sections 48-103-201, et seq., of the TBCA do not apply to the Merger.

(u) Brokers. No broker, investment banker, financial advisor or other person, other than Merrill Lynch, the fees and expenses of which will be paid by Prison Realty, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of CCA.

(v) Stock Ownership. CCA does not, directly or indirectly, own any shares of Prison Realty Stock other than shares, if any, held in CCA Benefit Plans.

ARTICLE IV

COVENANTS RELATING TO CONDUCT OF BUSINESS

Section 4.01 Covenants of Prison Realty. Except as set forth in Section 4.01 of the Prison Realty Disclosure Schedule or as otherwise contemplated by this Agreement and the transactions related thereto, during the period from the date of this Agreement until the Effective Time, Prison Realty agrees that:

(a) Ordinary Course. Prison Realty and its Subsidiaries shall carry on their respective businesses only in the usual, regular and ordinary course consistent with past practice in all material respects and use their reasonable best efforts to preserve intact their present business organizations, maintain their rights and franchises and preserve their relationships with customers, suppliers and others having business dealings with them to the end that their goodwill and ongoing businesses shall not be impaired at the Effective Time.

(b) REIT Qualification. Prison Realty shall conduct its operations in a manner so as to continue to qualify as a REIT under the Code.

(c) Other Actions. Prison Realty shall not take any action that would result in any of its representations and warranties set forth in this Agreement that are qualified as to materiality being untrue, any of such representations and warranties that are not so qualified being untrue in any material respect or any of the conditions to the Merger set forth in Article VI not being satisfied.

(d) Structure of Transactions. Prison Realty shall advise CCA from time to time of the proposed structure of Prison Realty and its Subsidiaries and affiliated entities at and after the Effective Time for purposes of CCA's evaluation of the Merger.

(e) Advice of Changes; Filings. Prison Realty shall advise CCA of any change or event which would cause or constitute a material breach of any of its representations or warranties contained herein. Prison Realty shall file all reports required to be filed by it with the SEC or the NYSE between the date of this Agreement and the Effective Time and shall deliver to CCA copies of all such reports promptly after the same are filed.

Section 4.02 Covenants of CCA Sub. During the period from the date of this Agreement until the Effective Time, CCA Sub agrees that it shall not take any action that would result in any of its representations and warranties set forth in this Agreement that are qualified as to materiality being untrue, any of such representations and warranties that are not so qualified being untrue in any material respect or any of the conditions to the Merger set forth in Article VI herein not being satisfied.

Section 4.03 Covenants of CCA. Except as set forth in Section 4.03 of the CCA Disclosure Schedule or as otherwise contemplated by this Agreement and the transactions related thereto, during the period from the date of this Agreement through and including the Effective Time, CCA shall, and shall cause its Subsidiaries to, carry on their respective businesses in the ordinary course consistent with past practice and in compliance in all material respects with all applicable laws and regulations and, to the extent consistent therewith, shall use reasonable efforts to preserve intact their current business organizations and use reasonable efforts to preserve their relationships with those persons having business dealings with them. Without limiting the generality of the foregoing, except as set forth in Section 4.03 of the CCA Disclosure Schedule or as otherwise contemplated by this

Agreement, during the period from the date of this Agreement through the Effective Time, CCA shall not, and shall not permit any of its Subsidiaries to:

(a) Dividends; Changes in Stock. Other than dividends and distributions by a direct or indirect wholly owned Subsidiary to CCA or one of their wholly owned Subsidiaries, (i) declare, set aside or pay any dividends (payable in cash, stock, property or otherwise) on, make any other distributions in respect of, or enter into any agreement with respect to the voting of, any of its capital stock, (ii) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (iii) purchase, redeem or otherwise acquire any capital stock of CCA or any of its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(b) Issuance of Securities. Issue, deliver, sell, pledge or otherwise encumber or subject to any Lien any of its shares of capital stock or any other voting securities or any securities convertible into, exercisable for or exchangeable with, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities;

(c) Governing Documents. Amend its charter, bylaws or other comparable organizational documents;

(d) No Acquisitions. Acquire any business (whether by merger, consolidation, purchase of assets or otherwise) or acquire any equity interest in any person not an affiliate (whether through a purchase of stock, establishment of a joint venture or otherwise);

(e) No Dispositions. Other than the obligations for capital commitments set forth in Section 4.03 of the CCA Disclosure Schedule, (A) sell, lease, exchange, license, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any of its real properties or other assets, (B) enter into any new joint ventures or similar projects, or (C) enter into any new development projects;

(f) Accounting Methods. Change its methods of accounting (or underlying assumptions) in effect at December 31, 1999, except as required by changes (i) in generally accepted accounting principles ("GAAP"), (ii) in law or regulation, or (iii) due to events subsequent to March 31, 2000 related or consequential to the execution of this Agreement or consummation of the Merger and related transactions (including, but not limited to, the effects of any changes required by the SEC as part of its review of the Prison Realty Filed SEC Documents, the Proxy Statement or the Registration Statement); or change any of its methods of reporting income and deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns of CCA for the taxable years ended December 31, 1999, except as required by changes in law or regulation;

(g) No Settlements. Effect any settlement or compromise of any pending or threatened proceeding in respect of which CCA is or could have been a party, unless such settlement (i) includes an unconditional written release of CCA, in form and substance reasonably satisfactory to CCA, from all liability on claims that are the subject matter of such proceeding, (ii) does not include any statement as to any admission of fault, culpability or failure to act by or on behalf of CCA and (iii) is less than \$100,000;

(h) No Cancellation. Other than the obligations for capital commitments set forth in Section 4.03 of the CCA Disclosure Schedule, create, renew, amend, terminate or cancel, or take any other action that could reasonably be expected to result in the creation, renewal,

amendment, termination or cancellation of any agreement or instrument that is material to CCA and its respective Subsidiaries, taken as a whole;

(i) Indebtedness. Other than the obligations for capital commitments set forth in Section 4.03 of the CCA Disclosure Schedule and any indebtedness incurred by CCA in connection with this Agreement and the transactions related thereto, and except for an increase in amounts outstanding under its revolving credit agreement and/or the renewal or refinancing of its existing revolving credit facility, incur any indebtedness for borrowed money;

(j) No Commitments. Other than the obligations for capital commitments set forth in Section 4.03 of the CCA Disclosure Schedule, enter into any new capital or take out commitments or increase any existing capital or take out commitments;

(k) Compensation. Except pursuant to agreements or arrangements in effect on the date hereof, (A) grant to any current or former director, executive officer or other key employee of CCA or any Subsidiary any increase in compensation, bonus or other benefits (other than increases in base salary in the ordinary course of business consistent with past practice or arising due to a promotion or other change in status and consistent with generally applicable compensation practices), (B) grant to any such current or former director, executive officer or other employee any increase in severance or termination pay, (C) amend or adopt any employment, deferred compensation, consulting, severance, termination or indemnification agreement with any such current or former director, executive officer or employee, or (D) amend, adopt or terminate any CCA Benefit Plan, except as may be required to retain qualification of any such plan under Section 401(a) of the Code;

(l) Related Party Transactions. Except pursuant to agreements or arrangements in effect on the date hereof or as otherwise contemplated by this Agreement which have been disclosed in Section 4.03 of the CCA Disclosure Schedule, pay, loan or advance any amount to, or sell, transfer or lease any properties or assets (real, personal or mixed, tangible or intangible) to, or purchase any properties or assets, or enter into any agreement or arrangement with, any of its officers or directors or any affiliate or the immediate family members or associates of any of its officers or directors, other than payment of compensation at current salary, incentive compensation and bonuses and other than properly authorized business expenses in the ordinary course of business, in each case consistent with past practice;

(m) Insurance. Permit any material insurance policy naming CCA or any Subsidiary as a beneficiary or a loss payable payee to be canceled or terminated;

(n) Advise of Changes. Neglect or fail to advise Prison Realty of any change or event which would cause or constitute a material breach of any of the representations or warranties of CCA contained herein; or

(o) Other Actions. Authorize, or commit or agree to take, any of the foregoing actions.

Section 4.04 No Solicitation by Prison Realty.

(a) Prison Realty shall not, nor shall it permit any of its Subsidiaries to, nor shall it authorize or permit any officer, director or employee of, or any investment banker, attorney or other advisor or representative of, Prison Realty or any of its Subsidiaries to, directly or indirectly, (i) solicit, initiate, encourage or knowingly facilitate the submission of any alternative proposal or (ii) enter into or participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, any alternative proposal; provided, however, that prior to the receipt of the Prison Realty Stockholder Approval, Prison Realty may, in response to a bona fide alternative proposal that constitutes a superior proposal (as defined in Section 4.04(b) herein) and that was made after the

date hereof (and not solicited by Prison Realty after the date hereof) by any person, and subject to compliance with Section 4.04(c) herein, (A) furnish information with respect to Prison Realty and its Subsidiaries to such person and its representatives pursuant to a customary confidentiality agreement and discuss such information with such person and its representatives and (B) participate in negotiations regarding such alternative proposal. For purposes of this Section 4.04, the term "alternative proposal" means any inquiry, proposal or offer from any person relating to any direct or indirect acquisition or purchase of 10% or more of the assets (based on the fair market value thereof) of Prison Realty and its Subsidiaries, taken as a whole, other than the transactions contemplated by this Agreement, or of 10% or more of any class of equity securities of Prison Realty or any of its Subsidiaries or any tender offer or exchange offer (including by Prison Realty or any of its Subsidiaries) that if consummated would result in any person beneficially owning 10% or more of any class of equity securities of Prison Realty or any of its Subsidiaries, or any merger, consolidation, business combination, sale of substantially all assets, recapitalization, liquidation, dissolution or similar transaction involving Prison Realty or any of its Subsidiaries other than the transactions contemplated by this Agreement.

(b) Except as set forth in this Section 4.04, the Board of Directors of Prison Realty shall not (i) withdraw or modify, or publicly propose to withdraw or modify, in a manner adverse to CCA, the approval or recommendation by such Board of Directors of the Merger or this Agreement, (ii) approve or recommend, or propose publicly to approve or recommend, any alternative proposal or (iii) cause or agree to cause Prison Realty to enter into any letter of intent, agreement in principle, acquisition agreement or similar agreement related to any alternative proposal. Notwithstanding the foregoing, if the Board of Directors of Prison Realty receives a superior proposal, such Board of Directors may, prior to the receipt of the Prison Realty Stockholder Approval, withdraw or modify its approval or recommendation of the Merger and this Agreement, approve or recommend a superior proposal or terminate this Agreement, but in each case only at a time that is at least five business days after receipt by CCA of written notice advising CCA that the Board of Directors of Prison Realty has resolved to accept a superior proposal if it continues to be a superior proposal at the end of such five business day period. For purposes of this Section 4.04, the term "superior proposal" means any bona fide alternative proposal (which, for purposes of Section 4.04(a) only, may be subject to a due diligence condition), which proposal was not solicited by Prison Realty after the date of execution of this Agreement, made by a third party to acquire, directly or indirectly, for consideration consisting of cash and/or securities, more than 10% of the shares of capital stock of Prison Realty then outstanding or all or substantially all the assets of Prison Realty and its Subsidiaries and otherwise on terms which the Board of Directors of Prison Realty determines in good faith (after consultation with its financial advisor) to be more favorable to Prison Realty's stockholders than the Merger and the issuance of securities pursuant to the Securities Purchase Agreement and for which financing, to the extent required, is then committed or which, in the good faith judgment of such Board of Directors, is reasonably capable of being financed by such third party.

(c) In addition to the obligations of Prison Realty set forth in paragraphs (a) and (b) above, Prison Realty promptly shall advise CCA orally and in writing of any request for information or of any alternative proposal, the material terms and conditions of such request or alternative proposal and the identity of the person making any such request or alternative proposal and any determination by the Board of Directors of Prison Realty that a alternative proposal is or may be a superior proposal. Prison Realty will keep CCA informed as to the status and material details (including amendments or proposed amendments) of any such request or alternative proposal.

Section 4.05 No Solicitation by CCA. Without the prior written consent of Prison Realty, (a) CCA shall not, nor shall it permit any of its Subsidiaries to, nor shall it authorize or permit any

officer, director or employee of, or any investment banker, attorney or other advisor or representative of, CCA or any of its Subsidiaries to, directly or indirectly, (i) solicit, initiate, encourage or knowingly facilitate the submission of any alternative proposal or (ii) enter into or participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, any alternative proposal. For purposes of this Section 4.05, the term "alternative proposal" means any inquiry, proposal or offer from any person relating to any direct or indirect acquisition or purchase of 10% or more of the assets (based on the fair market value thereof) of CCA and its Subsidiaries, taken as a whole, other than the transactions contemplated by this Agreement, or of 10% or more of any class of equity securities of CCA or any of its Subsidiaries or any tender offer or exchange offer (including by CCA or any of its Subsidiaries) that if consummated would result in any person beneficially owning 10% or more of any class of equity securities of CCA or any of its Subsidiaries, or any merger, consolidation, business combination, sale of substantially all assets, recapitalization, liquidation, dissolution or similar transaction involving CCA or any of its Subsidiaries other than the transactions contemplated by this Agreement.

(b) Except as set forth in this Section 4.05, the Board of Directors of CCA shall not (i) withdraw or modify, or publicly propose to withdraw or modify, in a manner adverse to Prison Realty, the approval or recommendation by such Board of Directors of the Merger or this Agreement, (ii) approve or recommend, or propose publicly to approve or recommend, any alternative proposal or (iii) cause or agree to cause CCA to enter into any letter of intent, agreement in principle, acquisition agreement or similar agreement related to any alternative proposal.

(c) In addition to the obligations of CCA set forth in paragraphs (a) and (b) above, CCA promptly shall advise Prison Realty orally and in writing of any request for information or of any alternative proposal, the material terms and conditions of such request or alternative proposal and the identity of the person making any such request or alternative proposal and any determination by the Board of Directors of CCA that an alternative proposal is or may be a superior proposal. CCA will keep Prison Realty informed as to the status and material details (including amendments or proposed amendments) of any such request or alternative proposal.

ARTICLE V

ADDITIONAL AGREEMENTS

Section 5.01 Preparation of the Proxy Statement and Registration Statement. As promptly as practicable following the date of this Agreement, Prison Realty, CCA Sub and CCA shall prepare and file with the SEC the Proxy Statement and the Registration Statement. Each party hereto will cooperate with the other party in connection with the preparation of the Proxy Statement and the Registration Statement, including, but not limited to, furnishing all information as may be required to be disclosed therein. The Proxy Statement shall contain the recommendation of the Board of Directors of Prison Realty that the stockholders of Prison Realty approve this Agreement and the transaction contemplated hereby. The proxy statement-prospectus which constitutes a portion of the Registration Statement shall contain the recommendation of the Board of Directors of CCA that the shareholders of CCA approve this Agreement and the transaction contemplated hereby. Each of Prison Realty, CCA Sub and CCA shall use its reasonable best efforts to have the Proxy Statement cleared by the SEC and to have the proxy statement-prospectus which constitutes a portion of the Registration Statement declared effective by the SEC as promptly as practicable after such filing. Each party hereto will use its reasonable best efforts to cause the Proxy Statement and the proxy statement-prospectus which constitutes a portion of the Registration Statement to be mailed to its shareholders as promptly as practicable after the clearance of the Proxy Statement by the SEC and the declaration of the effectiveness of the Registration Statement by the SEC under the Securities

Act. No filing of, or amendment or supplement to the Proxy Statement or the Registration Statement will be made by any party hereto without providing the other parties and their Boards of Directors the opportunity to review and comment thereon and to approve the same, provided that such approvals shall not be unreasonably withheld. Each party hereto will advise the other parties, promptly after it receives notice thereof, of any request by the SEC for amendment of the Proxy Statement or the Registration Statement or comments thereon and responses thereto or requests by the SEC for additional information. If at any time prior to the Effective Time any information relating to any of the parties hereto or any of their respective affiliates, officers or directors, should be discovered by a party hereto which should be set forth in an amendment or supplement to the Proxy Statement or Registration Statement, so that the Proxy Statement or the Registration Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the party which discovers such information shall promptly notify the other parties hereto and an appropriate amendment or supplement describing such information shall be promptly filed with the SEC and, to the extent required by law, such amended or supplemented Proxy Statement or the proxy statement-prospectus which constitutes a portion of such amended or supplemented Registration Statement, as applicable, disseminated to the shareholders of Prison Realty and CCA.

Section 5.02 Access to Information. Each party shall, and shall cause each of its Subsidiaries to, afford to the other party hereto and to its officers, employees, accountants, counsel and other representatives (including environmental consultants), reasonable access, during normal business hours during the period prior to the Effective Time, to their respective properties, books, records and personnel and, during such period, each party hereto shall, and shall cause each of its Subsidiaries to, furnish promptly to the other party hereto (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of Federal or state securities laws and (b) such other information concerning its business, properties and personnel as the other party may reasonably request. With respect to matters disclosed in the Prison Realty Disclosure Schedule or the CCA Disclosure Schedule, respectively, each party agrees to supplement from time to time the information set forth therein.

Section 5.03 Shareholders' Meetings. Prison Realty shall, as promptly as practicable after the date hereof, (a) duly call, give notice of, convene and hold a Stockholders' Meeting for the purpose of obtaining the Prison Realty Stockholder Approval, and (b) subject in the case of Prison Realty to Section 4.04, through its respective Board of Directors, recommend to its stockholders that they grant the Prison Realty Stockholder Approval. Prison Realty shall use all reasonable efforts to solicit from its stockholders proxies in favor of Prison Realty Stockholder Approval and shall take all other action necessary or, in the reasonable opinion of such party, advisable to secure Prison Realty Stockholder Approval. CCA shall vote, or cause to be voted, in favor of the transactions for which Prison Realty is seeking Prison Realty Stockholder Approval, all shares of Prison Realty Common Stock directly or indirectly beneficially owned by it.

CCA shall, as promptly as practicable after the date hereof, (a) duly call, give notice of, convene and hold a Shareholders' Meeting for the purpose of obtaining the CCA Shareholder Approval, and (b) through its respective Board of Directors, recommend to its shareholders that they grant the CCA Shareholder Approval. CCA shall use all reasonable efforts to solicit from its shareholders proxies in favor of CCA Shareholder Approval and shall take all other action necessary or, in the reasonable opinion of such party, advisable to secure CCA Shareholder Approval. Prison Realty shall vote, or cause to be voted, in favor of the transactions for which CCA is seeking CCA Shareholder Approval, all shares of CCA Common Stock directly or indirectly beneficially owned by it.

Section 5.04 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each party hereto shall, and shall cause its Subsidiaries to, use all reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement, including (i) the obtaining of any necessary consent, authorization, order or approval of, or any exemption by, any Governmental Entity and/or any other public or private third party which is required to be obtained by such party or any of its Subsidiaries in connection with the Merger and the other transactions contemplated by this Agreement (provided that no party to this Agreement shall pay or agree to pay any material amount to obtain a consent without the prior approval of the remaining parties, which approval shall not be unreasonably withheld or delayed), and the making or obtaining of all necessary filings and registrations with respect thereto, (ii) the defending of any lawsuits or other legal proceedings challenging this Agreement, and (iii) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement.

Section 5.05 Benefits Matters. Except as otherwise provided herein, following the Effective Time, Prison Realty shall honor, or cause to be honored, all obligations under employment agreements, Prison Realty Benefit Plans and all other employee benefit plans, programs, policies and arrangements of any of the parties hereto in accordance with the terms thereof. Nothing herein shall be construed to prohibit Prison Realty from amending or terminating such agreements, programs, policies and arrangements in accordance with the terms thereof and with applicable law.

Section 5.06 Fees and Expenses. Whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs or expenses.

Section 5.07 Indemnification, Exculpation and Insurance.

(a) From and after the Effective Time, Prison Realty shall indemnify, defend and hold harmless to the fullest extent permitted by applicable federal and state law each person who is on the date hereof, or has been at any time prior to the date hereof or who becomes prior to the Effective Time, a director or officer of CCA or was serving at the request of CCA as a director or officer of any domestic or foreign corporation, joint venture, trust, employee benefit plan or other enterprise (collectively, the "Indemnities") arising out of CCA's Charter or Bylaws in effect at the Effective Time against any and all losses in connection with or arising out of any claim which is based upon, arises out of or in any way relates to any actual or alleged act or omission occurring at or prior to the Effective Time in the Indemnitee's capacity as a director or officer (whether elected or appointed), of CCA.

(b) In the event Prison Realty or any of its successors or assigns: (i) consolidates with or merges into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger; or (ii) transfers or conveys all or substantially all of its properties and assets to any person or entity, then, and in each case, to the extent necessary, proper provisions shall be made so that the successors and assigns of Prison Realty assume the obligations set forth in this Section 5.07.

(c) Prison Realty shall maintain in effect for not less than two (2) years from the Effective Time the policies of directors' and officers' liability insurance most recently maintained by CCA; provided, however, that Prison Realty may substitute therefor policies with reputable and financially sound carriers for substantially similar coverage containing terms and conditions which are no less advantageous for so long as such substitution does not result in gaps or lapses in coverage with

respect to claims arising from or relating to matters occurring prior to the Effective Time. Prison Realty shall pay all expenses, including attorneys' fees, that may be incurred by any Indemnitee in enforcing the indemnity and other obligations provided for in this Section 5.07.

(d) The provisions of this Section 5.07 are intended to be for the benefit of, and shall be enforceable by, each Indemnitee and their respective heirs and representatives.

Section 5.08 Transfer Taxes. All state, local, foreign or provincial sales, use, real property transfer, stock transfer or similar taxes (including any interest or penalties with respect thereto, but not including any shareholder-level taxes based upon net income) attributable to the Merger shall be timely paid by Prison Realty.

Section 5.09 Stock Exchange Listing. The Surviving Company and Prison Realty shall each use their reasonable best efforts to cause the Prison Realty Stock to be issued in connection with the Merger to be listed on the NYSE, subject to official notice of issuance, if applicable.

Section 5.10 Tax-Free Reorganization. Prior to the Effective Time, each party shall use its reasonable best efforts to cause the Merger to qualify as a reorganization qualifying under the provisions of Section 368(a) of the Code.

Section 5.11 Shareholders' Agreement. As of the Effective Time, the Shareholders' Agreement, dated September 22, 1998, among certain shareholders of CCA shall each be terminated and shall no longer have any force or effect.

Section 5.12 Lock-Up Agreement. As of the Effective Time, each of the holders of shares of CCA Common Stock whose shares are not subject to forfeiture under the CCA Restricted Stock Plan shall enter into a lock-up agreement with Prison Realty (the "Lock-Up Agreement"), a form of which is attached hereto as Exhibit A, pursuant to which each such holder shall agree not to sell, assign or otherwise transfer (collectively, a "Transfer") any shares of Prison Realty Common Stock received in connection with the Merger (the "Shares"), nor enter into any agreement regarding the same, for a period of one hundred eighty (180) days (the "180-Day Period") following the date of closing of the Merger, and further agrees not to Transfer such Shares thereafter except as follows: (i) after expiration of the 180-Day Period, a holder may Transfer up to twenty-five percent (25%) of the aggregate amount of the Shares; (ii) after December 31, 2001, a holder may Transfer up to fifty percent (50%) of the aggregate amount of the Shares; (iii) after December 31, 2002, a holder may Transfer up to seventy-five percent (75%) of the aggregate amount of the Shares; and (iv) after December 31, 2003, a holder may Transfer up to one hundred percent (100%) of the aggregate amount of the Shares.

Section 5.13 Equity Incentive Plan. Following the consummation of the Merger and the related transactions, Prison Realty shall adopt a new equity incentive plan pursuant to which it will have the authority to grant options to purchase shares of Prison Realty Common Stock and other types of equity-based incentive compensation, on such terms and conditions as are approved by the Board of Directors of Prison Realty following the consummation of the Merger.

Section 5.14 Change of Corporate Name. In connection with the Merger and the related transactions, Prison Realty shall amend its charter, bylaws and organizational documents to change the name of the corporation to "Corrections Corporation of America" and the business and affairs of Prison Realty following the consummation of the Merger and the related transactions shall be conducted using the name "Corrections Corporation of America."

ARTICLE VI

CONDITIONS PRECEDENT

Section 6.01 Conditions to Each Party's Obligation To Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the satisfaction or waiver at or prior to the Effective Time of the following conditions:

(a) HSR Act. The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been terminated.

(b) No Injunctions or Restraints; Illegality. No statute, rule, regulation, judgment, writ, decree, order, temporary restraining order, preliminary or permanent injunction shall have been promulgated, enacted, entered or enforced, and no other action shall have been taken, by any Governmental Entity of competent jurisdiction enjoining or otherwise preventing the consummation of the Merger shall be in effect; provided, however, that each of the parties shall use its reasonable best efforts to prevent the entry of any such injunction or other order or decree and to cause any such injunction or other order or decree that may be entered to be vacated or otherwise rendered of no effect.

(c) Listing of Merger Consideration. The Prison Realty Stock to be issued in the Merger shall have been approved for listing on the NYSE, subject to official notice of issuance, if applicable.

(d) Proxy Statement and Registration Statement. The Proxy Statement and Registration Statement shall be satisfactory in all material respects to Prison Realty and CCA, the Proxy Statement shall have been cleared by the SEC, and the Registration Statement shall have been declared effective by the SEC under the Securities Act, and no stop order suspending the use of the Proxy Statement or the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC.

(e) Tax-Free Reorganization. The receipt by each of Prison Realty and CCA of an opinion of its respective tax counsel to the effect that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code.

Section 6.02 Conditions to Obligation of Prison Realty and CCA Sub To Effect the Merger. The obligation of Prison Realty and CCA Sub to effect the Merger is subject to the satisfaction of the following conditions unless waived by Prison Realty and CCA Sub:

(a) Shareholder Approval. The Prison Realty Stockholder Approval and the CCA Shareholder Approval shall have been obtained.

(b) Representations and Warranties. The representations and warranties of CCA set forth in this Agreement shall be true and correct, except that this condition shall be deemed satisfied so long as any failures of such representations and warranties to be true and correct do not individually or in the aggregate have a material adverse effect on CCA as of the date of this Agreement and as of the Closing Date, except as otherwise contemplated by this Agreement, and Prison Realty and the CCA Sub shall have received a certificate to such effect signed on the Closing Date on behalf of CCA by the Chief Executive Officer and Secretary.

(c) Performance of Obligations of Other Parties. CCA shall have performed in all material respects all material obligations required to be performed by them under this Agreement at or prior to the Closing Date, and Prison Realty shall have received a certificate to such effect signed on behalf of each party by its Chief Executive Officer or Chief Financial Officer.

(d) Consents, etc. Prison Realty shall have received evidence, in form and substance reasonably satisfactory to it, that such consents, approvals, authorizations, qualifications and orders of Governmental Entities and other third parties as are necessary in connection with the transactions contemplated hereby have been obtained, other than those the failure of which to be obtained, individually or in the aggregate, would not have a material adverse effect on Prison Realty or CCA.

(e) Consents to Assignment of Management Contracts. To the extent required by applicable law and the provisions of the contracts, CCA shall have obtained all necessary written consents of governmental authorities to the performance of their respective facility management contracts by Prison Realty and/or CCA Sub after the Merger.

(f) Purchase of CCA Common Stock Held by Baron. Prison Realty shall have purchased the CCA Common Stock held by Baron pursuant to the terms and conditions reasonably acceptable to Prison Realty.

(g) Execution of Lock-Up Agreements. The Lock-Up Agreements shall have been executed and delivered in accordance with Section 5.12.

Section 6.03 Conditions to Obligation of CCA To Effect the Merger. The obligation of CCA to effect the Merger is subject to the satisfaction of the following conditions unless waived by CCA:

(a) Representations and Warranties. The representations and warranties of Prison Realty set forth in this Agreement shall be true and correct, except that this condition shall be deemed satisfied so long as any failures of such representations and warranties to be true and correct do not individually or in the aggregate have a material adverse effect on Prison Realty as of the date of this Agreement and as of the Closing Date, except as otherwise contemplated by this Agreement, and CCA shall have received a certificate to such effect signed on the Closing Date on behalf of Prison Realty by its Chief Executive Officer and Secretary.

(b) Performance of Obligations of Prison Realty. Prison Realty shall have performed in all material respects all material obligations required to be performed by it under this Agreement at or prior to the Closing Date, and CCA shall have received a certificate to such effect signed on behalf of Prison Realty by its Chief Executive Officer or Chief Financial Officer.

(c) Shareholder Approval. The Prison Realty Stockholder Approval and the CCA Shareholder Approval shall have been obtained.

Section 6.04 Frustration of Closing Conditions. No party to this Agreement may rely on the failure of any condition set forth in Sections 6.01 through 6.03, as the case may be, to be satisfied if such failure was caused by such party's failure to use all reasonable best efforts to consummate the Merger and the other transactions contemplated by this Agreement.

ARTICLE VII

TERMINATION AND AMENDMENT

Section 7.01 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after the Prison Realty Stockholder Approval and the CCA Shareholder Approval are received:

(a) by mutual written consent of the parties hereto;

(b) by Prison Realty or CCA upon written notice to the other parties:

(i) if any Governmental Entity of competent jurisdiction shall have issued a permanent injunction or other order or decree enjoining or otherwise preventing the consummation of the Merger and such injunction or other order or decree shall have become final and nonappealable; provided that the party seeking to terminate this Agreement pursuant to this clause (i) shall have used its reasonable best efforts to prevent or contest the imposition of, or seek the lifting or stay of, such injunction, order or decree;

(ii) if the Merger shall not have been consummated on or before October 31, 2000, unless the failure to consummate the Merger is the result of a material breach of this Agreement by the party seeking to terminate this Agreement;

(iii) if, upon a vote at a duly held Prison Realty Stockholders Meeting or any adjournment thereof, the Prison Realty Stockholder Approval shall not have been obtained;

(c) by Prison Realty upon written notice to CCA if, upon a vote at a duly held CCA Shareholders' Meeting or any adjournment thereof, the CCA Shareholder Approval shall not have been obtained;

(d) by Prison Realty upon written notice to CCA, if the Board of Directors of CCA or any committee thereof shall have withdrawn or modified in a manner adverse to Prison Realty its approval or recommendation of the Merger or this Agreement or resolved to do so;

(e) by CCA upon written notice to Prison Realty, if the Board of Directors of Prison Realty or any committee thereof shall have withdrawn or modified in a manner adverse to such terminating party its approval or recommendation of the Merger or this Agreement or resolved to do so;

(f) unless CCA is in material breach of its obligations hereunder, by CCA upon written notice to Prison Realty if Prison Realty breaches or fails to perform any of its representations, warranties, covenants or other agreements hereunder, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.03 hereof and (B) is incapable of being cured by Prison Realty or is not cured within thirty (30) days after CCA gives written notice of such breach to Prison Realty and such a cure is not effected during such period; or

(g) unless Prison Realty is in material breach of its obligations hereunder, by Prison Realty upon written notice to CCA if CCA breaches or fails to perform any of its representations, warranties, covenants or other agreements hereunder, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.02 hereof and (B) is incapable of being cured by CCA or is not cured within thirty (30) days after Prison Realty gives written notice of such breach to the breaching party and such a cure is not effected during such period.

Section 7.02 Effect of Termination. In the event of termination of this Agreement by Prison Realty or CCA as provided in Section 7.01 herein, this Agreement shall forthwith become void and have no effect and, except to the extent that such termination results from the wilful and material breach by a party of any of its representations, warranties, covenants or agreements set forth in this Agreement, there shall be no liability or obligation on the part of Prison Realty or CCA except with respect to Section 5.06, this Section 7.02 and Article VIII hereof, which provisions shall survive such termination.

Section 7.03 Amendment. This Agreement may be amended by the parties hereto at any time before or after the Prison Realty Stockholder Approval and the CCA Shareholder Approval is received, provided that after receipt of the Prison Realty Stockholder Approval or the CCA Shareholder Approval, no amendment shall be made which by law requires further approval by such shareholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

Section 7.04 Extension; Waiver. At any time prior to the Effective Time, the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) subject to the proviso of Section 7.03, waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

Section 7.05 Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 7.01, an amendment of this Agreement pursuant to Section 7.03 or an extension or waiver pursuant to Section 7.04 shall, in order to be effective, require action by the Board of Directors, or the duly authorized committee of such Board to the extent permitted by law, of the party authorizing such action.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.01 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement shall survive the Effective Time. This Section 8.01 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

Section 8.02 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (with confirmation) or sent by overnight or same-day courier (providing proof of delivery) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

if to Prison Realty, to:

Prison Realty Trust, Inc.
 10 Burton Hills Boulevard, Suite 100
 Nashville, Tennessee 37215
 Attention: Thomas W. Beasley, Chairman
 of the Board of Directors
 Facsimile: (615) 263-0234

with a copy to:

Stokes & Bartholomew, P.A.
424 Church Street, Suite 2800
Nashville, Tennessee 37219-2323
Attention: Elizabeth E. Moore, Esq.
Facsimile: (615) 259-1470

if to CCA, to:

Corrections Corporation of America
10 Burton Hills Boulevard
Nashville, Tennessee 37215
Attention: J. Michael Quinlan,
President and
Chief Operating Officer
Facsimile: (615) 263-3010

with a copy to:

Sherrard & Roe, PLC
424 Church Street, Suite 2000
Nashville, Tennessee 37219
Attention: John R. Voigt, Esq.
Facsimile: (615) 742-4239

Section 8.03 Definitions; Interpretation.

(a) As used in this Agreement:

(i) unless otherwise expressly provided herein, an "affiliate" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract or otherwise;

(ii) "business day" means any day on which banks are not required or authorized to close in the City of New York;

(iii) "material adverse effect" means any change, effect, event, occurrence or development that is, or is reasonably likely to be, materially adverse to the business, results of operations or financial condition of a party hereto or its Subsidiaries, taken as a whole, other than any change, effect, event or occurrence relating to or arising out of (A) the economy or securities markets in general, (B) this Agreement or the transactions contemplated hereby or the announcement thereof, including, but not limited to, changes in methods of accounting with respect to the financial statements of a party hereto or its Subsidiaries as precipitated by this Agreement or the transactions contemplated hereby or by the review of the SEC of the Prison Realty Filed SEC Documents, the Proxy Statement or the Registration Statement, or (C) private corrections industry in general, and not specifically relating to the parties hereto or their Subsidiaries;

(iv) "person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity; and

(v) "Subsidiary" of any person means another person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are not such voting

interests, more than 50% of the equity interests of which) is owned directly or indirectly by such first person.

(b) When a reference is made in this Agreement to Articles, Sections, Exhibits or Schedules, such reference shall be to an Article, Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term "or" when used in this Agreement is not exclusive. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a person are also to its permitted successors and assigns.

Section 8.04 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other party.

Section 8.05 Entire Agreement; No Third-Party Beneficiaries; Rights of Ownership. This Agreement (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, and (b) other than Section 5.07 of this Agreement, is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 8.06 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to any principles of conflicts of law of such State.

Section 8.07 Publicity. Except as otherwise permitted by this Agreement or required by law or the rules of the NYSE, so long as this Agreement is in effect, no party to this Agreement shall, or shall permit any of its affiliates to, issue or cause the publication of any press release or other public announcement or statement with respect to this Agreement or the transactions contemplated hereby without first obtaining the consent of the other parties hereto. The parties agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in the form heretofore agreed to by the parties.

Section 8.08 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties, and any such assignment that is not so consented to shall be null and void; provided that, if necessary or advisable under applicable provisions of corporate or tax law, Prison Realty may assign its rights hereunder to any of its Subsidiaries or affiliates to cause CCA to merge with a Subsidiary or affiliate of Prison Realty, but no such assignment shall relieve Prison Realty of its obligations hereunder including the obligations to deliver the CCA Merger Consideration. Subject to the preceding sentence, this Agreement will be

binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 8.09 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any Federal court located in the State of Tennessee or in any Tennessee state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any Federal court located in the State of Tennessee or any Tennessee state court in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement and (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court.

[SIGNATURE PAGES TO FOLLOW]

Accepted and agreed to this 30th day of June, 2000.

PRISON REALTY TRUST, INC.

By: /s/ Thomas W. Beasley
Name: Thomas W. Beasley
Title: Chairman of the Board of
Directors

CCA ACQUISITION SUB, INC.

By: /s/ Darrell K. Massengale
Name: Darrell K. Massengale
Title: Chief Executive Officer and
President

CORRECTIONS CORPORATION OF AMERICA

By: /s/ Darrell K. Massengale
Name: Darrell K. Massengale
Title: Chief Financial Officer and
Secretary

B-47

FORM OF LOCK-UP AGREEMENT

, 2000

Prison Realty Trust, Inc.
10 Burton Hills Boulevard, Suite 100
Nashville, Tennessee 37215

Re: Shares of Common Stock to be Issued by Prison Realty Trust, Inc. in
Connection with the Merger of Corrections Corporation of America with and
into Prison Realty Trust, Inc.

Ladies and Gentlemen:

The undersigned understands that as a result of the merger (the "Merger") of Corrections Corporation of America, a Tennessee corporation formerly known as Correctional Management Services Corporation ("CCA"), with and into CCA Acquisition Sub, Inc., a Tennessee corporation and wholly-owned subsidiary of Prison Realty Trust, Inc. (the "Company"), shares of capital stock held by the undersigned in CCA will be exchanged or converted into shares of common stock (the "Common Stock") of the Company. In consideration of the foregoing and in connection with the Merger, the undersigned hereby agrees that the undersigned will not, without the prior written approval of the Board of Directors of the Company, offer for sale, sell, transfer, assign, pledge, hypothecate or otherwise dispose of, directly or indirectly (collectively, a "Transfer"), any shares of Common Stock received in connection with the Merger (the "Shares"), nor enter into any agreement regarding the same, for a period of one hundred eighty (180) days (the "180-Day Period") following the date of closing of the Merger, and further agrees not to Transfer such Shares thereafter except as follows: (i) after expiration of the 180-Day Period, a holder may Transfer up to twenty-five percent (25%) of the aggregate amount of the Shares; (ii) after December 31, 2001, a holder may Transfer up to fifty percent (50%) of the aggregate amount of the Shares; (iii) after December 31, 2002, a holder may Transfer up to seventy-five percent (75%) of the aggregate amount of the Shares; and (iv) after December 31, 2003, a holder may Transfer up to one hundred percent (100%) of the aggregate amount of the Shares.

The foregoing agreements shall be binding on the undersigned and the undersigned's respective heirs, personal representatives, successors and assigns.

It is understood that if the Merger is not consummated this agreement shall terminate.

Sincerely,

Signature:

Name:

[ADDITIONAL EXHIBITS AND SCHEDULES INTENTIONALLY OMITTED]

MUTUAL TERMINATION AND RELEASE AGREEMENT

This MUTUAL TERMINATION AND RELEASE AGREEMENT (the "Agreement"), dated as of the 30th day of June, 2000, is made and entered into by and among Prison Realty Trust, Inc. ("Prison Realty"), Corrections Corporation of America ("CCA"), Prison Management Services, Inc. ("PMSI"), and Juvenile and Jail Facility Management Services, Inc. ("JJFMSI"), on the one hand (collectively, the "Companies"), and Pacific Life Insurance Company, on the other hand ("Pacific Life").

W I T N E S S E T H:

WHEREAS, Prison Realty, CCA, PMSI and JJFMSI, on the one hand, and Pacific Life, on the other hand, have entered into that certain Securities Purchase Agreement, dated as of April 5, 2000, as executed on April 16, 2000 (the "Securities Purchase Agreement"); and

WHEREAS, pursuant to Section 10.1(a) of the Securities Purchase Agreement, the Securities Purchase Agreement may be terminated and the transactions contemplated thereby may be abandoned at any time prior to the Closing Date (as such term is defined in the Securities Purchase Agreement) of the Securities Purchase Agreement by the mutual written consent of Pacific Life and the Companies.

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. Termination of Securities Purchase Agreement. The Companies, on the one hand, and Pacific Life, on the other hand, hereby terminate the Securities Purchase Agreement pursuant to, and in accordance with, Section 10.1(a) of the Securities Purchase Agreement. In connection with the termination of the Securities Purchase Agreement, all further obligations of the parties under the Securities Purchase Agreement, including the obligations set forth in Section 7.3 of the Securities Purchase Agreement, except as is set forth in the next sentence of this Section 1, shall be terminated without further liability or obligation on the part of any party. The Companies have agreed that within five (5) business days after the date of this Agreement, to pay any invoices previously submitted by Pacific Life which remain unpaid and any final closing invoice submitted by Pacific Life within such period with respect to expenses actually incurred by Pacific Life pursuant to Section 7.3.

2. Release, Discharge and Dismissal.

2.1 Release by the Companies. Each of the Companies, on behalf of the Companies and the Companies' successors, attorneys, accountants, advisors, assigns, officers, directors, affiliates, agents, employees, relatives, and representatives hereby knowingly and voluntarily releases, acquits and forever discharges Pacific Life, its successors, attorneys, accountants, advisors, assigns, affiliates, agents, officers, directors, employees, relatives and representatives (the "Pacific Life Parties") from any and all actions, causes of action, claims, suits, demands, rights, damages, costs, invoices,

accounts, judgments, executions, debts, obligations, rights of contribution and indemnification, and any and all other liabilities of any kind or nature whatsoever, either in law or in equity, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which from the beginning of the world up to and including the date hereof exists, or may have existed or which hereafter can, shall or may exist relating to or arising out of the Securities Purchase Agreement.

2.2 Release by Pacific Life. Pacific Life, on behalf of itself and its successors, attorneys, accountants, advisors, assigns, officers, directors, affiliates, agents, employees, relatives, and representatives hereby knowingly and voluntarily releases, acquits and forever discharges the Companies, and their successors, assigns, attorneys, accountants, advisors, affiliates, agents, and employees, relatives and representatives (the "Companies Parties") from any and all actions, causes of action, claims, suits, demands, rights, damages, costs, invoices, accounts, judgments, executions, debts, obligations, rights of contribution and indemnification, and any and all other liabilities of any kind or nature whatsoever, either in law or in equity, known or unknown, suspected or unsuspected, foreseen or unforeseen, matured or unmatured, which from the beginning of the world up to and including the date hereof exists, or may have existed or which hereafter can, shall or may exist relating to or arising out of the Securities Purchase Agreement.

3. Confidentiality and Non-Disclosure. Pacific Life hereby agrees that any of the information furnished or otherwise obtained, directly or indirectly, in connection with the transactions contemplated by the Securities Purchase Agreement, by Pacific Life, or its directors, officers, partners, employees, agents or representatives including, without limitation, attorneys, accountants, partners, experts and consultants (collectively, the "Representatives") and all reports, analysis, compilations, data, studies or other documents prepared by Pacific Life or its Representatives containing or based, in whole or in part, on any such furnished information (collectively, the "Information") will be kept strictly confidential and will not, without the prior written consent of the Companies, be disclosed to any other individual, corporation, partnership, joint venture, trust or association in any manner whatsoever, in whole or in part; provided that if Pacific Life determines, based on the advice of counsel, that it is legally obligated to release the Information, Pacific Life may release only such portion of the Information as it is legally required to disclose after notice to and consultation with the Companies.

4. Successors and Assigns. The provisions hereof shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto.

5. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES THEREOF.

6. Entire Agreement; Amendment. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject hereof and supercedes and terminates all prior agreements relating to the subject matter hereof. No party hereto shall have any right or obligation of any kind whatsoever under all other agreements relating to the subject matter hereof between or among Pacific Life on the one hand, and any or all of the Companies, on the other. Except as expressly provided herein, neither this Agreement

nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Companies and by Pacific Life.

7. Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which may be executed by only one of the parties hereto, each of which shall be enforceable against the party actually executing such counterpart, and all of which together shall constitute one instrument. Facsimile signatures shall be deemed to constitute original signatures.

8. Representation and Warranty of the Companies. Each of the Companies represents and warrants to Pacific Life that this Agreement has been duly authorized, executed and delivered by each of them and constitutes a valid and legally binding obligation of each of them. This representation and warranty shall survive execution and delivery of this Agreement and shall not be governed by the provisions of Section 2.2 hereof.

9. Representation and Warranty of Pacific Life. Pacific Life represents and warrants to the Companies that this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and legally binding obligation of it. This representation and warranty shall survive execution and delivery of this Agreement and shall not be governed by the provisions of Section 2.1 hereof.

10. Public Announcements. The Companies, the Subsidiaries or Pacific Life shall use its or their reasonable best efforts, to provide drafts of any press release, public announcement or filing with any Governmental Entity concerning this Agreement or the subject matter hereof, except as and to the extent that any such party shall be obligated to make any such disclosure by law or by the rules of the NYSE, and then only after consultation with the other regarding the basis of such obligation and the content of such press release, public announcement or filing.

Signature page follows.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, all as of the day and year first above written.

COMPANIES:

PRISON REALTY TRUST, INC.

/s/ Thomas W. Beasley

By: Thomas W. Beasley
Its: Chairman of the Board of Directors

CORRECTIONS CORPORATION OF AMERICA

/s/ Doctor R. Crants

By: Doctor R. Crants
Its: Chief Executive Officer

PRISON MANAGEMENT SERVICES, INC.

/s/ Darrell K. Massengale

By: Darrell K. Massengale
Its: Chief Executive Officer

JUVENILE AND JAIL FACILITY
MANAGEMENT SERVICES, INC.

/s/ Darrell K. Massengale

By: Darrell K. Massengale
Its: Chief Executive Officer

PACIFIC LIFE:

PACIFIC LIFE INSURANCE COMPANY

/s/ Samuel Tang

By: Samuel Tang
Its: Assistant Vice President

/s/ Sharon A. Cheever

By: Sharon A. Cheever
Its: Vice President and Assistant Secretary

MUTUAL WRITTEN CONSENT TO TERMINATE
AGREEMENT AND PLAN OF MERGER

This MUTUAL WRITTEN CONSENT TO TERMINATE AGREEMENT AND PLAN OF MERGER, dated as of June 30, 2000 ("the Agreement"), is by and among PRISON REALTY TRUST, INC., a Maryland corporation ("Prison Realty"); CCA ACQUISITION SUB, INC. ("CCA Sub"), PMSI ACQUISITION SUB, INC. ("PMSI Sub"), and JJFMSI ACQUISITION SUB, INC. ("JJFMSI Sub"), each a Tennessee corporation and a wholly-owned subsidiary of Prison Realty; CORRECTIONS CORPORATION OF AMERICA, a Tennessee corporation ("CCA"); PRISON MANAGEMENT SERVICES, INC., a Tennessee corporation ("PMSI"); and JUVENILE AND JAIL FACILITY MANAGEMENT SERVICES, INC., a Tennessee corporation ("JJFMSI").

W I T N E S S E T H:

WHEREAS, Prison Realty, CCA Sub, PMSI Sub, JJFMSI Sub, CCA, PMSI, and JJFMSI are parties to that certain Agreement and Plan of Merger, dated December 26, 1999 (the "Agreement and Plan of Merger");

WHEREAS, Section 7.01 of the Agreement and Plan of Merger provides that the agreement may be terminated at any time prior to the Effective Time (as defined therein) by the mutual written consent of the parties thereto; and

WHEREAS, each of Prison Realty, CCA Sub, PMSI Sub, JJFMSI Sub, CCA, PMSI, and JJFMSI desire to terminate the Agreement and Plan of Merger as evidenced hereby.

NOW, THEREFORE in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

TERMINATION. Each of Prison Realty, CCA Sub, PMSI Sub, JJFMSI Sub, CCA, PMSI, and JJFMSI hereby terminate the Agreement and Plan of Merger pursuant to Section 7.01 thereof.

IN WITNESS WHEREOF, each of the undersigned has caused the foregoing Agreement to be executed as of the date first above written.

COMPANIES:

PRISON REALTY TRUST, INC.

By: /s/Thomas W. Beasley

Name: Thomas W. Beasley
Title: Chairman of the Board of
Directors

[Additional Signature Page to Follow]

CCA ACQUISITION SUB, INC.

By: /s/Darrell K. Massengale

Name: Darrell K. Massengale
Title: President and Chief Executive
Officer

PMSI ACQUISITION SUB, INC.

By /s/Darrell K. Massengale

Name: Darrell K. Massengale
Title: President and Chief Executive
Officer

JJFMSI ACQUISITION SUB, INC.

By: /s/Darrell K. Massengale

Name: Darrell K. Massengale
Title: President and Chief Executive
Officer

CORRECTIONS CORPORATION OF AMERICA

By: /s/Darrell K. Massengale

Name: Darrell K. Massengale
Title: Chief Financial Officer and
Secretary

PRISON MANAGEMENT SERVICES, INC.

By: /s/Darrell K. Massengale

Name: Darrell K. Massengale
Title: President and Chief Executive
Officer

JUVENILE AND JAIL FACILITY
MANAGEMENT SERVICES, INC.

By: /s/Darrell K. Massengale

Name: Darrell K. Massengale
Title: President and Chief Executive
Officer

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the "Agreement"), dated as of June 30, 2000, is made by and among Prison Realty Trust, Inc., a Maryland corporation formerly known as Prison Realty Corporation ("Prison Realty"); and Baron Asset Fund, a Massachusetts business trust ("Baron Asset Fund"), and all series thereof, on behalf of itself and one or more mutual funds managed by it, or its affiliates (collectively, "Baron"). (Baron is sometimes referred to herein as the "Seller").

WITNESSETH:

WHEREAS, Baron owns 1,749,532 shares of the common stock of Corrections Corporation of America, a Tennessee corporation ("CCA"), \$0.01 par value per share (the "CCA Common Stock"), representing approximately 16.0% of CCA's issued and outstanding capital stock on a fully-diluted basis (the "Shares");

WHEREAS, pursuant to the terms of CCA's charter, CCA shall not be merged with or sold to another entity without the prior consent of the holders of 80.0% of CCA's capital stock;

WHEREAS, pursuant to the terms of that certain letter agreement dated December 30, 1998 (the "Letter Agreement"), CCA agreed that it would not merge with or be sold to another entity without the prior consent of Baron (the "Baron Veto Right");

WHEREAS, in connection with the restructuring of Prison Realty (the "Restructuring"), Prison Realty, CCA Acquisition Sub, Inc., a Tennessee corporation and wholly-owned subsidiary of Prison Realty ("CCA Acquisition Sub"), and CCA have entered into, or will contemporaneously herewith enter into, an Agreement and Plan of Merger (the "Merger Agreement"), to effect the merger of CCA with and into CCA Acquisition Sub (the "Merger");

WHEREAS, immediately prior to the consummation of the Merger, Prison Realty desires to purchase, and Baron desires to sell, all of the Shares for the non-cash consideration comprised of securities of Prison Realty as set forth herein;

WHEREAS, in consideration for obtaining the consent of Baron pursuant to the Baron Veto Right, Prison Realty also desires to issue Baron certain securities of Prison Realty as set forth herein;

WHEREAS, Prison Realty and Baron are entering into this Agreement to provide for the purchase and sale of the Shares and to establish various rights and obligations in connection therewith and in connection with such other transactions contemplated hereby; and

WHEREAS, the Restructuring, including the Merger and the transactions contemplated by this Agreement, are intended to serve as an alternative to agreements previously entered into by the parties hereto with respect to a restructuring of Prison Realty, including, but not limited to, (i) the Agreement and Plan of Merger dated December 26, 1999, by and among, Prison Realty and certain of its wholly-owned subsidiaries, including CCA Acquisition Sub, and CCA, Prison Management

Services, Inc. ("PMSI"), and Juvenile and Jail Facility Management Services, Inc. ("JJFMSI") (Prison Realty, CCA, PMSI and JJFMSI known collectively, as the "Companies"), (ii) those certain Securities Purchase Agreements dated December 26, 1999 and April 5, 2000 (as executed on April 16, 2000), respectively, by and among the Companies, on the one hand, and affiliates of the Fortress Investment Group LLC and The Blackstone Group, LLC and Pacific Life Insurance Company, on the other hand, respectively, and (iii) that certain Stock Purchase Agreement dated December 21, 1999 by and among Prison Realty, CCA, Baron and Sodexo Alliance, S.A., a French societe anonyme ("Sodexo").

NOW, THEREFORE, in consideration of the foregoing and of the representations, warranties, conditions, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. PURCHASE AND SALE OF THE SHARES AND CONSIDERATION FOR BARON CONSENT.

1.1 PURCHASE AND SALE OF SHARES. Subject to the terms and conditions of this Agreement and on the basis of the representations and warranties set forth herein, Baron agrees to sell to Prison Realty, and Prison Realty agrees to purchase from Baron, all of the Shares, totaling 1,749,532 shares of CCA Common Stock, for the purchase prices and consideration set forth in Section 1.2 hereof.

1.2 PURCHASE PRICE AND CONSIDERATION FOR THE SHARES. Subject to the terms and conditions set forth in this Agreement, in consideration for the sale and delivery of the Shares by Baron, Prison Realty will issue and deliver to Baron at the Closing, as defined herein, shares of its voting common stock, \$0.01 par value per share ("Prison Realty Common Stock") with an aggregate value of eight million dollars U.S. (\$8,000,000), as calculated below (the Prison Realty Common Stock to be issued and delivered to Baron as consideration for the Shares known as the "Purchase Price").

The number of shares of Prison Realty Common Stock to be issued and delivered to Baron as the Purchase Price shall be determined by dividing \$8,000,000 by the lesser of (i) \$3.4375, the closing price of shares of Prison Realty Common Stock on the New York Stock Exchange (the "NYSE") on Friday, June 23, 2000, (ii) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (iii) the conversion price of any of Prison Realty's secured or unsecured indebtedness existing prior to the Merger, and (iv) the exercise price of any equity securities issued by Prison Realty prior to the Merger in satisfaction of its existing contractual obligations.

1.3 CONSIDERATION FOR BARON CONSENT.

(a) Subject to the terms and conditions set forth in this Agreement, and except as otherwise provided in Section 1.3(b) of this Agreement, in consideration for Baron's consent to the Merger pursuant to the Baron Veto Right, Prison Realty will issue and deliver to Baron at the

Closing, as defined herein, (i) warrants to purchase shares of Prison Realty Common Stock having an aggregate value of two million dollars U.S. (\$2,000,000), as calculated below, with an exercise price equal to \$0.01 per share and pursuant to the form of warrant agreement attached hereto as Exhibit A (the "Baron Series A Warrants"), and (ii) warrants to purchase shares of Prison Realty Common Stock having an aggregate value of one million dollars U.S. (\$1,000,000), as calculated below, at an exercise price equal to the lesser of (a) \$3.4375, the closing price of shares of Prison Realty Common Stock on the NYSE on Friday, June 23, 2000, (b) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (c) the conversion price of any of Prison Realty's secured or unsecured indebtedness existing prior to the Merger, and (d) the exercise price of any equity securities issued by Prison Realty prior to the Merger in satisfaction of its existing contractual obligations, and pursuant to the form of warrant agreement attached hereto as Exhibit B (the "Baron Series B Warrants," and together with the Baron Series A Warrants, the "Baron Warrants" or the "Warrants"). As set forth in Exhibits A and B, respectively, the Warrants shall be exercisable for a period of five years commencing on the date of issuance of the Warrants hereunder.

The number of shares of Prison Realty Common Stock Baron shall receive as the result of its exercise of the Baron Series A Warrants shall be determined by dividing \$2,000,000 by the lesser of (a) \$3.4375, the closing price of shares of Prison Realty Common Stock on the NYSE on Friday, June 23, 2000, (b) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (c) the conversion price of Prison Realty's existing secured or unsecured indebtedness, as may be adjusted, and (d) the exercise price or conversion price of any equity securities issued by Prison Realty in satisfaction of its existing contractual obligations. The number of shares of Prison Realty Common Stock Baron shall receive as the result of its exercise of the Baron Series B Warrants shall be determined by dividing \$1,000,000 by the lesser of (a) \$3.4375, the closing price of shares of Prison Realty Common Stock on the NYSE on Friday, June 23, 2000, (b) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (c) the conversion price of any of Prison Realty's secured or unsecured indebtedness existing prior to the Merger, and (d) the exercise price of any equity securities issued by Prison Realty prior to the Merger in satisfaction of its existing contractual obligations. (The shares to be issued to Baron upon the exercise of the Warrants are known herein as the "Warrant Shares.")

(b) Notwithstanding Section 1.3(a) of this Agreement, in the event that Prison Realty fails to comply with the provisions of Section 3.2(c) of this Agreement: (i) the Series A Warrants shall thereafter constitute warrants to purchase shares of Prison Realty Common Stock having an aggregate value of five million dollars U.S. (\$5,000,000), as calculated below, with an exercise price equal to \$0.01 per share and pursuant to the form of warrant agreement attached hereto as Exhibit A; and (ii) the Series B Warrants shall be terminated. Any reference to the "Warrants" in this Agreement shall, upon the occurrence of the events set forth in this Section 1.3(b), shall be deemed to refer to the Series A Warrants, as modified by this Section 1.3(b).

Following the modification of the Series A Warrants set forth in this Section 1.3(b), the number of shares of Prison Realty Common Stock Baron shall receive as the result of its exercise of the Baron Series A Warrants shall be determined by dividing \$5,000,000 by the lesser of (a) \$3.4375, the closing price of shares of Prison Realty Common Stock on the NYSE on Friday, June 23, 2000, (b) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (c) the conversion price of any of Prison Realty's secured or unsecured indebtedness existing prior to the Merger, and (d) the exercise price of any equity securities issued by Prison Realty prior to the Merger in satisfaction of its existing contractual obligations.

1.4 MERGER VOTES. Subject to the terms and conditions set forth in this Agreement, in consideration for the purchase of the Shares by Prison Realty, and in consideration for the payment of additional consideration in connection with the Baron Veto Right, Baron hereby consents to the Merger in accordance with the Letter Agreement and further agrees to vote, or cause to be voted, all of the Shares in favor of the Merger and the related transactions to be approved by the shareholders of CCA in connection therewith and agrees to vote, or cause to be voted, any shares of Prison Realty stock owned by the Baron Asset Fund in favor of the actions recommended by the Board of Directors of Prison Realty for approval by Prison Realty's stockholders at a special meeting of the stockholders of Prison Realty to be held in connection with Restructuring.

1.5 EFFECT ON CERTAIN EXISTING AGREEMENTS. Subject to the terms and conditions set forth herein, the parties hereto acknowledge and agree (and the parties have received a letter from CCA pursuant to which CCA acknowledges and agrees) that this agreement supercedes the Purchase-Related Agreements (as herein defined) with respect to the parties' rights, duties and obligations thereunder and the Purchase-Related Agreements shall each, at the time of the Closing and thereafter, be considered null and void and of no further force or effect with respect to the parties, and the rights and obligations contained in each such document shall no longer be binding upon the parties hereto. For purposes hereof, "Purchase-Related Agreements" means all agreements entered into by and among the parties hereto in connection with the purchase by Sodexho and Baron of the Shares from CCA, including without limitation (i) the Stock Purchase Agreement, dated December 28, 1998, by and among CCA, Sodexho and Baron, (ii) the Registration Rights Agreement, dated December 30, 1998, by and among CCA, Sodexho and Baron, (iii) the letter agreement, dated December 30, 1998, by and between CCA and Baron, (iv) the letter agreement, dated December 30, 1998, by and among CCA, Baron, and CCA Prison Realty Trust (a predecessor in interest to Prison Realty) ("Old Prison Realty"), (v) the letter agreement, dated December 30, 1998, by and among Old CCA (as hereinafter defined), Baron, Old Prison Realty, and Prison Realty, (vi) the Shareholders' Agreement, dated December 30, 1998, among Baron, Sodexho and CCA, and (vii) the Agreement in Principle, dated October 15, 1998, among Baron, Old Prison Realty, the former Corrections Corporation of America (a predecessor in interest to Prison Realty) ("Old CCA") and CCA.

1.6 CLOSING. The closing of the purchase by Prison Realty of the Shares and the issuance by Prison Realty of additional consideration to Baron in connection with the Baron Veto Right (the

"Closing") shall take place at a time to be mutually agreed upon by the parties, at the offices of Stokes & Bartholomew, P.A. in Nashville, Tennessee or at such other place as the parties shall mutually agree; provided, however, that the Closing shall take place prior to the closing of the Merger.

At the Closing, Baron shall deliver to Prison Realty a certificate or certificates, registered in Baron's name, representing the Shares being acquired by Prison Realty pursuant to this Agreement, accompanied by a blank stock power relating thereto, against payment of the Purchase Price. At the Closing, Prison Realty shall deliver to Baron a certificate or certificates, registered in Baron's name, representing the shares of Prison Realty Common Stock being issued to Baron as the Purchase Price pursuant to the terms of this Agreement. At the Closing, Prison Realty shall also deliver to Baron the Warrants being issued to Baron in consideration for its consent to the Merger in connection with the Baron Veto Right.

1.7 TERMINATION. This Agreement may be terminated by any of the parties hereto if the purchase and sale of the Shares shall not have been consummated on or before October 31, 2000, unless the failure to consummate the purchase and sale of the Shares is the result of a material breach of this Agreement by the party seeking to terminate this Agreement. Upon termination of this Agreement pursuant to this Section 1.7, this Agreement shall forthwith become void and shall have no effect, and the obligations of the parties hereto with respect to the matters set forth herein shall terminate.

2. REPRESENTATIONS AND WARRANTIES OF BARON. Baron hereby represents and warrants to Prison Realty as of the date hereof as follows:

2.1 ORGANIZATION. Baron represents and warrants that it is a business trust duly organized, validly existing and in good standing under the laws of the State of Massachusetts.

2.2 DUE AUTHORIZATION. Baron has all right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Baron and the consummation by Baron of the transactions contemplated hereby have been duly authorized by all necessary action on behalf of Baron. This Agreement has been duly executed and delivered by Baron and constitutes a valid and binding agreement of Baron enforceable in accordance with its terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

2.3 OWNERSHIP OF SHARES. (i) Hare & Co. is the record owner, and Baron is the beneficial owner, of the number of Shares set forth in Section 1.1 hereof, free and clear of all liens, claims, charges, restrictions, security interests, equities, proxies, pledges or encumbrances of any kind; (ii) except for the Shares, Baron does not own any other capital stock, equity interest or debt

instrument issued by CCA, nor do either of them own any right, option or warrant to acquire any of the foregoing; (iii) Baron has the full right, power, authority and capacity to sell and transfer the Shares owned by it; and (iv) by virtue of the transfer of the Shares owned by Baron to Prison Realty at the Closing, Prison Realty will obtain full title to such Shares, free and clear of all liens, claims, charges, restrictions, security interests, equities, proxies, pledges or encumbrances of any kind. As of the date of the Closing, Baron represents that it has no claims of any kind against Prison Realty or CCA, with respect to the Shares, or the sale thereof.

2.4 CONFLICTING AGREEMENTS AND OTHER MATTERS. Neither the execution and delivery of this Agreement nor the performance by Baron of its obligations hereunder will conflict with, result in a breach of the terms, conditions or provisions of, constitute a default under, result in the creation of any mortgage, security interest, encumbrance, lien or charge of any kind upon any of the properties or assets of Baron pursuant to, or require any consent, approval or other action by or any notice to or filing with any court or administrative or governmental body pursuant to, the organizational documents or agreements of Baron or any agreement, instrument, order, judgment, decree, statute, law, rule or regulation by which Baron is bound.

2.5 BROKERAGE. There are no claims for brokerage commissions or finder's fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement made by or on behalf of Baron.

2.6 OFFERING OF SHARES. Neither Baron nor any Person, as defined hereafter, acting on the behalf of either of them has offered the Shares for sale to, solicited any offers to buy the Shares from or otherwise approached or negotiated with respect to the CCA Common Stock with any Person other than Prison Realty. Neither Baron nor any Person acting on the behalf of either of them has taken or will take any action (including, without limitation, any offering of any securities of CCA under circumstances which would require the integration of such offering with the offering of the Shares under the Securities Act of 1933, as amended (the "Act") and the rules and regulations of the U.S. Securities and Exchange Commission (the "Commission") thereunder) which might subject the sale of the Shares to the registration requirements of Section 5 of the Act.

2.7 ACTIONS PENDING; COMPLIANCE WITH LAW. (a) There is no action, suit, investigation, proceeding, claim or penalty pending or, to the knowledge of Baron threatened by any public official or governmental authority or agency, against Baron or any of its respective properties or assets by or before any court, arbitrator or governmental body, department, commission, board, bureau, agency or instrumentality, which questions the validity of this Agreement or the Shares or any action taken or to be taken pursuant hereto or thereto or which is reasonably likely to result in any material adverse change in the business, prospects or financial condition of Baron, (b) Baron is not in default in any material respect with respect to any judgment, order, writ, injunction, decree or award; and (c) the business of Baron is in compliance with applicable Federal, state, local and foreign governmental laws and regulations, all to the extent necessary to avoid any material adverse effect on the business, properties or condition (financial or other) of Baron taken as a whole.

3. REPRESENTATIONS AND WARRANTIES OF PRISON REALTY. Prison Realty hereby represents and warrants to Baron as of the date hereof as follows:

3.1 ORGANIZATION. Prison Realty is a corporation duly organized and existing in good standing under the laws of the State of Maryland and has the power to own its respective property and to carry on its respective business as now being conducted.

3.2 DUE AUTHORIZATION.

(A) The execution and delivery of this Agreement by Prison Realty and compliance by Prison Realty with all the provisions of this Agreement (i) are within the corporate power and authority of Prison Realty; and (ii) have been authorized by all requisite corporate proceedings on the part of Prison Realty. This Agreement has been duly executed and delivered by Prison Realty and constitutes the valid and binding agreement of Prison Realty enforceable in accordance with its terms, except that (a) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors rights, and (b) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(B) The Prison Realty Common Stock and the Warrant Shares have been duly authorized by Prison Realty, and the Prison Realty Common Stock and Warrant Shares have been reserved for issuance and, when issued and delivered in accordance with this Agreement, will be validly issued, fully paid and nonassessable and listed for trading on the NYSE or such other exchange as Prison Realty Common Stock may be traded. There are no preemptive rights or other rights to subscribe for or purchase securities existing with respect to the issuance of the Prison Realty Common Stock by Prison Realty pursuant hereto.

(C) Prison Realty shall: (i) at the Closing, have filed with the Commission a registration statement which shall have been declared effective by the Commission with respect to the issuance of the Prison Realty Common Stock at Closing and the issuance of the Warrant Shares upon conversion of the Warrants; or, in the alternative, (ii) have filed, within 15 days following the Closing, a registration statement which is subsequently declared effective by the Commission within 60 days following the filing of such registration statement with the Commission, and thereafter maintain the effectiveness of such registration statement until the expiration of the Warrants, with respect to the resale of all or a portion of the Prison Realty Common Stock and the Warrant Shares by Baron.

3.3 CONFLICTING AGREEMENTS AND CHARTER PROVISIONS. Neither the execution and delivery of this Agreement and the purchase of the Shares or the issuance and delivery of the Prison Realty Common Stock or Warrants as consideration therefore, nor fulfillment of nor compliance with the terms and provisions hereof or thereof, will conflict with or result in a breach of the terms, conditions or provisions of, or give rise to a right of termination under, or constitute a default under, or result in any violation of, the Charter or Bylaws of Prison Realty or any mortgage, agreement,

security, instrument, order, judgment, decree, statute, law, rule or regulation to which Prison Realty or any of its property is subject.

3.4 BROKERS OR FINDERS. No agent, broker, investment banker or other firm or Person, is or will be entitled to any broker's fee or any other commission or similar fee from Prison Realty in connection with any of the transactions contemplated by this Agreement. As used herein, "Person" shall mean any individual, partnership, joint venture, corporation, trust, unincorporated organization, government or department or agency of a government.

4. CONDITIONS TO THE OBLIGATIONS OF EACH OF PRISON REALTY AND BARON. The obligations of the parties to consummate the transactions contemplated hereunder shall be contingent upon the satisfaction of the conditions contained in this Section 4. If any of these conditions is not satisfied, or waived by the appropriate party, no party hereto shall have any obligation to perform any of its obligations under this Agreement, and this Agreement shall be void and of no further force and effect.

4.1 Those conditions precedent set forth in Sections 5.01, 5.02, and 5.03 of the Merger Agreement (with the exception of the condition in Section 5.02(f) related to the purchase of the Shares).

4.2 The approval of the Merger and the transactions contemplated hereby by Lehman Commercial Paper Inc. ("Lehman"), the administrative agent of the Company's \$1.0 billion senior secured credit facility, as required by the terms of the Amended and Restated Credit Agreement dated August 4, 1999 by and among the Company as Borrower, certain of its subsidiaries as Guarantors, those parties identified as the Lenders thereunder, Lehman as Administrative Agent, Societe Generale as Documentation Agent, The Bank of Nova Scotia as Syndication Agent, and Southtrust Bank (formerly known as Southtrust Bank, N.A.) as Co-Agent, as amended by the terms of the Waiver and Amendment, dated June 9, 2000.

5. CONDITIONS TO THE OBLIGATIONS OF PRISON REALTY. The obligation of Prison Realty to purchase the Shares and to issue the consideration for its consent to the Merger in connection with the Baron Veto Right at the Closing is, at its option, subject to the satisfaction, on or before such date, of the following conditions:

(A) The representations and warranties of Baron contained in Section 2 hereof shall be true and correct on and as of the date of the Closing with the same effect as though such representations and warranties had been made on and as of such date, and Baron shall have certified to such effect to Prison Realty in writing.

(B) Baron shall have performed and complied with all agreements and conditions contained herein required to be performed or complied with by it prior to or at the date of the Closing, and Baron shall have certified to such effect to Prison Realty in writing.

(C) All corporate and other proceedings to be taken by Baron in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in form and substance to Prison Realty and its counsel, and Prison Realty and its counsel shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request.

(D) Pursuant to Section 1.4 herein, Baron shall have voted, or caused to be voted, all of the Shares in favor of the Merger and the related transactions to be approved by the stockholders of CCA in connection therewith and shall have voted, or caused to be voted, any shares of Prison Realty stock owned by it in favor of the matters necessary to complete the Restructuring to be approved by the stockholders of Prison Realty in connection therewith.

6. CONDITIONS TO THE OBLIGATIONS OF BARON. The obligation of Baron to sell the Shares being purchased by Prison Realty at the Closing is subject to the satisfaction, on or before such dates, of the following conditions:

(A) The representations and warranties contained in Section 3 hereof shall be true and correct on and as of the date of the Closing with the same effect as though such representations and warranties had been made on and as of such date.

(B) Prison Realty shall have performed and complied with all agreements and conditions contained herein required to be performed or complied with by it prior to or on the date of the Closing.

(C) All corporate and other proceedings to be taken by Prison Realty in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in form and substance to Baron and its counsel, and Baron and its counsel shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request.

(D) The shares of Prison Realty Common Stock to be issued as consideration for the purchase of the Shares and the Warrant Shares shall have been approved for listing on the NYSE, subject to official notice of issuance, if applicable.

7. MISCELLANEOUS.

7.1 GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee without giving effect to conflicts of law principles thereof.

7.2 JURISDICTION; FORUM; SERVICE OF PROCESS; WAIVER OF JURY TRIAL. With respect to any suit, action or proceeding ("Proceeding") arising out of or relating to this Agreement each of Prison Realty and Baron hereby irrevocably:

(A) submit to the exclusive jurisdiction of the United States District Court for the Middle District of Tennessee or any state court located in the State of Tennessee, County of Davidson (the "Selected Courts") and waive any objection to venue being laid in the Selected Courts whether based on the grounds of FORUM NON CONVENIENS or otherwise;

(B) consent to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to any party hereto at their respective addresses referred to in Section 8.5 hereof; provided, however, that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law; and

(C) waive, to the fullest extent permitted by law, any right they may have to a trial by jury in any Proceeding.

7.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors by operation of law and permitted assigns of the parties hereto. No assignment of this Agreement may be made by any party at any time, whether or not by operation of law, without the other parties' prior written consent.

7.4 ENTIRE AGREEMENT; AMENDMENT. This Agreement together with the Exhibits attached hereto constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by all parties hereto.

7.5 NOTICES, ETC. All notices and other communications provided for or permitted hereunder shall be made in writing and delivered by hand delivery, facsimile, or any courier guaranteeing overnight delivery to the addresses and/or facsimile numbers listed below. All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt is confirmed, if delivered by facsimile; and on the next business day, if timely delivered to a courier guaranteeing overnight delivery.

if to Prison Realty:

Prison Realty Trust, Inc.
10 Burton Hills Boulevard, Suite 100
Nashville, TN 37215
Attention: Thomas W. Beasley, Chairman of the Board of Directors

with a copy to:

Stokes & Bartholomew, P.A.
424 Church St., Suite 2800
Nashville, TN 37219
Attention: Elizabeth E. Moore, Esq.

if to Baron:

Baron Capital Group, Inc.
767 Fifth Avenue, 49th Floor
New York, NY 10153
Attention: Linda Martinson, Esq.

or to such other address as any party may, from time to time, designate in a written notice given in a like manner.

7.6 DELAYS OR OMISSIONS. Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach or default of another party under this Agreement, shall impair any such right, power or remedy nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any such party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party shall be cumulative and not alternative.

7.7 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which may be executed by only one of the parties hereto, each of which shall be enforceable against the party actually executing such counterpart, and all of which together shall constitute one instrument.

7.8 SEVERABILITY. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provisions; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

7.9 TITLES AND SUBTITLES. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. The terms "affiliate" and "associate" shall have the meanings ascribed to them in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

7.10 FURTHER ACTIONS; REASONABLE EFFORTS. Upon the terms and subject to the conditions hereof, each of the parties agrees to use its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including without limitation (i) the obtaining of all necessary actions or nonactions, waivers, consents and approvals from governmental or regulatory entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) the obtaining of all necessary consents, approvals or waivers from third parties, (iii) the defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity or any restraint vacated or reversed, and (iv) the execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of this Agreement.

7.11 ENFORCEMENT OF AGREEMENT. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any of the Selected Courts, this being in addition to any other remedy to which they are entitled at law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto.

7.12 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. (a) All representations and warranties contained herein or made in writing by any party in connection herewith shall survive the execution and delivery of this Agreement and the purchase, sale and delivery of the Shares and the issuance and delivery of the Warrants and the Warrant Shares, regardless of any investigation made by or on behalf of any party; (b) Baron hereby covenants and agrees with Prison Realty that, regardless of any investigation made at any time by or on behalf of Prison Realty or any information Prison Realty may have and, regardless of the Closings hereunder, Baron shall indemnify Prison Realty and its respective directors, officers, employees and affiliates, and each of its successors and assigns, and hold it and them harmless from, against and in respect of any and all costs, losses, claims, liabilities, fines, penalties, damages and expenses (including interest which may be imposed in connection therewith, court costs and reasonable fees and disbursements of counsel) incurred by any of them resulting from any misrepresentation, breach of warranty or nonfulfillment of any agreement, covenant or obligation made by Baron in this Agreement (including without limitation any certificate, document or instrument delivered in connection herewith); and (c) Prison Realty hereby covenants and agrees with Baron that, regardless of any investigation made at any time by or on behalf of Baron or any information Baron may have and, regardless of the Closing hereunder, Prison Realty shall indemnify Baron and its respective directors, officers, employees and affiliates, and each of its successors and assigns, and hold it and them harmless from, against and in respect

of any and all costs, losses, claims, liabilities, fines, penalties, damages and expenses (including interest which may be imposed in connection therewith, court costs and reasonable fees and disbursements of counsel) incurred by any of them resulting from any misrepresentation, breach of warranty or nonfulfillment of any agreement, covenant or obligation made by Prison Realty in this Agreement (including without limitation any certificate, document or instrument delivered in connection herewith)

7.13 EXPENSES. Except as otherwise provided in this Agreement, or in any other agreement referred to in this Agreement, each of the parties shall be responsible for their own expenses relating to the transactions contemplated hereby.

IN WITNESS WHEREOF, Prison Realty and Baron have caused this Agreement to be duly executed and delivered, all as of the day and year first above written.

PRISON REALTY:

PRISON REALTY TRUST, INC.
A MARYLAND CORPORATION

By: /s/ Thomas W. Beasley

Its: Chairman of the Board of Directors

BARON:

BARON ASSET FUND, A MASSACHUSETTS BUSINESS TRUST, AND ALL SERIES THEREOF

By: /s/ Ronald Baron

Its: President

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE PROVISIONS OF A STOCK PURCHASE AGREEMENT, DATED AS OF JUNE __, 2000, BY AND AMONG PRISON REALTY TRUST, INC., A MARYLAND CORPORATION; CORRECTIONS CORPORATION OF AMERICA, A TENNESSEE CORPORATION FORMERLY KNOWN AS CORRECTIONAL MANAGEMENT SERVICES CORPORATION; AND BARON ASSET FUND, A MASSACHUSETTS BUSINESS TRUST, AND ALL SERIES THEREOF, ON BEHALF OF ITSELF AND ONE OR MORE MUTUAL FUNDS MANAGED BY IT, OR ITS AFFILIATES (THE "STOCK PURCHASE AGREEMENT"), COPIES OF WHICH ARE ON FILE AT THE OFFICES OF THE CORPORATION.

CORRECTIONS CORPORATION OF AMERICA
COMMON STOCK PURCHASE WARRANT

Warrant No.: W-A

Date: [September __, 2000]

This Warrant Certificate certifies that, _____, or registered assigns (collectively, the "Warrantholder"), is the registered holder of this Common Stock Purchase Warrant expiring on or before the Expiration Date (the "Warrants") to purchase shares of Common Stock, par value \$0.01 per share (the "Common Stock"), of Corrections Corporation of America, formerly Prison Realty Trust, Inc., a Maryland corporation (the "Company"). Each Warrant entitles the Warrantholder, upon exercise at any time and from time to time during the period from the date of this Warrant through [September __, 2005] (the "Expiration Date"), to purchase all or a portion of the Warrant Shares at the exercise price of \$0.01 per share (the "Exercise Price"), payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price, all subject to the terms, conditions and adjustments herein set forth.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Section 9 hereto or otherwise those meanings ascribed to them in the Stock Purchase Agreement.

1. Duration and Exercise of Warrant; Limitations on Exercise; Payment of Taxes.

1.1 Duration and Exercise of Warrant. Subject to the terms and conditions set forth herein, the Warrant may be exercised, either in whole or from time to time in part, at the election of the Warrantholder by:

- (a) the surrender of this Warrant to the Company, with a duly executed Exercise Form (in the form annexed hereto as Exhibit A) specifying that portion of the Principal Amount to be used

to purchase Warrant Shares, during normal business hours on any Business Day prior to the Expiration Date (as used in this Agreement, "Business Day" shall mean a day other than a Saturday, Sunday or a day on which banking institutions in the State of Maryland are required or authorized to close by applicable law, regulation or executive order); and

(b) the delivery of payment to the Company, for the account of the Company, by cash, by certified or bank cashier's check or by wire transfer of immediately available funds in accordance with wire instructions that shall be provided by the Company upon request, of that portion of the Principal Amount specified in the Exercise Form in lawful money of the United States of America.

Upon such surrender of the Warrants and payment of the Exercise Price, the Company shall issue and cause to be delivered with all reasonable dispatch to, or upon the written order of, the Warrantholder, a certificate or certificates for the number of full Warrant Shares issuable upon the exercise of such Warrants. The Company agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder as the record holder of such Warrant Shares as of the close of business on the Business Day on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid. All Warrant Certificates surrendered upon exercise of Warrants shall be canceled and disposed of by the Company.

1.2 Limitations on Exercise. Notwithstanding anything to the contrary herein, this Warrant may be exercised only upon receipt by the Company of approval of any applicable Governmental Authority of the proposed exercise. The Warrantholder shall not be entitled to exercise this Warrant, or any part thereof, unless and until such approvals, certificates, legal opinions or other documents are reasonably acceptable to the Company. The cost of such approvals, certificates, legal opinions and other documents, if required, shall be borne by the Warrantholder.

1.3 Warrant Shares Certificate. A stock certificate or certificates for the Warrant Shares purchased by the Warrantholder shall be delivered to the Warrantholder within five Business Days after receipt of the Exercise Form and receipt of payment of all or a portion of the Principal Amount, as designated in the Exercise Form. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, deliver to the Warrantholder a new Warrant evidencing the rights to use the remaining portion of the Principal Amount to purchase Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant.

1.4 Payment of Taxes. The issuance of certificates for Warrant Shares upon the exercise of Warrants shall be made without charge to the Warrantholder for any documentary stamp or similar stock transfer or other issuance tax in respect thereto; provided, however, that the Warrantholder shall be required to pay any and all taxes which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the registered Warrantholder as reflected upon the books of the Company.

1.5 Divisibility of Warrant; Transfer of Warrant.

(a) Subject to the provisions of this Section, this Warrant may be divided upon surrender at the office of the Company located at 10 Burton Hills Boulevard, Nashville, Tennessee 37215, without charge to the Warrantholder. Subject to the provisions of this Section, upon such division, the Warrants may be transferred of record as the then-Warrantholder may specify without charge to such Warrantholder (other than any applicable transfer taxes).

(b) Subject to the provisions of this Section, upon surrender of this Warrant to the Company with a duly executed Assignment Form (in the form annexed hereto as Exhibit B) and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant or Warrants which shall in all material respects be identical with this Warrant, in the name of the assignee named in such Assignment Form, and this Warrant shall promptly be canceled. Prior to any proposed transfer (whether as the result of a division or otherwise) of this Warrant, such Warrantholder shall give written notice to the Company of such Warrantholder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail. The term "Warrant" as used in this Agreement shall be deemed to include any Warrants issued in substitution or exchange for this Warrant.

2. Reservation and Registration of Shares, etc. The Company covenants and agrees as follows:

(a) all Warrant Shares which are issued upon the exercise of this Warrant will, upon issuance, be validly issued, fully paid and nonassessable, not subject to any preemptive rights, and free from all taxes, liens, security interests, charges and other encumbrances with respect to the issue thereof, other than taxes with respect to any transfer occurring contemporaneously with such issue;

(b) during the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved, and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants; and

(c) the Company will use its reasonable best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

(d) prior to the Expiration Date, the Company shall use its reasonable best efforts to (i) maintain an effective registration statement covering the shares of Common Stock of the Company which may then be issuable upon exercise of all outstanding Warrants and, if necessary, amend and supplement the same and (ii) make all filings required to obtain all Blue Sky exemptions, authorizations, consents or approvals required for the issuance of shares of Common Stock upon exercise of all outstanding Warrants.

3. Obtaining Stock Exchange Listings. The Company will from time to time take all action which may be necessary so that the Warrant Shares, immediately upon their issuance upon the exercise of Warrants, will be listed on the principal securities exchanges and markets within the United States of America, if any, on which other shares of Common Stock are listed.

4. Loss or Destruction of Warrant. Subject to the terms and conditions hereof, upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of such bond or indemnification as the Company may reasonably require, and, in the case of such mutilation, upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor.

5. Ownership of Warrant. The Company may deem and treat the Warrantholder as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer.

6. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Warrantholder. Any amendment or waiver effected in accordance with this Section 6 shall be binding upon the Warrantholder and the Company.

7. Certain Corporate Actions.

7.1 Distributions to all Holders of Common Stock. If the Company shall, at any time after the date of issuance of this Warrant, fix a record date to distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (not including regular quarterly cash dividends or distributions paid from retained earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities [(provided, however, that (i) the distribution of the Company's Series B Preferred Stock to the existing holders of the Company's Common Stock and (ii) the issuance of rights to purchase shares of the Company's Common Stock to existing holders of the Company's Common Stock shall not constitute such a distribution giving rise to adjustment under this Section 7.1)], then the Warrantholder shall be entitled to receive, upon exercise of this Warrant, that portion of such distribution to which it would have been entitled had the Warrantholder exercised its Warrant immediately prior to the date of such distribution. At the time it fixes the record date for such distribution, the Company shall allocate sufficient reserves to ensure the timely and full performance of the provisions of this subsection. The Company shall promptly (but in any case no later than five Business Days prior to the record date of such distribution) give notice to the Warrantholder that such distribution will take place.

7.2 Changes in Capital Stock. In case at any time the Company shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Company's assets, liquidation or recapitalization of the capital stock) in which the previously outstanding capital stock shall be changed into or exchanged for different securities of the Company or common stock or other securities of another corporation or interest in a non-corporate entity or other property (including cash) or any combination of any of the foregoing or in which the Common Stock, if then so listed or traded, ceases to be a publicly traded security either listed on the New York Stock Exchange or the American Stock Exchange or quoted by the NASDAQ National Market System or any successor thereto or comparable system (each such transaction being herein called the "Transaction," the date of consummation of the Transaction being herein called the "Consummation Date"), then, as a condition of the consummation of the Transaction, lawful and adequate provisions shall be made so that each holder of Warrants, upon the exercise thereof at any time on or after the Consummation Date, shall be entitled to receive, and such Warrants shall thereafter represent the right to receive, in lieu of the Common Stock issuable upon such exercise prior to the Consummation Date, the highest amount of securities or other property to which such holder would actually have been entitled as a shareholder upon the consummation of the Transaction if such holder had exercised such Warrants immediately prior thereto.

7.3 Prohibited Transactions. Notwithstanding anything contained herein to the contrary, the Company shall not effect any Transaction unless prior to the consummation thereof each corporation or entity (other than the Company) which may be required to deliver any securities or other property upon the exercise of the Warrant, the surrender of Warrants or the satisfaction of exercise rights as provided herein shall assume, by written instrument delivered to the holder of the Warrants, the obligation to deliver to such holder such securities or other property to which, in accordance with the foregoing provisions, such holder may be entitled, and such corporation or entity shall have similarly delivered to the holder of the Warrant appropriate notice of the changes made in the rights attaching to the Warrants as a result of such Transaction, including, without limitation, the exercise provisions applicable thereto, if any, which shall thereafter continue in full force and effect and shall be enforceable against such corporation or entity in accordance with the terms hereof and thereof, together with such other matters as such holders may reasonably request.

8. Expiration of the Warrant. The obligations of the Company pursuant to this Warrant shall terminate on the Expiration Date.

9. Definitions.

As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Conversion Value" shall mean, with respect to a share of Common Stock as of a particular date, (a) \$3.4375, the closing price of shares of Prison Realty Common Stock on the NYSE on Friday, June 23, 2000, (b) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (c) the

conversion price of Prison Realty's existing secured or unsecured indebtedness, as may be adjusted, and (d) the exercise price or conversion price of any equity securities issued by Prison Realty in satisfaction of its existing contractual obligations.

"Exercise Date" shall mean the second Business Day following the date of the Company's receipt from the Warrantholder of the Warrant, together with a duly executed Exercise Form and payment of the Exercise Price.

"Governmental Authority" shall mean the government of any nation, state, city, locality or other political subdivision of any thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government having or asserting jurisdiction over a Person, its business or its properties.

"Person" shall mean any individual, firm, company, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind.

"Principal Amount" shall mean \$2,000,000.

"Warrant Shares" shall mean that number of shares of Common Stock which result from the quotient obtained by dividing (i) the Principal Amount, less any portion of the Principal Amount previously converted into Warrant Shares pursuant to this Warrant by (ii) the Conversion Value of the Common Stock on the Exercise Date.

"Stock Purchase Agreement" shall mean that certain Stock Purchase Agreement, dated as of June __, 2000, by and among Prison Realty Trust, Inc., a Maryland corporation; Corrections Corporation of America, a Tennessee corporation formerly known as Correctional Management Services Corporation; and Baron Asset Fund, a Massachusetts business trust, and all series thereof, on behalf of itself and one or more mutual funds managed by it, or its affiliates.

10. No Impairment. The Company shall not by any action, including, without limitation, amending the Articles of Incorporation of the Company or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such reasonable actions as may be necessary or appropriate to protect the rights of the Warrantholder against impairment. Without limiting the generality of the foregoing, the Company shall (a) take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (b) provide reasonable assistance to the Warrantholder in obtaining all authorizations, exemptions or consents from any Governmental Authority which may be necessary in connection with the exercise of this Warrant.

11. Miscellaneous.

11.1 Entire Agreement. This Warrant constitutes the entire agreement between the Company and the Warrantholder with respect to the Warrants.

11.2 Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrantholder and its respective heirs, legal representatives, successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any Person other than the Company and the Warrantholder, or its respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

11.3 Section and Other Headings. The section and other headings contained in this Warrant are for reference purposes only and shall not be deemed to be a part of this Warrant or to affect the meaning or interpretation of this Warrant.

11.4 Further Assurances. Each of the Company and the Warrantholder shall do and perform all such further acts and things and execute and deliver all such other certificates, instruments and documents as the Company or the Warrantholder may, at any time and from time to time, reasonably request in connection with the performance of any of the provisions of this Warrant.

11.5 Notices. All notices and other communications required or permitted to be given under this Warrant shall be in writing and shall be deemed to have been duly given if (i) delivered personally or (ii) sent by facsimile or recognized overnight courier or by United States first class certified mail, postage prepaid, to the parties hereto at the following addresses or to such other address as any party hereto shall hereafter specify by notice to the other party hereto:

if to the Company, addressed to:

Corrections Corporation of America
10 Burton Hills Boulevard
Nashville, Tennessee 37215
Attention: Chief Financial Officer or Secretary
Fax Number: (615) 263-0234

with a copy to:

Stokes & Bartholomew, P.A.
424 Church Street, Suite 2800
Nashville, Tennessee 37219
Attention: Elizabeth E. Moore, Esq.
Fax Number: (615) 259-1470

if to the Warrantholder, addressed to:

Baron Capital Group, Inc.
767 Fifth Avenue, 49th Floor
New York, NY 10153
Attention: Linda Martinson, Esq.

Except as otherwise provided herein, all such notices and communications shall be deemed to have been received (a) on the date of delivery thereof, if delivered personally or sent by facsimile, (b) on the second Business Day following delivery into the custody of an overnight courier service, if sent by overnight courier, provided that such delivery is made before such courier's deadline for next-day delivery, or (c) on the third Business Day after the mailing thereof.

11.6 Separability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

11.7 Governing Law. THIS WARRANT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF MARYLAND AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF SUCH STATE APPLICABLE TO SUCH AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

11.8 No Rights or Liabilities as Stockholder. Nothing contained in this Warrant shall be deemed to confer upon the Warrantholder any rights as a stockholder of the Company or as imposing any liabilities on the Warrantholder to purchase any securities whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

CORRECTIONS CORPORATION OF AMERICA

By: _____

ATTEST:

By: _____

EXHIBIT A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant, to use \$_____ of the Principal Amount (as such term is defined in the Warrant) to purchase shares of Common Stock and herewith tenders payment for such Common Stock to the order of Corrections Corporation of America in the amount of \$_____, which amount includes payment of the par value for such shares of the Common Stock, in accordance with the terms of this Warrant. The undersigned requests that a certificate for such shares of Common Stock be registered in the name of _____ and that such certificates be delivered to _____ whose address is _____.

Dated: _____

Signature _____

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

EXHIBIT B

FORM OF ASSIGNMENT

(To be executed only upon transfer of this Warrant)

For value received, the undersigned registered holder of the within Warrant hereby sells, assigns and transfers unto _____ the right represented by such Warrant to use \$_____ of the Principal Amount (as such term is defined in the Warrant) to purchase shares of Common Stock of Corrections Corporation of America to which such Warrant relates and all other rights of the Warrantholder under the within Warrant, and appoints _____ Attorney to make such transfer on the books of Corrections Corporation of America maintained for such purpose, with full power of substitution in the premises. This sale, assignment and transfer has been previously approved in writing by Corrections Corporation of America.

Dated: _____

Signature _____

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE PROVISIONS OF A STOCK PURCHASE AGREEMENT, DATED AS OF JUNE __, 2000, BY AND AMONG PRISON REALTY TRUST, INC., A MARYLAND CORPORATION; CORRECTIONS CORPORATION OF AMERICA, A TENNESSEE CORPORATION FORMERLY KNOWN AS CORRECTIONAL MANAGEMENT SERVICES CORPORATION; AND BARON ASSET FUND, A MASSACHUSETTS BUSINESS TRUST, AND ALL SERIES THEREOF, ON BEHALF OF ITSELF AND ONE OR MORE MUTUAL FUNDS MANAGED BY IT, OR ITS AFFILIATES (THE "STOCK PURCHASE AGREEMENT"), COPIES OF WHICH ARE ON FILE AT THE OFFICES OF THE CORPORATION.

CORRECTIONS CORPORATION OF AMERICA
COMMON STOCK PURCHASE WARRANT

Warrant No.: W-B

Date: [September __, 2000]

This Warrant Certificate certifies that, _____, or registered assigns (collectively, the "Warrantholder"), is the registered holder of this Common Stock Purchase Warrant expiring on or before the Expiration Date (the "Warrants") to purchase shares of Common Stock, par value \$0.01 per share (the "Common Stock"), of Corrections Corporation of America, formerly Prison Realty Trust, Inc., a Maryland corporation (the "Company"). Each Warrant entitles the Warrantholder, upon exercise at any time and from time to time during the period from the date of this Warrant through [September __, 2005] (the "Expiration Date"), to purchase all or a portion of the Warrant Shares at the Exercise Price, payable in lawful money of the United States of America upon surrender of this Warrant Certificate and payment of the Exercise Price, all subject to the terms, conditions and adjustments herein set forth.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Section 9 hereto or otherwise those meanings ascribed to them in the Stock Purchase Agreement.

1. Duration and Exercise of Warrant; Limitations on Exercise; Payment of Taxes.

1.1 Duration and Exercise of Warrant. Subject to the terms and conditions set forth herein, the Warrant may be exercised, either in whole or from time to time in part, at the election of the Warrantholder by:

- (a) the surrender of this Warrant to the Company, with a duly executed Exercise Form (in the form annexed hereto as Exhibit A) specifying that portion of the Principal Amount to be used

to purchase Warrant Shares, during normal business hours on any Business Day prior to the Expiration Date (as used in this Agreement, "Business Day" shall mean a day other than a Saturday, Sunday or a day on which banking institutions in the State of Maryland are required or authorized to close by applicable law, regulation or executive order); and

(b) the delivery of payment to the Company, for the account of the Company, by cash, by certified or bank cashier's check or by wire transfer of immediately available funds in accordance with wire instructions that shall be provided by the Company upon request, of that portion of the Principal Amount specified in the Exercise Form in lawful money of the United States of America.

Upon such surrender of the Warrants and payment of the Exercise Price, the Company shall issue and cause to be delivered with all reasonable dispatch to, or upon the written order of, the Warrantholder, a certificate or certificates for the number of full Warrant Shares issuable upon the exercise of such Warrants. The Company agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder as the record holder of such Warrant Shares as of the close of business on the Business Day on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid. All Warrant Certificates surrendered upon exercise of Warrants shall be canceled and disposed of by the Company.

1.2 Limitations on Exercise. Notwithstanding anything to the contrary herein, this Warrant may be exercised only upon receipt by the Company of approval of any applicable Governmental Authority of the proposed exercise. The Warrantholder shall not be entitled to exercise this Warrant, or any part thereof, unless and until such approvals, certificates, legal opinions or other documents are reasonably acceptable to the Company. The cost of such approvals, certificates, legal opinions and other documents, if required, shall be borne by the Warrantholder.

1.3 Warrant Shares Certificate. A stock certificate or certificates for the Warrant Shares purchased by the Warrantholder shall be delivered to the Warrantholder within five Business Days after receipt of the Exercise Form and receipt of payment of all or a portion of the Principal Amount, as designated in the Exercise Form. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, deliver to the Warrantholder a new Warrant evidencing the rights to use the remaining portion of the Principal Amount to purchase Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant.

1.4 Payment of Taxes. The issuance of certificates for Warrant Shares upon the exercise of Warrants shall be made without charge to the Warrantholder for any documentary stamp or similar stock transfer or other issuance tax in respect thereto; provided, however, that the Warrantholder shall be required to pay any and all taxes which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the registered Warrantholder as reflected upon the books of the Company.

1.5 Divisibility of Warrant; Transfer of Warrant.

(a) Subject to the provisions of this Section, this Warrant may be divided upon surrender at the office of the Company located at 10 Burton Hills Boulevard, Nashville, Tennessee 37215, without charge to the Warrantholder. Subject to the provisions of this Section, upon such division, the Warrants may be transferred of record as the then-Warrantholder may specify without charge to such Warrantholder (other than any applicable transfer taxes).

(b) Subject to the provisions of this Section, upon surrender of this Warrant to the Company with a duly executed Assignment Form (in the form annexed hereto as Exhibit B) and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant or Warrants which shall in all material respects be identical with this Warrant, in the name of the assignee named in such Assignment Form, and this Warrant shall promptly be canceled. Prior to any proposed transfer (whether as the result of a division or otherwise) of this Warrant, such Warrantholder shall give written notice to the Company of such Warrantholder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail. The term "Warrant" as used in this Agreement shall be deemed to include any Warrants issued in substitution or exchange for this Warrant.

2. Reservation and Registration of Shares, etc. The Company covenants and agrees as follows:

(a) all Warrant Shares which are issued upon the exercise of this Warrant will, upon issuance, be validly issued, fully paid and nonassessable, not subject to any preemptive rights, and free from all taxes, liens, security interests, charges and other encumbrances with respect to the issue thereof, other than taxes with respect to any transfer occurring contemporaneously with such issue;

(b) during the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved, and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants; and

(c) the Company will use its reasonable best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

(d) prior to the Expiration Date, the Company shall use its reasonable best efforts to (i) maintain an effective registration statement covering the shares of Common Stock of the Company which may then be issuable upon exercise of all outstanding Warrants and, if necessary, amend and supplement the same and (ii) make all filings required to obtain all Blue Sky exemptions, authorizations, consents or approvals required for the issuance of shares of Common Stock upon exercise of all outstanding Warrants.

3. Obtaining Stock Exchange Listings. The Company will from time to time take all action which may be necessary so that the Warrant Shares, immediately upon their issuance upon the exercise of Warrants, will be listed on the principal securities exchanges and markets within the United States of America, if any, on which other shares of Common Stock are listed.

4. Loss or Destruction of Warrant. Subject to the terms and conditions hereof, upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of such bond or indemnification as the Company may reasonably require, and, in the case of such mutilation, upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor.

5. Ownership of Warrant. The Company may deem and treat the Warrantholder as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer.

6. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Warrantholder. Any amendment or waiver effected in accordance with this Section 6 shall be binding upon the Warrantholder and the Company.

7. Adjustments to Exercise Price.

7.1 Certain Adjustments. Following the date of determination of the Exercise Price in accordance with the provisions of Section 9 of this Agreement, the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Treatment of Stock Dividends, Stock Splits, etc. In case the Company shall declare a dividend, or make a distribution, on the outstanding shares of Common Stock, in either case, in shares of Common Stock, or effect a subdivision, combination, share exchange or consolidation or reclassification of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then, and in each such case, the Exercise Price in effect immediately prior to such event or the record date therefor, whichever is earlier, shall be adjusted by multiplying such Exercise Price by a fraction, the numerator of which is the number of shares of Common Stock that were outstanding immediately prior to such event and the denominator of which is the number of shares of Common Stock outstanding immediately after such event. An adjustment made pursuant to this Section 7.1(a) shall become effective: (i) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution; or (ii) in the case of any such subdivision, reclassification, consolidation or combination, at the close of business on the day upon which such corporate action becomes effective.

(b) Certain Federal Income Tax Adjustments. In addition to the adjustments in Section 7.1(a) above, the Company will be permitted to make such reductions in the Exercise Price as it considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights will not be taxable to the holders of the shares of Common Stock.

(c) Minimum Adjustment of Exercise Price. If the amount of any adjustment of the Exercise Price required pursuant to this Section 7 would be less than one percent (1%) of the Exercise Price in effect at the time such adjustment is otherwise so required to be made, such amount shall be carried forward and adjustment with respect thereto made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate at least one percent (1%) of such Exercise Price; provided that, upon the exercise of any Warrant or Warrants, all adjustments carried forward and not theretofore made, up to and including the date of such exercise shall, with respect to the Warrant or Warrants then converted, be made to the nearest .001 of a cent.

7.2 Distributions to all Holders of Common Stock. If the Company shall, at any time after the date of issuance of this Warrant, fix a record date to distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (not including regular quarterly cash dividends or distributions paid from retained earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities [(provided, however, that (i) the distribution of the Company's Series B Preferred Stock to the existing holders of the Company's Common Stock and (ii) the issuance of rights to purchase shares of the Company's Common Stock to existing holders of the Company's Common Stock shall not constitute such a distribution giving rise to adjustment under this Section 7.2)], then the Warrantholder shall be entitled to receive, upon exercise of this Warrant, that portion of such distribution to which it would have been entitled had the Warrantholder exercised its Warrant immediately prior to the date of such distribution. At the time it fixes the record date for such distribution, the Company shall allocate sufficient reserves to ensure the timely and full performance of the provisions of this subsection. The Company shall promptly (but in any case no later than five Business Days prior to the record date of such distribution) give notice to the Warrantholder that such distribution will take place.

7.3 Changes in Capital Stock. In case at any time the Company shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Company's assets, liquidation or recapitalization of the capital stock) in which the previously outstanding capital stock shall be changed into or exchanged for different securities of the Company or common stock or other securities of another corporation or interest in a non-corporate entity or other property (including cash) or any combination of any of the foregoing or in which the Common Stock, if then so listed or traded, ceases to be a publicly traded security either listed on the New York Stock Exchange or the American Stock Exchange or quoted by the NASDAQ National Market System or any successor thereto or comparable system (each such transaction being herein called the "Transaction," the date of consummation of the Transaction being herein called the "Consummation Date"), then, as a condition of the consummation of the Transaction, lawful and

adequate provisions shall be made so that each holder of Warrants, upon the exercise thereof at any time on or after the Consummation Date, shall be entitled to receive, and such Warrants shall thereafter represent the right to receive, in lieu of the Common Stock issuable upon such exercise prior to the Consummation Date, the highest amount of securities or other property to which such holder would actually have been entitled as a shareholder upon the consummation of the Transaction if such holder had exercised such Warrants immediately prior thereto (subject to adjustments from and after the Consummation Date as nearly equivalent as possible to the adjustment provided for in this Section 7).

7.4 Prohibited Transactions. Notwithstanding anything contained herein to the contrary, the Company shall not effect any Transaction unless prior to the consummation thereof each corporation or entity (other than the Company) which may be required to deliver any securities or other property upon the exercise of the Warrant, the surrender of Warrants or the satisfaction of exercise rights as provided herein shall assume, by written instrument delivered to the holder of the Warrants, the obligation to deliver to such holder such securities or other property to which, in accordance with the foregoing provisions, such holder may be entitled, and such corporation or entity shall have similarly delivered to the holder of the Warrant appropriate notice of the changes made in the rights attaching to the Warrants as a result of such Transaction, including, without limitation, the exercise provisions applicable thereto, if any, which shall thereafter continue in full force and effect and shall be enforceable against such corporation or entity in accordance with the terms hereof and thereof, together with such other matters as such holders may reasonably request.

7.5 Notice of Adjustment. Upon the occurrence of any event requiring an adjustment of the Exercise Price, then and in each such case the Company shall promptly deliver to each holder of the Warrants an Officer's Certificate stating the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of shares of Common Stock issuable upon exercise of the Warrants, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

7.6 Effect of Failure to Notify. Failure to file any certificate or notice or to give any notice, or any defect in any certificate or notice, pursuant to Section 7.5 shall not affect the legality or validity of the adjustment to the Exercise Price, the number of shares purchasable upon exercise of this Warrant, or any transaction giving rise thereto.

8. Expiration of the Warrant. The obligations of the Company pursuant to this Warrant shall terminate on the Expiration Date.

9. Definitions.

As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Exercise Price" shall mean an exercise price per share of Common Stock which shall be equal to the lesser of (a) \$3.4375, the closing price of shares of Prison Realty Common Stock on the NYSE on Friday, June 23, 2000, (b) the average closing price of Prison Realty Common Stock on the NYSE over the five trading days ending two trading days prior to the closing of the Merger, (c) the conversion price of any of Prison Realty's secured or unsecured indebtedness existing prior to the Merger, and (d) the exercise price of any equity securities issued by Prison Realty prior to the Merger in satisfaction of its existing contractual obligations, as the Exercise Price may be adjusted from time to time pursuant to the provisions of Section 7.

"Governmental Authority" shall mean the government of any nation, state, city, locality or other political subdivision of any thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government having or asserting jurisdiction over a Person, its business or its properties.

"Merger" shall have the meaning set forth in the preamble to the Stock Purchase Agreement.

"Person" shall mean any individual, firm, company, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind.

"Principal Amount" shall mean \$1,000,000.

"Warrant Shares" shall mean that number of shares of Common Stock which results from the quotient obtained by dividing (i) the Principal Amount, less any portion of the Principal Amount previously converted into Warrant Shares pursuant to this Warrant, by (ii) the Exercise Price.

"Stock Purchase Agreement" shall mean that certain Stock Purchase Agreement, dated as of June __, 2000, by and among Prison Realty Trust, Inc., a Maryland corporation; Corrections Corporation of America, a Tennessee corporation formerly known as Correctional Management Services Corporation; and Baron Asset Fund, a Massachusetts business trust, and all series thereof, on behalf of itself and one or more mutual funds managed by it, or its affiliates.

10. No Impairment. The Company shall not by any action, including, without limitation, amending the Articles of Incorporation of the Company or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such reasonable actions as may be necessary or appropriate to protect the rights of the Warrantholder against impairment. Without limiting the generality of the foregoing, the Company shall (a) take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (b) provide reasonable assistance to the Warrantholder in obtaining all authorizations, exemptions

or consents from any Governmental Authority which may be necessary in connection with the exercise of this Warrant.

11. Miscellaneous.

11.1 Entire Agreement. This Warrant constitutes the entire agreement between the Company and the Warrantholder with respect to the Warrants.

11.2 Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrantholder and its respective heirs, legal representatives, successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any Person other than the Company and the Warrantholder, or its respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

11.3 Section and Other Headings. The section and other headings contained in this Warrant are for reference purposes only and shall not be deemed to be a part of this Warrant or to affect the meaning or interpretation of this Warrant.

11.4 Further Assurances. Each of the Company and the Warrantholder shall do and perform all such further acts and things and execute and deliver all such other certificates, instruments and documents as the Company or the Warrantholder may, at any time and from time to time, reasonably request in connection with the performance of any of the provisions of this Warrant.

11.5 Notices. All notices and other communications required or permitted to be given under this Warrant shall be in writing and shall be deemed to have been duly given if (i) delivered personally or (ii) sent by facsimile or recognized overnight courier or by United States first class certified mail, postage prepaid, to the parties hereto at the following addresses or to such other address as any party hereto shall hereafter specify by notice to the other party hereto:

if to the Company, addressed to:

Corrections Corporation of America
10 Burton Hills Boulevard
Nashville, Tennessee 37215
Attention: Chief Financial Officer or Secretary
Fax Number: (615) 263-0234

with a copy to:

Stokes & Bartholomew, P.A.
424 Church Street, Suite 2800
Nashville, Tennessee 37219
Attention: Elizabeth E. Moore, Esq.
Fax Number: (615) 259-1470

if to the Warrantholder, addressed to:

Baron Capital Group, Inc.
767 Fifth Avenue, 49th Floor
New York, NY 10153
Attention: Linda Martinson, Esq.

Except as otherwise provided herein, all such notices and communications shall be deemed to have been received (a) on the date of delivery thereof, if delivered personally or sent by facsimile, (b) on the second Business Day following delivery into the custody of an overnight courier service, if sent by overnight courier, provided that such delivery is made before such courier's deadline for next-day delivery, or (c) on the third Business Day after the mailing thereof.

11.6 Separability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

11.7 Governing Law. THIS WARRANT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAWS OF THE STATE OF MARYLAND AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF SUCH STATE APPLICABLE TO SUCH AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

11.8 No Rights or Liabilities as Stockholder. Nothing contained in this Warrant shall be deemed to confer upon the Warrantholder any rights as a stockholder of the Company or as imposing

any liabilities on the Warrantholder to purchase any securities whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

CORRECTIONS CORPORATION OF AMERICA

By: -----

ATTEST:

By: -----

EXHIBIT A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant, to use \$_____ of the Principal Amount (as such term is defined in the Warrant) to purchase shares of Common Stock and herewith tenders payment for such Common Stock to the order of Corrections Corporation of America in the amount of \$_____, which amount includes payment of the par value for such shares of the Common Stock, in accordance with the terms of this Warrant. The undersigned requests that a certificate for such shares of Common Stock be registered in the name of _____ and that such certificates be delivered to _____ whose address is _____.

Dated: _____

Signature _____

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

EXHIBIT B

FORM OF ASSIGNMENT

(To be executed only upon transfer of this Warrant)

For value received, the undersigned registered holder of the within Warrant hereby sells, assigns and transfers unto _____ the right represented by such Warrant to use \$_____ of the Principal Amount (as such term is defined in the Warrant) to purchase shares of Common Stock of Corrections Corporation of America to which such Warrant relates and all other rights of the Warrantholder under the within Warrant, and appoints _____ Attorney to make such transfer on the books of Corrections Corporation of America maintained for such purpose, with full power of substitution in the premises. This sale, assignment and transfer has been previously approved in writing by Corrections Corporation of America.

Dated: _____

Signature _____

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

FORM OF WAIVER AND AMENDMENT

THIS WAIVER AND AMENDMENT (this "Agreement") is made as of June 30, 2000 between PRISON REALTY TRUST, INC., f/k/a Prison Realty Corporation, a Maryland corporation (the "Company"), and MDP VENTURES IV LLC, a New York limited liability company ("MDP").

PRELIMINARY STATEMENTS

A. The Company and MDP have entered into that certain Note Purchase Agreement (the "Note Agreement"), dated as of December 31, 1998, pursuant to which the Company issued to MDP and its affiliated purchasers the Company's \$40,000,000 9.5% Convertible Subordinated Notes Due December 31, 2008 (the "Notes"). Capitalized terms used and not otherwise defined herein have the meanings given to them in the Note Agreement.

B. The Company has informed MDP that the Company has violated certain of the covenants contained in the Note Agreement, as more particularly described in Section 2 below (the "Existing Covenant Defaults").

C. The Company has requested that MDP (1) waive the Existing Covenant Defaults; (2) acknowledge certain transactions that the Company desires to consummate; and (3) agree to certain amendments to the Note Agreement, as more particularly described below.

D. Subject to the terms and conditions set forth below, MDP is willing to agree to certain waivers, acknowledgments and amendments, as more particularly described below.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS. For purposes of this Agreement, the following terms shall have the meanings set forth below:

a. "Amendment Effective Date" means the date on which all of the conditions precedent to the effectiveness of this Agreement have been satisfied.

b. "C Corporation" has the meaning attributed thereto in the Code.

c. "Change in Tax Status" means the Company's election not to be taxed as a REIT, but rather as a C Corporation, commencing with its taxable year ending December 31, 2000 and thereafter, all in connection with the Management Opco Merger.

d. "Credit Agreement" means that certain amended and restated credit agreement, dated August 4, 1999, executed between the Company; certain of its Subsidiaries; certain lenders; Lehman Commercial Paper Inc., as administrative agent; Societe Generale, as

documentation agent; Lehman Brothers Inc., as advisor, book manager and lead arranger; The Bank of Nova Scotia, as syndication agent; and Southtrust Bank, as co-agent.

e. "Credit Agreement Amendment" means that certain waiver and amendment to the Credit agreement, dated June 9, 2000, executed between the Company, certain of its Subsidiaries, certain lenders and Lehman Commercial Paper Inc.

f. "Credit Agreement Defaults" means the Company's failure to comply with certain terms of the Credit Agreement as a result of the PMI Defaults and the Existing Covenant Defaults.

g. "Disqualified Stock" means any capital stock of the Company or its Subsidiaries that the Company or its Subsidiaries is or, upon the passage of time or the occurrence of any event (in each case prior to December 31, 2006), may become obligated to redeem, purchase, retire, defease or otherwise make any payment in respect of, in consideration other than capital stock (other than Disqualified Stock).

h. "Fee Agreements" means (i) that certain agreement, dated September 14, 1999, between the Company and Merrill Lynch & Co. and (ii) that certain amended and restated agreement, dated March 3, 2000, as amended on May 1, 2000, between the Company and Wasserstein Perella & Co., Inc.

i. "Management Opco" means Corrections Corporation of America (formerly Correctional Management Services Corporation (and not CCA)), a Tennessee corporation.

j. "Management Opco Merger" means the legal and valid merger of Management Opco with and into Management Sub, with Management Sub as the surviving entity, for consideration in the merger consisting only of the Company's common or preferred stock (other than Disqualified Stock), as more particularly described in the Proxy.

k. "Management Opco Merger Date" means the earlier of (i) September 15, 2000, and (ii) the date that is five (5) Business Days after the date on which all consents and authorizations necessary to validly and legally consummate the Management Opco Merger have been obtained.

l. "Management Sub" means the wholly-owned subsidiary of the Company formed in connection with the Management Opco Merger.

m. "Master Lease" means that certain Master Agreement to Lease, dated January 1, 1999, between the Company and Management Opco.

n. "Pacific Life Agreement" means that certain securities purchase agreement, dated as of April 5, 2000, and executed as of April 16, 2000, among the Company, Management Opco, Service Company A and Service Company B, on the one hand, and Pacific Life Insurance Company, on the other hand.

o. "PMI" means PMI Mezzanine Fund, L.P.

p. "PMI Defaults" means (i) the Company's failure to comply with certain financial covenants under the terms of the PMI Note Purchase Agreement related to: (a) the Company's debt service coverage ratio and (b) the Company's interest coverage ratio; and (ii) the Existing Covenant Defaults, to the extent that the same are not cured or waived in accordance with Section 7.1(iii) of the PMI Note Purchase Agreement.

q. "PMI Note Purchase Agreement" means that certain note purchase agreement, dated as of December 31, 1998, between the Company and PMI, relating to the Company's 7.5% Convertible Subordinated Note due February 28, 2005.

r. "Potential Claims" means the potential claims against the Company under the Pacific Life Agreement, the Securities Purchase Agreement and the Fee Agreements.

s. "Proxy" means the Company's Amendment No. 1 to Proxy Statement, to be filed with the United States Securities and Exchange Commission (the "SEC") that, if approved by the Company's common shareholders, would permit, among other things, the Change in Tax Status and the Management Opco Merger, a draft of which is attached to this Agreement as Exhibit A.

t. "Rent Deferral" means (i) the deferral (with interest) of cash lease payments due to the Company under the Master Lease in December 1999 until February 14, 2000 (\$12,945,205) and April 7, 2000 (\$11,946,692), and (ii) the deferral (with interest) of cash lease payments due to the Company under the Master Lease for the months of January 2000 through and including September 2000 until September 30, 2000, except for payments of (A) \$4,000,000 within five (5) Business Days of May 5, 2000, (B) \$2,000,000 within five (5) Business Days of June 16, 2000, (C) \$12,000,000 within five (5) Business Days of July 5, 2000, (D) \$8,000,000 within five (5) Business Days of August 5, 2000, and (E) \$5,000,000 within five (5) Business Days of September 5, 2000.

u. "Rights Offering" means an offering made in accordance with all applicable federal and state laws by the Company to its then-current common shareholders through the distribution of rights to purchase shares of common stock of the Company (based on each shareholder's then-current pro rata share of the Company's common stock), which, if consummated, would result in net cash proceeds to the Company of at least \$50,000,000.

v. "Securities Purchase Agreement" means that certain securities purchase agreement, dated as of December 26, 1999, by and between the Company and Prison Acquisition Company L.L.C.

w. "Service Company Mergers" means the merger of Service Company A (i.e., Prison Management Services, Inc., a Tennessee corporation) and Service Company B (i.e., Juvenile and Jail Facility Management Services, Inc., a Tennessee corporation) with and into the applicable Service Company Subs for aggregate consideration of not more than \$10,600,000 (plus up to \$2,000,000 to be paid to certain wardens and other employees of Service Company A and Service Company B), in each case in the form of the Company's common or preferred stock (other than Disqualified Stock) only.

x. "Service Company Subs" means the two wholly-owned subsidiaries of the Company created in connection with the Service Company Mergers.

2. WAIVER. Upon the terms and subject to the conditions set forth in this Agreement and in reliance on the representations and warranties of the Company set forth in this Agreement, MDP hereby waives the following Existing Covenant Defaults:

a. Change in Tax Status. In connection with the Management Opco Merger and the Change in Tax Status, the Company's failure to maintain its status as a REIT, pursuant to Sections 4.8 and 7.14 of the Note Agreement.

b. Lease Enforcement. The Company's failure to issue a notice of default or take other action in connection with Management Opco's defaults under the Master Lease, pursuant to Section 7.15 of the Note Agreement, to the extent that such failure or the Company's agreement to the Rent Deferral is deemed to be in violation of that Section.

c. Conduct of Business. In connection with the Management Opco Merger and the Change in Tax Status, the Company's conduct of business other than financing, owning and developing prisons and other correctional facilities, in contravention of Section 8.4 of the Note Agreement.

d. Financial Covenants. The Company's failure to comply with the covenant set forth in Section 8.5 of the Note Agreement.

e. Change of Control. The Company's failure to deliver a Repurchase Right Notice, pursuant to Section 10.1 of the Note Agreement, to the extent that a "Change of Control" may have arisen by virtue of (i) the Company's execution and delivery of the Pacific Life Agreement or (ii) the Company's execution and delivery of the Securities Purchase Agreement.

f. PMI Defaults. The PMI Defaults, but only to the extent that the same are cured or waived in accordance with Section 11.1(g) of the Note Agreement.

3. ACKNOWLEDGMENT. Upon the terms and subject to the conditions set forth in this Agreement and in reliance on the representations and warranties of the Company set forth in this Agreement, MDP hereby acknowledges the following transactions and agrees that neither the consummation of, or the failure to consummate, any of these transactions shall constitute or otherwise cause a default or Termination Event under the Note Agreement:

- a. the Management Opco Merger;
- b. the Change in Tax Status;
- c. the Service Company Mergers;
- d. the Rights Offering; and

e. any and all transactions necessary to consummate, or contemplated by, the Rights Offering, the Proxy or the Credit Agreement Amendment.

4. AMENDMENTS TO NOTE AGREEMENT. Upon the terms and subject to the conditions set forth in this Agreement and in reliance on the representations and warranties of the Company set forth in this Agreement, the Company and MDP hereby agree to the following amendments to the Note Agreement:

a. Section 1 of the Note Agreement is hereby amended by adding the following new Section 1.2:

"1.2 Change in Interest Rate. (a) The Company has duly authorized the issuance of certain replacement Notes, in substantially the form attached to the Waiver and Amendment as Exhibit B (the "Replacement Notes"). The Replacement Notes shall be issued in the aggregate principal amount of \$40,000,000 and in exchange for the Notes issued pursuant to Section 1.1 of this Agreement on December 31, 1998 and January 29, 1999. The Company shall issue the Replacement Notes within ten (10) Business Days after the Amendment Effective Date in the amounts and to the holders of the Notes identified by MDP on the schedule attached to the Waiver and Amendment as Exhibit C. The Replacement Notes shall (i) be dated the date of issuance; (ii) bear interest (computed on the basis of a 360-day year of twelve 30-day months) from the date of issuance until the earlier of (A) Maturity, (B) the date such Replacement Notes are repaid in full or (C) the occurrence of a Termination Event after June 30, 2000 at the rate of 10% per annum payable semi-annually, in arrears, on each Interest Payment Date commencing on December 31, 2000; (iii) bear interest (computed as provided in clause (ii) above) from the earlier of (A) Maturity or (B) the occurrence of a Termination Event after June 30, 2000 until the date such Replacement Notes are repaid in full at the Default Rate and (iv) mature (at which time all principal and interest payable hereunder shall be immediately due and payable) on the Maturity Date. The Replacement Notes shall be convertible into shares of the Company's Common Stock as provided in Section 13 of this Agreement and shall be redeemable as provided in Section 12 of this Agreement. Contingent Interest is payable on the Replacement Notes as set forth in Section 2.5 of this Agreement. All references to the "Notes" in this Agreement that do not conflict with the terms of this Section shall include reference to the Replacement Notes.

(b) The Company and MDP acknowledge that the payment of interest on the Notes at a rate above 9.5% per annum (i.e., the difference between 9.5% per annum and 10% per annum, the "Additional Interest"), pursuant to Section 1.2(a) hereof, is subject to the approval of the Required Lenders (as such term is defined in the Credit Agreement), pursuant to Section 3.1 of the Credit Agreement, as amended by the Credit Agreement Amendment. The Company will use its reasonable best efforts to obtain such approval. To the extent that such approval is not obtained, the Company will issue additional convertible notes on a pro rata basis to the holders of the Notes identified by MDP at the time of the issuance in an aggregate amount equal to the Additional Interest (the "Additional Interest PIK Notes"). Any Additional Interest PIK Notes shall (i) be issued on the applicable Interest Payment Date; (ii) accrue interest in accordance with Section 1.2(a) above; and (iii) mature on the PIK Maturity Date. The Additional Interest

PIK Notes shall be convertible into shares of the Company's Common Stock as provided in Section 13 of this Agreement and shall be redeemable as provided in Section 12 of this Agreement. Contingent Interest is not payable on the Additional Interest PIK Notes under Section 2.5 of this Agreement."

b. Section 1 of the Note Agreement is hereby amended by adding the following new Section 1.3:

"1.3 Authorization of PIK Notes. The Company has duly authorized the issuance of additional convertible notes in the aggregate principal amount of \$1,114,461, in substantially the form attached to the Waiver and Amendment as Exhibit D (the "PIK Notes"), which amount represents any and all interest due and owing on the Notes at the Default Rate for the period prior to the date of the Waiver and Amendment through and including June 30, 2000. The Company shall issue the PIK Notes within ten (10) Business Days after the Amendment Effective Date in the amounts and to the holders of the Notes identified by MDP on the schedule attached to the Waiver and Amendment as Exhibit C. The PIK Notes shall accrue interest at the same rate as the Replacement Notes under, and shall be payable in accordance with, Section 1.2(a) of this Agreement. The PIK Notes shall be convertible into shares of the Company's Common Stock as provided in Section 13 of this Agreement and shall be redeemable as provided in Section 12 of this Agreement. Contingent Interest is not payable on the PIK Notes under Section 2.5 of this Agreement. The maturity date of the PIK Notes is December 31, 2003 (the "PIK Maturity Date"). All references to the "Notes" and to "Maturity" or "Maturity Date" in this Agreement that do not conflict with the terms of this Section shall include reference to the PIK Notes and the PIK Maturity Date, respectively."

c. Section 2.5 of the Note Agreement is hereby deleted in its entirety and replaced with the following new Section 2.5:

"2.5 Contingent Interest. Upon each of (x) December 31, 2003 and (y) repayment of the Notes (whether at Maturity, as a result of the occurrence of a Repurchase Right Event, optional prepayment, a Termination Event or otherwise) (each a "Contingent Interest Payment Date") Investor shall receive contingent interest ("Contingent Interest"), payable in cash, in an amount that would be sufficient to permit Investor to receive an IRR of 15.5% on the principal amount of the Notes (computed without regard to the payment of any interest that accrued at the Default Rate); provided, however, (i) Investor shall not be entitled to receive Contingent Interest in respect of the principal amount of any Notes that are converted into Common Stock pursuant to Section 13 on or before such Contingent Interest Payment Date and (ii) Investor shall not be entitled to receive any Contingent Interest in the event that (I) the Target Price Condition is satisfied on or before December 31, 2003 and (II) no Termination Event or Potential Termination Event has occurred after June 30, 2000 and before December 31, 2003."

d. Section 7.2 of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "Except as may be necessary in order to consummate, and as contemplated by, the Management Opco Merger and the Service Company Mergers,".

e. Section 7.7 of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "Except for the Potential Claims,".

f. Section 7.9 of the Note Agreement is hereby amended by adding to the end thereof the following sentence: "Investor acknowledges that, to the extent asserted against the Company, the Company in good faith contests the validity of the Potential Claims."

g. Section 7.14 of the Note Agreement is hereby deleted in its entirety and replaced by the notation: "[Intentionally Omitted]".

h. Section 7.15 of the Note Agreement is hereby amended by adding to the end thereof the following sentence: "Investor acknowledges that the Company is in compliance with this Section in connection with the Rent Deferral."

i. Section 8.2 of the Note Agreement is hereby amended by replacing "; or (iv)" of the second sentence in that Section with "; (iv)" and by adding the following at the end of that sentence: "; or (v) any transaction consummated in connection with the Management Opco Merger and the Service Company Mergers."

j. Section 8.4 of the Note Agreement is hereby deleted in its entirety and replaced with the following new Section 8.4:

"8.4 Conduct of Business. (a) Except as may be necessary in order to consummate, and as contemplated by, the Management Opco Merger and the Service Company Mergers, the Company shall not, and shall not permit any of its Subsidiaries to, engage, to any substantial extent, in any business other than the financing, ownership and development of prisons and other correctional facilities and other businesses or activities substantially similar or related thereto.

(b) After consummation of the Management Opco Merger, the business of the Company and its Subsidiaries may include, in addition to those activities listed in clause (a) above, the operation and management of correctional, justice and detention facilities."

k. Section 8.5 of the Note Agreement is hereby deleted in its entirety and replaced with the following new Section 8.5:

"8.5 Financial Covenants. For purposes of this Section 8.5 only, all capitalized terms used in this Section shall have the meaning given to them in the Credit Agreement, as in effect as of the Amendment Effective Date. Such definitions shall (a) incorporate any defined terms contained therein; (b) be deemed to incorporate any amendments or modifications to such defined terms in the Credit Agreement, as of the effective date of the applicable amendments or modifications; and (c) to the extent that the Credit Agreement is terminated as between the parties thereto, have the meaning given to them

in the Credit Agreement, as of the date immediately preceding the applicable termination date. Upon and after consummation of the Management Opco Merger, the following financial covenants shall apply:

(i) Total Indebtedness to Total Capitalization. At all times the ratio of Total Indebtedness to Total Capitalization shall be equal to or less than .60:1.00.

(ii) Post Merger Interest Coverage Ratio. The Post Merger Interest Coverage Ratio, as of the last day of each fiscal quarter of the Consolidated Parties, shall be equal to or greater than the ratio set forth below for such fiscal quarter.

Fiscal Quarter	Ratio
Q3 - 2000:	.75:1.00
Q4 - 2000:	1.00:1.00
Q1 - 2001:	1.20:1.00
Q2 - 2001:	1.20:1.00
Q3 - 2001:	1.40:1.00
Q4 - 2001 and thereafter	1.40:1.00

(iii) Fixed Charge Coverage. The Fixed Charge Coverage Ratio, as of the last day of each fiscal quarter of the Consolidated Parties, shall be equal to or greater than the ratio set forth below for such fiscal quarter:

Fiscal Quarter	Ratio
Q3 - 2000	0.50:1.00
Q4 - 2000	1.00:1.00
Q1 - 2001	1.00:1.00
Q2 - 2001	1.00:1.00
Q3 - 2001	1.00:1.00
Q4 - 2001 and thereafter	1.00:1.00

(iv) Pro Forma Adjustments and Setting of Future Financial Covenants. To the extent that the Management Opco Merger is consummated on a date in a fiscal quarter of the Consolidated Parties other than the final day of such fiscal quarter, the financial covenants contained in (ii) through (iii) above shall be calculated as if the Management Opco Merger had occurred on the first of day of such fiscal quarter. Further, at any time on and after September 30, 2001 that the financial covenants set forth in the Credit Agreement are reset or otherwise renegotiated, but no less frequently than annually, the Company and MDP agree to establish reset covenant levels for the covenants contained in (ii) through (iii) above (at a level equal to 25 basis points lower than the comparable financial covenant in the Credit Agreement in the case of the Post Merger Interest Coverage Ratio, and 25 basis points lower than the comparable financial covenant in the Credit Agreement in the case of the Fixed Charge Coverage Ratio) in each case, for the period covered by the reset or otherwise renegotiated Credit Agreement financial covenants."

l. Section 10.1(a) of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "Subject to the waivers contained in the Waiver and Amendment and excluding any and all transactions consummated in connection with, or contemplated by, the Rights Offering, the Proxy or the Credit Agreement Amendment,".

m. Section 11.1 of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "Subject to the waivers contained in the Waiver and Amendment,".

n. Section 11.1(g) of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "Except in connection with the Potential Claims,".

o. Section 11.1(h) of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "except in connection with the Potential Claims,".

p. Section 11.1(i) of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "provided that the representations and warranties contained in Section 4 of this Agreement are, by their terms, made specifically and apply only as of the Closing Date,".

q. Section 13.1(b) of the Note Agreement is hereby deleted in its entirety and replaced with the following new Section 13.1(b):

"(b) The initial Conversion Rate is such number of shares of Common Stock per \$1,000 principal amount of Notes as is determined by dividing (i) 1,000 by (ii) 125% of the average High and Low Sale Prices of the Common Stock for the 20 trading days immediately following the earlier to occur of (I) closing of the Management Opco Merger and (II) October 31, 2000, all subject to adjustment in accordance with Sections 13.6 through 13.15 hereof (the "Conversion Rate")."

r. Section 13.12 of the Note Agreement is hereby amended by replacing "; or (d)" with "; (d)" and by adding to the end of that Section the following clause: "; or (f) a distribution, dividend, issuance, grant of rights or other action that otherwise would cause an

adjustment in the Conversion Rate under the foregoing Sections, to the extent that the distribution, dividend, issuance, grant of rights or other action is made or taken in connection with the transactions contemplated by the Rights Offering, the Proxy or the Credit Agreement Amendment, including the distribution of the Series B preferred stock and the conversion of such shares into common stock."

s. Section 13.14(a) of the Note Agreement is hereby amended by adding to the beginning thereof the clause: "Except with respect to any and all transactions consummated in connection with, or contemplated by, the Rights Offering, the Proxy or the Credit Agreement Amendment,".

t. Section 15.17 of the Note Agreement is hereby amended by adding the following definitions in proper alphabetical order:

"Additional Interest PIK Notes" is defined in Section 1.2(b)."

"Amendment Effective Date" means the date on which all of the conditions precedent to the effectiveness of the Waiver and Amendment have been satisfied."

"C Corporation" has the meaning attributed thereto in the Code."

"Change in Tax Status" means the Company's election not to be taxed as a REIT, but rather as a C Corporation, commencing with its taxable year ending December 31, 2000 and thereafter, all in connection with the Management Opco Merger."

"Credit Agreement" means that certain amended and restated credit agreement, dated August 4, 1999, executed between the Company; certain of its Subsidiaries; certain lenders; Lehman Commercial Paper Inc., as administrative agent; Societe Generale, as documentation agent; Lehman Brothers Inc., as advisor, book manager and lead arranger; The Bank of Nova Scotia, as syndication agent; and Southtrust Bank, as co-agent."

"Credit Agreement Amendment" means that certain waiver and amendment, dated June 9, 2000, executed between the Company, certain of its Subsidiaries, certain lenders and Lehman Commercial Paper Inc."

"Credit Agreement Defaults" means the Company's failure to comply with certain terms of the Credit Agreement as a result of the PMI Defaults and the Existing Covenant Defaults."

"Disqualified Stock" means any capital stock of the Company or its Subsidiaries that the Company or its Subsidiaries is or, upon the passage of time or the occurrence of any event (in each case prior to December 31, 2006), may become obligated to redeem, purchase, retire, defease or otherwise make any payment in respect of, in consideration other than capital stock (other than Disqualified Stock)."

"Fee Agreements" means (i) that certain agreement, dated September 14, 1999, between the Company and Merrill Lynch & Co. and (ii) that certain amended and restated agreement, dated March 3, 2000, as amended on May 1, 2000, between the Company and Wasserstein Perella & Co., Inc."

"Management Opco" means Corrections Corporation of America (formerly Correctional Management Services Corporation (and not CCA)), a Tennessee corporation."

"Management Opco Merger" means the legal and valid merger of Management Opco with and into Management Sub, with Management Sub as the surviving entity, for consideration in the merger consisting only of the Company's common or preferred stock (other than Disqualified Stock), as more particularly described in the Proxy."

"Management Opco Merger Date" means the earlier of (i) September 15, 2000, and (ii) the date that is five (5) Business Days after the date on which all consents and authorizations necessary to validly and legally consummate the Management Opco Merger have been obtained."

"Management Sub" means the wholly-owned subsidiary of the Company formed in connection with the Management Opco Merger."

"Master Lease" means that certain Master Agreement to Lease, dated January 1, 1999, between the Company and Management Opco."

"Pacific Life Agreement" means that certain securities purchase agreement, dated as of April 5, 2000, and executed as of April 16, 2000, among the Company, Management Opco, Service Company A and Service Company B, on the one hand, and Pacific Life Insurance Company, on the other hand."

"PIK Maturity" is defined in Section 1.3."

"PIK Notes" is defined in Section 1.3."

"PMI" means PMI Mezzanine Fund, L.P."

"PMI Defaults" means (i) the Company's failure to comply with certain financial covenants under the terms of the PMI Note Purchase Agreement related to: (a) the Company's debt service coverage ratio and (b) the Company's interest coverage ratio; and (ii) the Existing Covenant Defaults, to the extent that the same are not cured or waived in accordance with Section 7.1(iii) of the PMI Note Purchase Agreement."

"PMI Note Purchase Agreement" means that certain note purchase agreement, dated as of December 31, 1998, between the Company and PMI, relating to the Company's 7.5% Convertible Subordinated Note due February 28, 2005."

""Potential Claims" means the potential claims against the Company under the Pacific Life Agreement, the Securities Purchase Agreement and the Fee Agreements."

""Proxy" means the Company's Amendment No. 1 to Proxy Statement, to be filed with the United States Securities and Exchange Commission (the "SEC") that, if approved by the Company's common shareholders, would permit, among other things, the Change in Tax Status and the Management Opco Merger, a draft of which is attached to the Waiver and Amendment as Exhibit A."

""Rent Deferral" means (i) the deferral (with interest) of cash lease payments due to the Company under the Master Lease in December 1999 until February 14, 2000 (\$12,945,205) and April 7, 2000 (\$11,946,692), and (ii) the deferral (with interest) of cash lease payments due to the Company under the Master Lease for the months of January 2000 through and including September 2000 until September 30, 2000, except for payments of (A) \$4,000,000 within five (5) Business Days of May 5, 2000, (B) \$2,000,000 within five (5) Business Days of June 16, 2000, (C) \$12,000,000 within five (5) Business Days of July 5, 2000, (D) \$8,000,000 within five (5) Business Days of August 5, 2000, and (E) \$5,000,000 within five (5) Business Days of September 5, 2000.

""Replacement Notes" is defined in Section 1.2(a)."

""Rights Offering" means an offering made in accordance with all applicable federal and state laws by the Company to its then-current common shareholders through the distribution of rights to purchase shares of common stock of the Company (based on each shareholder's then-current pro rata share of the Company's common stock), which, if consummated, would result in net cash proceeds to the Company of at least \$50,000,000."

""Securities Purchase Agreement" means that certain securities purchase agreement, dated as of December 26, 1999, by and between the Company and Prison Acquisition Company L.L.C."

""Service Company Mergers" means the merger of Service Company A (i.e., Prison Management Services, Inc., a Tennessee corporation) and Service Company B (i.e., Juvenile and Jail Facility Management Services, Inc., a Tennessee corporation) with and into the applicable Service Company Subs for aggregate consideration of not more than \$10,600,000 (plus up to \$2,000,000 to be paid to certain wardens and other employees of Service Company A and Service Company B), in each case in the form of the Company's common or preferred stock (other than Disqualified Stock) only."

""Service Company Subs" means the two wholly-owned subsidiaries of the Company created in connection with the Service Company Mergers."

""Waiver and Amendment" means that certain Waiver and Amendment, dated as of June 30, 2000, among the Company and Investor."

u. Section 15.17 of the Note Agreement is hereby further amended by modifying the beginning of the definition of "Change in Control" to read: "Change of Control" of the Company means, subject to the waivers contained in the Waiver and Amendment and excluding any and all transactions consummated in connection with, or contemplated by, the Rights Offering, the Proxy or the Credit Agreement Amendment, if any of the following occur (or in the case of a proposal made by any Person to the Company, if any of the following could occur as a result thereof):". The remainder of the definition of "Change of Control" shall remain the same.

v. Section 15.17 of the Note Agreement is hereby further amended by adding to the end of the definition of "Material Adverse Effect" the following clause: "; provided, however, that neither the consummation of, nor the failure to consummate, the Rights Offering or any of the transactions contemplated by the Rights Offering, the Proxy or the Credit Agreement Amendment shall constitute or otherwise cause a Material Adverse Effect."

w. Section 15.17 of the Note Agreement is hereby further amended by deleting in its entirety the definition of "Potential Termination Event" and replacing it with the following new definition:

"Potential Termination Event" means, subject to the waivers contained in the Waiver and Amendment, any event that with the giving of notice or the passage of time would constitute a Termination Event."

x. Section 15.17 of the Note Agreement is hereby further amended by deleting in its entirety the definition of "Target Price Condition" and replacing it with the following new definition:

"Target Price Condition" means the occurrence of both of the following events (i) during any consecutive 20 trading day period commencing with the trading day immediately following January 1, 2001, and ending with and including the trading day immediately preceding January 1, 2004, the average High and Low Sale Prices of the Common Stock exceeds the product of (x) 1.75 and (y) \$1,000 divided by the Conversion Rate then in effect (the "Target Rate"); provided, however that in no event shall the Target Rate be less than \$10.00, subject to adjustment in accordance with Sections 13.6 through 13.15 hereof; and (ii) throughout the period referred to in clause (i), the Company shall have continuously maintained under the Securities Act an effective registration statement (not subject to any blackout restrictions) that would permit, without restriction, the resale of all the Registrable Securities that may be resold upon the conversion of the Notes on the national exchange where the Common Stock is listed for trading."

5. WAIVER FEE. To the extent that this Agreement is executed and delivered by the parties on or before June 30, 2000, the Company shall pay to MDP a waiver fee in the amount of \$250,000 (the "Waiver Fee").

6. CONDITIONS TO EFFECTIVENESS. The effectiveness of this Agreement is conditioned on the satisfaction of the following conditions precedent:

a. the Company and MDP, respectively, shall have received a counterpart of this Agreement duly executed and delivered by the other, and the same shall be in full force and effect;

b. to the extent due and owing under Section 5 of this Agreement, the Company shall have paid to MDP the Waiver Fee;

c. the Company shall have paid to MDP the interest accrued on the Notes and due under the Note Agreement on June 30, 2000;

d. each of the representations and warranties in Section 7 below shall be true and correct in all material respects as of the Amendment Effective Date; and

e. after giving effect to the waivers set forth in Section 2, the acknowledgment set forth in Section 3 and the amendments set forth in Section 4 of this Agreement, no defaults or Termination Events shall have occurred and be continuing under the Note Agreement.

7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to MDP, as of the Amendment Effective Date, as follows:

a. Authority. The Company has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and under the Note Agreement (as modified hereby).

b. Enforceability. This Agreement has been duly executed and delivered by the Company and, after giving effect to this Agreement, the Note Agreement is the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, and is in full force and effect.

c. No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor performance of and compliance with the terms and provisions hereof by the Company will, at the time of such performance, (i) contravene the terms of the charter or bylaws of the Company, or result in a breach or constitute a default under any material lease, instrument, contract or other agreement to which the Company is a party or by which it or its properties or assets may be bound or affected; (ii) violate any provision, law, rule regulation, order, judgment, decree or the like binding on or affecting the Company or any of its properties or assets; (iii) require the approval or consent of, or any filing with, any governmental authority or agency; or (iv) result in, or require, the creation or imposition of any Lien upon or with respect to any of the properties, assets or revenues of the Company.

d. No Default. After giving effect to the waivers set forth in Section 2, the acknowledgment set forth in Section 3 and the amendments set forth in Section 4 of this Agreement, no default or Termination Event shall have occurred and be continuing under the Note Agreement.

8. REPRESENTATIONS AND WARRANTIES OF MDP. MDP hereby represents and warrants to the Company, as of the Amendment Effective Date, as follows:

a. Authority. MDP has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and under the Note Agreement (as modified hereby).

b. Enforceability. This Agreement has been duly executed and delivered by MDP and, after giving effect to this Agreement, the Note Agreement is the legal, valid and binding obligation of MDP, enforceable against MDP in accordance with its terms, and is in full force and effect.

9. INTEGRATION. This Agreement shall be deemed incorporated into and made a part of the Note Agreement. This Agreement and the Note Agreement shall be construed as integrated and complementary of each other, and, except as otherwise specifically provided in this Agreement, as augmenting and not restricting MDP's rights and remedies under the Note Agreement. If, after applying the foregoing an inconsistency still exists, the provisions of this Agreement shall constitute an amendment to the Note Agreement and shall control.

10. REFERENCE TO AND EFFECT ON NOTE AGREEMENT.

a. Upon and after the Amendment Effective Date, each reference in the Note Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Note Agreement, and each reference in any Related Documents to the Note Agreement, "the Note Purchase Agreement", "thereunder", "thereof" or words of like import referring to the Note Agreement, shall mean and be a reference to the Note Agreement as modified by this Agreement.

b. Except as specifically modified above, the Note Agreement and any Related Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

c. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of MDP, nor, except as expressly provided herein, constitute a waiver or amendment of any provision of the Note Agreement.

11. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

12. SEVERABILITY. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

14. ACKNOWLEDGMENT OF DEBT. The Company hereby acknowledges and confirms that, as of the Amendment Effective Date, (a) the aggregate amount of outstanding indebtedness under the Notes is approximately \$41,114,461, plus interest; and (b) it holds no defenses, claims, counterclaims or rights of recoupment or set-off with respect to such indebtedness.

15. FORBEARANCE OF CLAIMS. In consideration of the foregoing, MDP hereby agrees that it will not (a) commence any litigation, proceeding or action or (b) assert or pursue any claims against the Company or its officers, directors, shareholders, employees, affiliates, attorneys, representatives, other agents, predecessors, successors, or assigns relating in any way to the Note Agreement or the Notes or the indebtedness evidenced thereby for so long as no default or Termination Event is existing under the Note Agreement, as amended by this Agreement or any subsequent agreements.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Waiver to be executed by their respective officers thereunto duly authorized, as of the date first written above.

PRISON REALTY TRUST, INC.,
a Maryland corporation

By: _____
Name:
Title:

MDP VENTURES IV LLC,
a New York limited liability company

By: MDP Ventures II LLC, its sole member

By: Millennium Development Partners II
LLC, its managing member

By: _____
Name:
Title:

EXHIBITS TO WAIVER AND AMENDMENT

Exhibit A: Proxy

Exhibit B: Replacement Note

Exhibit C: Schedule of Holders

Exhibit D: PIK Note

EXHIBIT A

[Intentionally omitted]

EXHIBIT B

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, NEITHER THIS NOTE, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE, NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

PRISON REALTY TRUST, INC.

AMENDED AND RESTATED
10% CONVERTIBLE SUBORDINATED NOTE
DUE 2008

No. ____

\$ _____

June 30, 2000

FOR VALUE RECEIVED, the undersigned, PRISON REALTY TRUST, INC., formerly know as Prison Realty Corporation (herein called the "Company"), a corporation organized and existing under the laws of the State of Maryland, hereby promises to pay to the order of _____, or its registered assigns (the "Holder"), the principal sum of _____ DOLLARS (\$_____) on the Maturity Date (as defined in the Note Agreement referred to below).

This Note is issued pursuant to that certain Note Purchase Agreement made as of December 31, 1998 (as amended by that certain Waiver and Amendment, dated as of June 30, 2000, and as it may be subsequently amended or supplemented from time to time, the "Note Agreement") between and among the Company, as issuer, and the Investor named therein, and is entitled to the benefits thereof. Capitalized terms used but not defined herein shall have the meaning given to them in the Note Agreement. This Note is issued in substitution for that certain \$_____ Note, dated _____ (the "Old Note"). Upon the issuance of this Note, the Old Note shall be canceled and of no further force or effect.

The Company also promises to pay interest (computed on the basis of a 360-day year of twelve 30-day months): (a) from the date hereof until the earlier of (i) the Maturity Date, (ii) the date this Note and all amounts payable in connection herewith have been paid to the Holder and (iii) the occurrence of a Termination Event after June 30, 2000 on the unpaid balance hereof at the rate of 10% per annum, payable semi-annually in arrears, on the last day of each June and December, commencing December 31, 2000, and on the Maturity Date (each such date an "Interest Payment Date"); and (b) from the earlier of (i) the Maturity Date or (ii) the occurrence of a Termination Event after June 30, 2000 until the date this Note and all amounts payable in connection herewith have been paid to the Holder, at the rate of 20% per annum payable on demand. In addition, the Company promises to pay Contingent Interest (as defined in the Note Agreement) to the Holder as set forth in Section 2.5 of the Note Agreement.

Payments of principal of, premium, if any, and interest (including, without limitation, Contingent Interest) on this Note are to be made in lawful money of the United States of America. Payments shall be made to the Holder at such place and by such means as provided in the Note Agreement.

This Note is one of a series of convertible notes issued pursuant to the Note Agreement. As provided in the Note Agreement, this Note: (i) is subject to redemption prior to Maturity, as provided in Section 12.1 of the Note Agreement; and (ii) is convertible into shares of the Company's Common Stock, as provided in Section 13 of the Note Agreement.

This Note is a registered Note and, as provided in the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note (for a like principal amount) or Notes (in authorized denominations) will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

If this Note is collected by or through an attorney at law or otherwise, then the Company shall be obligated to pay, in addition to the principal balance hereof and any premium and accrued interest hereon, reasonable attorney's fees and all out-of-pocket costs of the Holder in connection with the collection or enforcement of this Note.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note shall be governed by the laws of the State of New York.

PRISON REALTY TRUST, INC.

By: _____
Name: _____
Title: _____

EXHIBIT C

[Intentionally omitted]

EXHIBIT D

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, NEITHER THIS NOTE, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE, NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

PRISON REALTY TRUST, INC.

10% CONVERTIBLE SUBORDINATED PIK NOTE
DUE 2003

No. ___

\$ _____

June 30, 2000

FOR VALUE RECEIVED, the undersigned, PRISON REALTY TRUST, INC., formerly know as Prison Realty Corporation (herein called the "Company"), a corporation organized and existing under the laws of the State of Maryland, hereby promises to pay to the order of _____, or its registered assigns (the "Holder"), the principal sum of _____ DOLLARS (\$ _____) on the PIK Maturity Date (as defined in the Note Agreement referred to below).

This Note is issued pursuant to that certain Note Purchase Agreement made as of December 31, 1998 (as amended by that certain Waiver and Amendment, dated as of June 30, 2000, and as it may be subsequently amended or supplemented from time to time, the "Note Agreement") between and among the Company, as issuer, and the Investor named therein, and is entitled to the benefits thereof. Capitalized terms used but not defined herein shall have the meaning given to them in the Note Agreement.

The Company also promises to pay interest (computed on the basis of a 360-day year of twelve 30-day months): (a) from the date hereof until the earlier of (i) the PIK Maturity Date, (ii) the date this Note and all amounts payable in connection herewith have been paid to the Holder and (iii) the occurrence of a Termination Event after June 30, 2000 on the unpaid balance hereof at the rate of 10% per annum, payable semi-annually in arrears, on the last day of each June and December, commencing December 31, 2000, and on the PIK Maturity Date (each such date an "Interest Payment Date"); and (b) from the earlier of (i) the PIK Maturity Date or (ii) the occurrence of a Termination Event after June 30, 2000 until the date this Note and all amounts payable in connection herewith have been paid to the Holder, at the rate of 20% per annum payable on demand.

Payments of principal of, premium, if any, and interest (including, without limitation, Contingent Interest) on this Note are to be made in lawful money of the United States of America. Payments shall be made to the Holder at such place and by such means as provided in the Note Agreement.

This Note is one of a series of convertible notes issued pursuant to the Note Agreement. As provided in the Note Agreement, this Note: (i) is subject to redemption prior to the PIK Maturity Date, as provided in Section 12.1 of the Note Agreement; and (ii) is convertible into shares of the Company's Common Stock, as provided in Section 13 of the Note Agreement.

This Note is a registered Note and, as provided in the Note Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note (for a like principal amount) or Notes (in authorized denominations) will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

If this Note is collected by or through an attorney at law or otherwise, then the Company shall be obligated to pay, in addition to the principal balance hereof and any premium and accrued interest hereon, reasonable attorney's fees and all out-of-pocket costs of the Holder in connection with the collection or enforcement of this Note.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note shall be governed by the laws of the State of New York.

PRISON REALTY TRUST, INC.

By:

Name:

Title:

WAIVER AND AMENDMENT

THIS WAIVER AND AMENDMENT, dated as of June 30, 2000 (this "Agreement"), is entered into between PRISON REALTY TRUST, INC., a Maryland corporation formerly known as Prison Realty Corporation ("Company"), and PMI MEZZANINE FUND, L.P., a Delaware limited partnership ("PMI"), in light of the following:

WHEREAS, Company and PMI are parties to that certain Note Purchase Agreement, dated as of December 31, 1998 (as amended, supplemented, or otherwise modified from time to time, the "Note Agreement") pursuant to which Company issued to PMI its \$30,000,000 7.5% convertible subordinated note due February 28, 2005 (the "Note");

WHEREAS, Company has informed PMI that Company has violated certain of the covenants contained in the Note Agreement, as more particularly described in Section 2 below (the defaults set forth in Section 2 below being referred to collectively herein as the "Designated Events of Default");

WHEREAS, Company has requested that PMI (i) waive the Designated Events of Default; (ii) acknowledge certain transactions that Company desires to consummate; and (iii) agree to certain amendments to the Note Agreement, as more particularly described below; and

WHEREAS, subject to the terms and conditions set forth below, PMI is willing to agree to certain waivers, acknowledgments and amendments, as more particularly described below.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS; CONSTRUCTION.

(a) Any and all initially capitalized terms used herein shall have the meanings ascribed thereto in the Note Agreement or the Note, as applicable, unless specifically defined herein. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the part includes the whole, the terms "include" and "including" are not limiting, and the term "or" has the inclusive meaning represented by the phrase "and/or".

(b) As used herein, the following terms shall have the following definition:

"C Corporation" has the meaning attributed thereto in the Code.

"Change in Tax Status" means Company's election not to be taxed as a REIT, but rather as a C Corporation, commencing with its taxable year ending December 31, 2000 and thereafter, all in connection with the Management Opco Merger.

"Credit Agreement Amendment" means that certain waiver and amendment to the Senior Credit Agreement, dated June 9, 2000, executed between Company, certain of its Subsidiaries, certain lenders and Lehman Commercial Paper Inc.

"Credit Agreement Defaults" means Company's failure to comply with certain terms of the Senior Credit Agreement as a result of the MDP Defaults and the Designated Events of Default.

"Disqualified Stock" means any capital stock of Company that Company is or, upon the passage of time or the occurrence of any event (in each case prior to December 31, 2008), may become obligated to redeem, purchase, retire, defease or otherwise make any payment in respect of, in consideration other than capital stock (other than Disqualified Stock).

"Management Opco" means Corrections Corporation of America (formerly Correctional Management Services Corporation (and not CCA)), a Tennessee corporation.

"Management Opco Merger" means the legal and valid merger of Management Opco with and into Management Sub, with Management Sub as the surviving entity, for consideration in the merger consisting only of Company's common or preferred stock (other than Disqualified Stock), as more particularly described in the Proxy.

"Management Sub" means the wholly-owned subsidiary of Company formed in connection with the Management Opco Merger.

"MDP" means MDP Ventures IV LLC, a New York limited liability company.

"MDP Defaults" means (a) Company's failure to deliver to MDP under Section 10.1 of the MDP Note Purchase Agreement a "Repurchase Right Notice" (as defined therein) in connection with the Securities Purchase Agreement, dated as of April 5, 2000 among Company, certain of its subsidiaries, and Pacific Life Insurance Company or the Securities Purchase Agreement, dated as of December 26, 1999, by and between Company and Prison Acquisition Company LLC, (b) Company's failure to comply with Section 8.5 of the MDP Note Purchase Agreement; (c) Company's failure to issue a notice of default or take other action in connection with Management Opco's defaults under the Master Agreement to Lease, dated January 1, 1999, between Company and MDP, pursuant to Section 7.15 of the MDP Note Purchase Agreement; and (d) in connection with the Management Opco Merger and the Change in Tax Status, Company's (i) failure to maintain its status as a REIT and (ii) conduct of business other than financing, owning and developing prisons and other correctional facilities, each as required by the MDP Note Purchase Agreement.

"MDP Note" means the \$40,000,000 9.5% convertible subordinated note or notes issued by Company pursuant to the MDP Note Purchase Agreement.

"MDP Note Purchase Agreement" means the Note Purchase Agreement, dated as of December 31, 1998, between Company and MDP.

"Proxy" means Company's Amendment No. 1 to Proxy Statement, to be filed with the United States Securities and Exchange Commission (the "SEC") that, if approved by Company's common shareholders, would permit, among other things, the Change in Tax Status and the Management Opco Merger, a draft of which is attached hereto as Exhibit A.

"Senior Notes Indenture" means Company's Indenture, dated as of June 10, 1999, between Company and State Street Bank and Trust Company (the "Trustee"), as amended by that certain First Supplemental Indenture, dated as of June 11, 1999 between Company and the Trustee.

"Service Company A" means Prison Management Services, Inc., a Tennessee corporation.

"Service Company B" means Juvenile and Jail Facility Management Services, Inc., a Tennessee corporation.

"Service Company Mergers" means the merger of Service Company A and Service Company B with and into the applicable Service Company Sub for aggregate consideration of not more than \$10,600,000 (plus up to \$2,000,000 to be paid to certain wardens and other employees of Service Company A and Service Company B), in each case in the form of Company's common or preferred stock (other than Disqualified Stock) only.

"Service Company Subs" means the two wholly-owned subsidiaries of Company created in connection with the Service Company Mergers.

"Termination Event" shall mean the occurrence of any of the following events:

(i) If, on or before June 30, 2000, the lenders or the agents under the Senior Credit Agreement shall not have withdrawn the blockage notice previously sent to PMI and agreed not to issue another blockage notice to PMI based upon the existence of the MDP Defaults;

(ii) If, on or before June 30, 2000, PMI does not receive the payment of interest then due and payable under the Note; or

(iii) If MDP exercises any of its rights or remedies or takes any other action adverse to Company or PMI (in the reasonable opinion of PMI).

2. DESIGNATED EVENTS OF DEFAULT.

Company hereby acknowledges that, as of the date hereof, each of the following material Events of Default has occurred and is continuing:

(a) Financial Covenants. Company's failure to comply with the financial covenants set forth in Sections 6.15(i) and 6.15(ii) of the Note Agreement.

(b) MDP Defaults. The MDP Defaults, to the extent that the same are not cured or waived in accordance with Section 7.1(iii) of the Note Agreement.

3. REPRESENTATIONS AND WARRANTIES OF COMPANY.

Company hereby represents and warrants to PMI that:

(a) Authority. Company has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and under the Note Agreement (as modified hereby). The execution, delivery and performance by Company of this Agreement, the Note Agreement (as modified hereby) and the transactions contemplated hereby and thereby have been duly approved by all necessary corporate action of Company and no other corporate proceedings on the part of Company are necessary to consummate such transactions (except as expressly contemplated hereby and thereby).

(b) Enforceability. This Agreement has been duly executed and delivered by Company. Each of this Agreement and, after giving effect to this Agreement, the Note and the other Transaction Documents is the legal, valid and binding obligation of Company, enforceable against Company in accordance with its terms, and is in full force and effect.

(c) No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, nor performance of and compliance with the terms and provisions hereof by Company will, at the time of such performance, (i) violate or conflict with any provision of its articles or certificate of incorporation or bylaws or other organizational or governing documents of such Person, (ii) violate, contravene or materially conflict with any requirement of law or any other law, regulation, order, writ, judgment, injunction, decree or permit applicable to it, except for any violation, contravention or conflict which could not reasonably be expected to have a material adverse effect, or (iii) violate, contravene or conflict with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, deed of trust, contract or other agreement or instrument to which it is a party or by which it may be bound (including, without limitation, the Senior Notes Indenture, the MDP Note Purchase Agreement, or the Senior Credit Agreement), except for any violation, contravention or conflict which could not reasonably be expected to have a material adverse effect.

(d) No Default: General. After giving effect to the acknowledgments set forth in Section 5 and the waivers set forth in Section 6 hereof, no Event of Default shall have occurred and be continuing under the Note Agreement or any other Transaction Document.

(e) No Default: Other than Designated Events of Default. No Default or Event of Default, other than the Designated Events of Default, has occurred or is continuing under the Note Agreement or the Note.

(f) No Default: Certain Other Agreements. No event of default exists under the Senior Credit Agreement (other than the Credit Agreement Defaults) or the Senior Notes Indenture.

The foregoing representations and warranties shall be deemed made as of the date of the execution and delivery hereof and as of the date of the effectiveness of this Agreement.

4. REPRESENTATIONS AND WARRANTIES OF PMI.

PMI hereby represents and warrants to Company that:

(a) Authority. PMI has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and under the Note Agreement (as modified hereby). The execution, delivery and performance by PMI of this Agreement, the Note Agreement (as modified hereby) and the transactions contemplated hereby and thereby have been duly approved by all necessary action of PMI and no other proceedings on the part of PMI are necessary to consummate such transactions (except as expressly contemplated hereby and thereby).

(b) Enforceability. This Agreement has been duly executed and delivered by PMI. Each of this Agreement and, after giving effect to this Agreement, the Note and the other Transaction Documents is the legal, valid and binding obligation of PMI, enforceable against PMI in accordance with its terms, and is in full force and effect.

The foregoing representations and warranties shall be deemed made as of the date of the execution and delivery hereof and as of the date of the effectiveness of this Agreement.

5. Acknowledgment.

Subject to the satisfaction of the conditions contained herein, and in reliance on the representations and warranties of Company herein, PMI hereby acknowledges the following transactions and agrees that neither the consummation of, or the failure to consummate, any of these transactions shall constitute or otherwise cause a Default or an Event of Default under the Note Agreement or the Note:

- (a) the Management Opco Merger;
- (b) the Change in Tax Status;
- (c) the Service Company Mergers;
- (d) the Rights Offering; and
- (e) the transactions disclosed in the Proxy or the Credit Agreement Amendment.

6. WAIVERS.

Subject to the satisfaction of the conditions contained herein, and in reliance on the representations and warranties of Company herein, PMI hereby waives (a) the Designated Events of Default; and (b) any failure of Company to comply with the covenants contained in Sections 6.15(a)(i), (ii), or (iii) of the Note Agreement for the periods ending June 30, 2000, September 30, 2000 and December 31, 2000, which waivers shall be effective when each of the conditions contained herein have been satisfied and shall continue unless and until the date, if any, on which a Termination Event shall occur (in which case such waivers automatically shall terminate).

7. AMENDMENTS TO NOTE AGREEMENT.

Subject to the satisfaction of the conditions contained herein, Company and PMI hereby amend the Note Agreement as follows:

(a) The following definitions set forth in Section 3.1 of the Note Agreement hereby are, in each case, amended and restated in their entirety to read as follows:

""CCA" means Corrections Corporation of America, a Tennessee corporation, which was merged with and into the Corporation, with the Corporation as the surviving entity, on December 31, 1998."

""COUPON RATE" means eight percent (8.0%) per annum."

""OPERATING COMPANY" means Corrections Corporation of America (formerly Correctional Management Services Corporation (and not CCA)), a Tennessee corporation."

""REIT" means a real estate investment trust as defined in Sections 856-860 of the Code."

""SENIOR CREDIT AGREEMENT" means that certain Amended and Restated Credit Agreement, dated as of August 4, 1999, by and among the Corporation, the Subsidiary Guarantors (as defined therein), the Lenders (as defined therein), Lehman Commercial Paper Inc., as Administrative Agent,

Societe Generale, as Documentation Agent, The Bank of Nova Scotia, as Syndication Agent, Southtrust Bank, N.A., as Co-Agent, and Lehman Brothers Inc., as Advisor, as Lead Arranger and as Book Manager, as the same may be amended, restated, supplemented, or otherwise modified from time to time."

"TRIGGERING EVENT RATE" means the sum of (a) the Coupon Rate, plus (b) two percentage points."

(b) Section 3.1 of the Note Agreement hereby is amended by adding the following new definitions thereto:

"C CORPORATION" has the meaning attributed thereto in the Code."

"CHANGE IN TAX STATUS" means the Corporation's election not to be taxed as a REIT, but rather as a C Corporation, commencing with its taxable year ending December 31, 2000 and thereafter in connection with the Management Opco Merger."

"CREDIT AGREEMENT AMENDMENT" means that certain waiver and amendment to the Senior Credit Agreement, dated June 9, 2000, executed between Company, certain of its Subsidiaries, certain lenders and Lehman Commercial Paper Inc."

"DISQUALIFIED STOCK" means any capital stock of the Corporation that the Corporation is or, upon the passage of time or the occurrence of any event (in each case prior to December 31, 2008), may become obligated to redeem, purchase, retire, defease or otherwise make any payment in respect of, in consideration other than capital stock (other than Disqualified Stock)."

"FEE AGREEMENTS" means (i) that certain agreement, dated September 14, 1999, between the Company and Merrill Lynch & Co. and (ii) that certain amended and restated agreement, dated March 3, 2000, as amended on May 1, 2000, between the Company and Wasserstein Perella & Co., Inc."

"MANAGEMENT OPCO MERGER" means the legal and valid merger of Operating Company with and into Management Sub, with Management Sub as the surviving entity, as more particularly described in the Restructuring Proxy."

"MANAGEMENT OPCO MERGER DATE" means the earlier of (i) October 31, 2000, and (ii) the date that is 5 Business Days after the date on which all consents and authorizations necessary to validly and legally consummate the Management Opco Merger have been obtained."

"MANAGEMENT SUB" means the wholly-owned subsidiary of the Corporation formed in connection with the Management Opco Merger."

"PACIFIC LIFE AGREEMENT" means that certain Securities Purchase Agreement, dated as of April 5, 2000, and executed as of April 16, 2000, among the Corporation, Operating Company, Service Company A and Service Company B, on the one hand, and Pacific Life Insurance Company, on the other hand."

"POTENTIAL CLAIMS" means the potential claims against the Company under the Pacific Life Agreement, the Securities Purchase Agreement and the Fee Agreements."

"RIGHTS OFFERING" means an offering made, in accordance with all applicable federal and state laws, by the Corporation to its then-current common shareholders through the distribution of rights to purchase shares of common stock of the Corporation (based on each shareholder's then-current pro rata share of the Corporation's common stock), which, if consummated, would result in net cash proceeds to the Corporation of at least \$50,000,000."

"RESTRUCTURING PROXY" means the Corporation's Amendment No. 1 to Proxy Statement, to be filed with the United States Securities and Exchange Commission (the "SEC") that, if approved by the Corporation's common shareholders, would permit, among other things, the Change in Tax Status and the Management Opco Merger, a draft of which is attached to the Waiver and Amendment as Exhibit A."

"SECURITIES PURCHASE AGREEMENT" means that certain Securities Purchase Agreement, dated as of December 26, 1999, by and between the Company and Prison Acquisition Company L.L.C."

"SERVICE COMPANY A" means Prison Management Services, Inc., a Tennessee corporation."

"SERVICE COMPANY B" means Juvenile and Jail Facility Management Services, Inc., a Tennessee corporation."

"SERVICE COMPANY MERGERS" means the merger of Service Company A and Service Company B with and into the applicable Service Company Sub for aggregate consideration of not more than \$10,600,000 (plus up to \$2,000,000 to be paid to certain wardens and other employees of Service Company A and Service Company B), in each case in the form of the Corporation's common or preferred stock (other than Disqualified Stock) only."

"SERVICE COMPANY SUBS" means the two wholly-owned subsidiaries of the Corporation created in connection with the Service Company Mergers."

"WAIVER AND AMENDMENT" means that certain Waiver and Amendment, dated as of June 30, 2000, between the Corporation and PMI."

(c) Section 6.10 of the Note Agreement hereby is deleted in its entirety and replaced with the following new Section 6.10:

"Conduct of Business. (a) Except as may be necessary in order to consummate, and as contemplated by, the Management Opco Merger and the Service Company Mergers, the Corporation shall not, and shall not permit any of its Subsidiaries to, engage in any business other than the financing, ownership and development of prisons and other correctional facilities and other businesses or activities substantially similar or related thereto.

(b) After consummation of the Management Opco Merger, the business of the Corporation and its Subsidiaries may include, in addition to those activities listed in subsection (a) above, the operation and management of correctional, justice and detention facilities."

(d) Section 6.13 of the Note Agreement hereby is amended by adding the following new subsection at the end thereof:

"(v) Upon and after the consummation of the Management Opco Merger, this Section 6.13 shall have no further force or effect with respect to Operating Company."

(e) Section 6.14 of the Note Agreement hereby is deleted in its entirety and replaced with the notation: "[Intentionally Omitted]".

(f) Section 6.15 of the Note Agreement hereby is amended by inserting the following immediately before clause (i) of such section:

"(a) Prior to the consummation of the Management Opco Merger, the following covenants shall apply (subject to the waiver contained in the Waiver and Amendment):"

(g) Section 6.15 of the Note Agreement hereby is further amended by adding the following thereto as a new subsection (b) at the end of such section:

(b) For purposes of this Section 6.15(b) only, all capitalized terms used in this Section shall have the meaning given to them in the Senior Credit Agreement as in effect as of the date hereof and all definitions that are referred to in such capitalized terms that also are defined in the Senior Credit

Agreement also shall have the meanings given to them in the Senior Credit Agreement (such capitalized terms and definitions referred to in such capitalized terms being referred to as "Financial Covenant Definitions"); provided, however, that if the Financial Covenant Definitions contained in the Senior Credit Agreement as of the date hereof subsequently are amended or modified (other than in connection with a refinancing or replacement thereof), then the Financial Covenant Definitions used herein automatically shall be deemed amended or modified to conform to the changes in the Senior Credit Agreement as of the effective date of the applicable amendment or modification. If the Senior Credit Agreement is terminated prior to the termination of this Agreement, the Financial Covenant Definitions shall have the meaning given to them in the Senior Credit Agreement as of the date immediately preceding the applicable termination date (without giving effect to amendments effected in connection with such termination). Upon and after consummation of the Management Opco Merger, the following financial covenants shall apply:

(i) Maximum Total Leverage. At all times the ratio of Total Indebtedness to Post Merger EBITDA of the Consolidated Parties for the immediately preceding four full fiscal quarters ("LTM Post Merger EBITDA") shall be equal to or less than the ratio set forth below for such fiscal quarter. For purposes of determining compliance with this Section 6.15(b)(i), (A) during the third quarter of 2000, LTM Post Merger EBITDA shall be calculated by multiplying Post Merger EBITDA for the third quarter of 2000 by four (4), (B) during the fourth quarter of 2000, LTM Post Merger EBITDA shall be calculated by multiplying (i) the sum of Post Merger EBITDA for the third quarter of 2000 plus Post Merger EBITDA for the fourth quarter of 2000 by (ii) two (2), and (C) during the first quarter of 2001, LTM Post Merger EBITDA shall be calculated by multiplying (i) the sum of Post Merger EBITDA for the third quarter of 2000 plus Post Merger EBITDA for the fourth quarter of 2000 plus Post Merger EBITDA for the first quarter of 2001 by (ii) four-thirds (4/3):

Fiscal Quarter -----	Ratio -----
Q3 - 2000	8.00:1.00
Q4 - 2000	7.50:1.00
Q1 - 2001	6.75:1.00
Q2 - 2001	6.00:1.00
Q3 - 2001	5.25:1.00
Q4 - 2001	5.00:1.00

(ii) Post Merger Interest Coverage Ratio. The Post Merger Interest Coverage Ratio, as of the last day of each fiscal quarter of the Consolidated Parties, shall be equal to or greater than the ratio set forth below for such fiscal quarter:

Fiscal Quarter -----	Ratio -----
Q3 - 2000	0.75:1.00
Q4 - 2000	1.00:1.00
Q1 - 2001	1.20:1.00
Q2 - 2001	1.20:1.00
Q3 - 2001	1.40:1.00
Q4 - 2001	1.40:1.00

(iii) Fixed Charge Coverage. The Fixed Charge Coverage Ratio, as of the last day of each fiscal quarter of the Consolidated Parties, shall be equal to or greater than the ratio set forth below for such fiscal quarter:

Fiscal Quarter -----	Ratio -----
Q3 - 2000	0.50:1.00
Q4 - 2000	1.00:1.00
Q1 - 2001	1.00:1.00
Q2 - 2001	1.00:1.00
Q3 - 2001	1.00:1.00
Q4 - 2001	1.00:1.00

(iv) Pro Forma Adjustments and Setting of Future Financial Covenants. To the extent that the Management Opco Merger is consummated on a date in a fiscal quarter of the Consolidated Parties other than the final day of such fiscal quarter, the financial covenants contained in (i) through (iii) above shall be calculated as if the Management Opco Merger had occurred on the first of day of such fiscal quarter. Further, at any time on and after September 30, 2001 that the financial covenants set forth in the Senior Credit Agreement are reset or otherwise renegotiated, but no less frequently than annually, Purchaser and the Corporation agree to establish reset covenant levels (at a level equal to 50 basis points higher than the comparable financial covenant in the Senior Credit Agreement in the case of the Maximum Total Leverage Ratio, 25 basis points lower than the comparable financial covenant in the Senior Credit Agreement in the case of the Post Merger Interest Coverage Ratio, and 25 basis points lower than the comparable financial covenant in the Senior Credit Agreement in the case of the Fixed Charge Coverage Ratio) in each case, for the period covered by the reset or otherwise renegotiated Senior Credit Agreement financial covenants."

(h) Section 7.1 of the Note Agreement hereby is amended by adding to the beginning thereof the clause: "Subject to the waivers contained in the Waiver and Amendment,".

(i) Section 7.1(iii) of the Note Agreement hereby is amended by modifying the beginning thereof to read: "default under any evidence of indebtedness, including any bond, debenture or note, for money borrowed in excess of \$1,000,000 by the Corporation or any of its Subsidiaries,". The remainder of Section 7.1(iii) shall remain the same.

(j) Section 7.1(v) of the Note Agreement hereby is amended by adding to the beginning thereof the clause: "provided that the representations and warranties contained in Section 4 of this Agreement are, by their terms, made specifically and apply

only as of the Closing Date and provided that the representations and warranties contained in Section 3 of the Waiver and Amendment are, by their terms, made specifically and apply as of the date thereof and as of the date of the effectiveness thereof,".

(k) Section 7.1(vi) of the Note Agreement hereby is amended by adding to the beginning thereof the clause: "except in connection with the Potential Claims,".

8. FEE.

Company shall pay to PMI a fee (the "Waiver Fee") equal to \$75,000, which fee shall be fully earned and be due and payable upon the execution and delivery hereof by the parties hereto.

9. CONDITIONS PRECEDENT.

The effectiveness of the waivers and amendments contained in this Agreement (but not the effectiveness of this Agreement, which will be effective upon the satisfaction of the terms contained in Section 10.2(b)) is subject to the fulfillment of each of the following conditions:

(a) Company and PMI, respectively, shall have received a counterpart of this Agreement duly executed and delivered by the other, and the same shall be in full force and effect;

(b) PMI shall have received an 8.0% convertible, extendable, subordinated note due February 28, 2005 (in the form attached hereto as Exhibit B; herein, the "Replacement Note") in substitution for the Note. In this regard, (i) the Replacement Note shall not become effective or be enforceable against Company until the waivers and amendments contained in this Agreement have become effective under this Section 9, (ii) promptly after the date of the effectiveness of the waivers and amendments contained in this Agreement, PMI agrees to return the Note to Company for cancellation, and (iii) from and after the date of the effectiveness of the waivers and amendments contained in this Agreement (and irrespective of whether a Termination Event subsequently occurs), PMI and Company agree that all references in the Note Agreement to the Note that do not conflict with the terms of the Replacement Note automatically shall be deemed to be references to the Replacement Note and that the Replacement Note shall evidence, for all purposes, the indebtedness of Company owed by it to PMI that previously had been evidenced by the Note;

(c) PMI shall have received the Waiver Fee;

(d) after giving effect hereto, no Default or Event of Default shall have occurred and be continuing;

(e) the lenders or the agents under the Senior Credit Agreement shall have withdrawn the blockage notice, dated April 14, 2000, sent by Lehman Commercial Paper Inc. to PMI, shall have agreed not to issue another blockage notice to PMI based upon the existence of the MDP Defaults, and no other blockage notice shall have been sent to PMI by the lenders or agents under the Senior Credit Agreement or the Senior Notes Indenture;

(f) the receipt of the payment of interest accrued under the Note due on June 30, 2000;

(g) PMI shall have received payment of its reasonable costs and expenses (including attorneys fees and costs) incurred in connection with the Designated Events of Default and the preparation, negotiation, execution, and delivery of this Agreement and the Replacement Note; and

(h) each of the representations and warranties contained herein shall be true and correct in all respects on and as of the effectiveness hereof, as though made on and as of such date.

10. MISCELLANEOUS.

10.1 CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

(a) THE VALIDITY OF THIS WAIVER, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS WAIVER SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE CITY OF NEW YORK, STATE OF NEW YORK. COMPANY AND PMI WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION.

(c) COMPANY AND PMI HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS WAIVER OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. COMPANY AND PMI REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND

VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS WAIVER MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.2 COUNTERPARTS; TELEFACSIMILE EXECUTION; EFFECTIVENESS.

(a) This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original. All of such counterparts shall constitute but one and the same instrument. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement.

(b) This Agreement shall be effective as of the date first written above when one or more counterparts hereof shall have been executed by Company and PMI and shall have been delivered to PMI.

10.3 LIMITED WAIVER.

The waivers, consents, and modifications herein are limited to the specifics hereof, shall not apply with respect to any facts or occurrences other than those on which the same are based, shall not excuse future non-compliance with the Note Agreement, and except as expressly set forth herein, shall not operate as a waiver or an amendment of any right, power or remedy of PMI, nor as a consent to any further or other matter, under the Note Agreement or the Note.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first above written.

PRISON REALTY TRUST, INC.,
a Maryland corporation formerly known as Prison
Realty Corporation

By: /s/ Vida H. Carroll

Its Chief Financial Officer, Secretary/Treasurer

PMI MEZZANINE FUND, L.P.,
a Delaware limited partnership

By: Pacific Mezzanine Investors, LLC, a Delaware
limited liability company, its General Partner

By: /s/ Robert Bartholomew

Its Managing Principal

EXHIBITS TO WAIVER AND AMENDMENT

Exhibit A: Proxy

Exhibit B: Replacement Note

EXHIBIT A

[Intentionally omitted]

EXHIBIT B

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE PROVISIONS OF A NOTE PURCHASE AGREEMENT DATED AS OF DECEMBER 31, 1998 BETWEEN THE CORPORATION AND PMI MEZZANINE FUND, L.P. AND A REGISTRATION RIGHTS AGREEMENT DATED AS OF DECEMBER 31, 1998 BETWEEN THE CORPORATION AND PMI MEZZANINE FUND, L.P., IN EACH CASE, AS AMENDED, COPIES OF WHICH ARE ON FILE AT THE OFFICES OF THE CORPORATION.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 AND QUALIFICATION UNDER APPLICABLE STATE SECURITIES OR BLUE SKY LAWS, OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION REQUIREMENTS.

PRISON REALTY TRUST, INC.

8.0% CONVERTIBLE, EXTENDABLE, SUBORDINATED NOTE
DUE FEBRUARY 28, 2005

No. 003

June 30, 2000

SECTION 1. PAYMENT OBLIGATION.

(a) PRISON REALTY TRUST, INC., a corporation duly organized and existing under the laws of the State of Maryland (herein called the "Corporation"), for value received, hereby promises to pay to MAC & CO., as nominee for PMI Mezzanine Fund, L.P., a limited partnership duly organized and existing under the laws of the State of Delaware (herein called "PMI"), or registered assigns (hereinafter referred to as the "Holder"), the principal sum of Thirty Million Dollars (\$30,000,000) on the Maturity Date, and to pay interest thereon from the date hereof quarterly on March 31, June 30, September 30, and December 31 of each year, commencing September 30, 2000, at (i) the Coupon Rate, or (ii) upon the occurrence of a Triggering Event occurring after June 30, 2000 and until the date on which such Triggering Event is cured or waived or until the date that is ninety (90) days from initial occurrence of the Triggering Event, whichever is later, at the

Triggering Event Rate, until the principal hereof is paid to the person in whose name this Note is registered at the close of business on the Business Day immediately preceding the date such payment is due.

(b) The Corporation and the Holder acknowledge that the payment of interest on the Notes at the Coupon Rate is subject to the approval of the Required Lenders (as such term is defined in the Senior Credit Agreement), pursuant to Section 3.1 of the Senior Credit Agreement. The Corporation will use its reasonable best efforts to obtain such approval. If such approval is not obtained, the Corporation will issue additional convertible notes (substantially in the form of this Note) to the Holder in an amount equal to the difference between the Coupon Rate hereunder and the coupon rate in effect under the note issued pursuant to the Note Purchase Agreement immediately prior to the issuance of this Note (the "PIK Notes") and will pay the balance (i.e., 7.5% per annum) in cash as and when due hereunder. Any PIK Notes shall be issued on the date that the applicable interest payment is due hereunder and shall accrue interest in accordance with subsection (a) above.

(c) Any payments due hereunder that fall due on a day that is not a Business Day shall be payable on the first succeeding Business Day and such extension of time shall be included in the computation of interest due hereunder. Payment of the principal of and interest on this Note will be made by cashiers check or by wire transfer of immediately available funds, in currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at such address or to such account, as applicable, as shall be designated to the Corporation by the Holder.

SECTION 2. DEFINITIONS. As used herein, the following terms will be deemed to have the meanings set forth below. Capitalized terms not otherwise defined herein shall have the meaning given to them in the Note Purchase Agreement, dated as of December 31, 1998, between the Corporation and PMI (as amended by the Waiver and Amendment, dated June 30, 2000, between the Corporation and PMI, and as subsequently amended, supplemented, or otherwise modified from time to time, the "Note Purchase Agreement").

"BOARD" means the board of directors of the Corporation.

"BUSINESS DAY" means each Monday, Tuesday, Wednesday, Thursday, or Friday that is not a day on which banking institutions in Los Angeles, California are authorized or obligated by law or executive order to close.

"CAPITAL STOCK" means (a) the Common Stock and (b) any preferred stock of the Corporation issued after June 30, 2000, which is convertible, whether at the option of the holder or otherwise, into Common Stock, other than any preferred stock which provides for payment of dividends in kind issued in lieu of cash dividends required to be paid by the Corporation in order to maintain its taxable status as a real estate investment trust for its 1999 taxable year.

"CHANGE EVENT" shall, excluding any and all transactions consummated in connection with, or contemplated by, the Rights Offering, the Restructuring Proxy or the Credit Agreement Amendment, mean:

(a) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors, but excluding, for this purpose, any such acquisition by (i) the Corporation or any of its subsidiaries, (ii) any employee benefit plan (or related trust) of the Corporation or its subsidiaries, or (iii) any corporation with respect to which, following such acquisition, more than 50% of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by individuals and entities who were the beneficial owners of voting securities of the Corporation immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; or

(b) the Incumbent Board shall cease for any reason to constitute at fifty percent (50%) of the members of the Board; or

(c) approval by the stockholders of the Corporation of a reorganization, merger, or consolidation, in each case, with respect to which all or substantially all the individuals and entities who were the respective beneficial owners of the voting securities of the Corporation immediately prior to such reorganization, merger, or consolidation do not, following such reorganization, merger, or consolidation beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such reorganization, merger, or consolidation; or

(d) the sale or other disposition of all or substantially all the assets or property of the Corporation in one transaction or a series of related transactions.

"CLOSING DATE" shall have the meaning ascribed thereto in Section 2.2 of the Note Purchase Agreement.

"COMMON STOCK" means the common stock of the Corporation, par value \$0.01 per share.

"CONVERSION PRICE" means a price per share of Common Stock equal to the result of (a) 125%, times (b) the average of the daily closing bid prices for Common Stock of the Corporation during the 30 day period immediately following the Determination Date.

"CONVERSION RATIO" means the number of Conversion Shares to be delivered upon conversion of One Hundred Dollars (\$100) of principal amount of this Note. Subject to the provisions for adjustment set forth herein, the Conversion Ratio shall be determined as the quotient of (i) One Hundred Dollars (\$100), divided by (ii) the Conversion Price.

"CONVERSION SHARES" means fully paid and nonassessable shares of Common Stock issuable upon conversion of the indebtedness evidenced by this Note.

"CONVERTIBLE NOTES" means the Corporation's (a) \$7,000,000 aggregate principal amount 8.5% Convertible Subordinated Notes due November 7, 1999, (b) option to purchase the Floating Rate Notes, and (c) the Floating Rate Notes when issued.

"CONVERTIBLE SECURITIES" means rights, warrants, options or other securities convertible into or exchangeable for shares of Common Stock.

"COUPON RATE" means eight percent (8.0%) per annum.

"CURRENT MARKET PRICE" when used with reference to shares of Common Stock, shall mean (i) the closing price per share of Common Stock on such date or (ii) if securities are sold based on an average price, the lesser of (a) the closing price per share of Common Stock on such date, or (b) the average of the daily closing prices per share of Common Stock for the period over which the sales price was calculated, but if such period exceeds thirty days, then the average of the daily closing prices per share of Common Stock for the last thirty days of such period. If the Common Stock is listed or admitted to trading on a national securities exchange, the closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading. If the Common Stock is not publicly held or so listed or publicly traded, "Current Market Price" shall mean the fair market value per share of Common Stock as determined in good faith by the Board based on an opinion of an independent investment banking firm with an established national

reputation as a valuer of securities, which opinion may be based on such assumptions as such firm shall deem to be necessary and appropriate.

"DETERMINATION DATE" means the earlier of (a) the date of consummation of the Management Opco Merger, or (b) October 31, 2000.

"EVENT OF DEFAULT" shall have the meaning set forth in Section 7.1 of the Note Purchase Agreement.

"EXCHANGE ACT" shall have the meaning set forth in Section 3.1 of the Note Purchase Agreement.

"FLOATING RATE NOTES" shall have the meaning set forth in the Sodexho Agreement.

"INCUMBENT BOARD" means the individuals who, as of the Closing Date, constitute the Board; provided, however, that any individual becoming a director subsequent to the Closing Date, whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to be a member of the Incumbent Board.

"ISSUE DATE" shall mean June 30, 2000.

"MAJOR TRANSACTION" shall, excluding any and all transactions consummated in connection with, or contemplated by, the Rights Offering, the Restructuring Proxy or the Credit Agreement Amendment, mean:

(a) approval by the stockholders of the Corporation of a reorganization, merger, or consolidation, in each case, with respect to which all or substantially all the individuals and entities who were the respective beneficial owners of the voting securities of the Corporation immediately prior to such reorganization, merger, or consolidation do not, following such reorganization, merger, or consolidation beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation resulting from such reorganization, merger, or consolidation; or

(b) the sale or other disposition of all or substantially all the assets or property of the Corporation and its Subsidiaries, taken as a whole, in one transaction or a series of related transactions.

"MANAGEMENT OPCO MERGER" means the legal and valid merger of Operating Company with and into Management Sub, with Management Sub as the surviving entity.

"MANAGEMENT SUB" means the wholly-owned subsidiary of the Corporation formed in connection with the Management Opco Merger.

"MANDATORY CONVERSION DATE" means the Business Day specified by the Corporation, in compliance with the provisions hereof, as the date on which all or a portion of the indebtedness evidenced by this Note will be converted into shares of Common Stock pursuant to the Corporation's right to compel such conversion.

"MANDATORY CONVERSION NOTICE" means a written notice substantially in the form of the notice attached hereto as Exhibit A and incorporated herein by this reference.

"MANDATORY PREPAYMENT DATE" means the Business Day specified by the Holder, in compliance with the provisions hereof, as the date on which all or a portion of the indebtedness evidenced by this Note must be prepaid pursuant to the Holder's right to compel such prepayment.

"MANDATORY PREPAYMENT NOTICE" means a written notice substantially in the form of the notice attached hereto as Exhibit B and incorporated herein by this reference.

"MATURITY DATE" means the later of (a) February 28, 2005, (b) if Holder elects to extend the maturity date by sending a written notice to the Corporation at least thirty days prior to the date set forth in item (a), February 28, 2006, and (c) if Holder elects to extend the maturity date by sending a written notice to the Corporation at least thirty days prior to the date set forth in item (b), February 28, 2007.

"NOTE" means this convertible, extendable, subordinated note issued by the Corporation.

"OPERATING COMPANY" means Corrections Corporation of America (formerly Correctional Management Services Corporation), a Tennessee corporation.

"OPTIONAL CONVERSION NOTICE" means a written notice substantially in the form of the notice attached hereto as Exhibit C and incorporated herein by this reference.

"SENIOR INDEBTEDNESS" means the principal of and premium, if any, and unpaid interest on (a) indebtedness (other than indebtedness evidenced by the Convertible Notes, indebtedness that is subordinated in right of payment to one or more item or type of indebtedness of the Corporation, or indebtedness incurred in violation of the terms and conditions of the Note Purchase Agreement) of the Corporation, irrespective of whether secured and whether heretofore or hereafter (i) incurred for borrowed money, or (ii) evidenced by a

note or similar instrument given in connection with the acquisition by the Corporation of any business, properties, or assets, including securities (but not including any account payable or other obligation created or assumed by the Corporation in the ordinary course of business in connection with the obtaining of materials or services), (b) any refundings, renewals, extensions, or deferrals of any of the indebtedness included as Senior Indebtedness by virtue of clause (a) hereof, and (c) obligations under capital leases; in each case for the payment of which the Corporation is liable directly or indirectly by guarantee, letter of credit, obligation to purchase or acquire, or otherwise, unless the terms of the instrument evidencing such indebtedness or capital lease or pursuant to which such indebtedness or capital lease is outstanding specifically provide that such indebtedness or capital lease is not superior in right of payment to the indebtedness evidenced by this Note.

"SODEXHO AGREEMENT" means that certain Securities Purchase Agreement, dated as of June 23, 1994, between Sodexho S.A., a French corporation, or its designee and the Corporation, as amended by that certain Amendment No. 1 to Securities Purchase Agreement, dated as of July 11, 1995, and that certain Amendment No. 2 to Corrections Corporation of America/Sodexho S.A. 1994 Securities Purchase Agreement and Note and Warrant Modification Agreement, dated as of February 26, 1996.

"TRADING DAY" means, if the Common Stock is listed or admitted to trading on any national securities exchange, a day on which such exchange is open for the transaction of business, otherwise, a Business Day.

"TRIGGERING EVENT" means the occurrence of any Unmatured Event of Default or Event of Default described in Section 7.1 of the Note Purchase Agreement. For purposes of determining the period during which the Triggering Event Rate shall be in effect, a Triggering Event shall not be deemed to have occurred until the date on which the Holder shall have given notice of the occurrence thereof to the Corporation.

"TRIGGERING EVENT RATE" means the sum of (a) the Coupon Rate, plus (b) two percentage points.

"UNMATURED EVENT OF DEFAULT" shall mean any event or condition, the occurrence of which would, with the lapse of time or the giving of notice, or both, constitute an Event of Default.

SECTION 3. OPTIONAL CONVERSION.

(a) Subject to and upon compliance with the provisions of this Note, the Holder is entitled, at its option, at any time on or before the close of business on the Business Day prior to the Maturity Date, or in case this Note or a portion hereof is called for conversion by the Corporation in accordance with the terms hereof, then until and including,

but not after, the close of business on the third Business Day prior to the Mandatory Conversion Date, to convert all or a portion of the principal amount of the indebtedness evidenced by this Note into Conversion Shares.

(b) The principal amount of the indebtedness evidenced by this Note or any portion of the principal amount of the indebtedness evidenced hereby that is One Thousand Dollars (\$1,000), an integral multiple of One Thousand Dollars (\$1,000), or the remaining balance of the principal amount of the indebtedness evidenced by this Note may be converted into Conversion Shares. Subject to the provisions for adjustment set forth hereinafter, the indebtedness evidenced by the Note shall be convertible into Conversion Shares at a price per share equal to the Conversion Price and the number of Conversion Shares to be deliverable to the Holder upon conversion of One Hundred Dollars (\$100) of the principal amount of this Note shall be equal to the Conversion Ratio.

(c) Conversion of all or a portion of the indebtedness evidenced by this Note may be effected by the Holder upon the surrender to the Corporation at the principal office of the Corporation in the State of Tennessee or at the office of any agent or agents of the Corporation, as may be designated by the Board, of this Note, duly endorsed or assigned to the Corporation or in blank, accompanied by a Optional Conversion Notice to the Corporation that the Holder elects to convert the principal amount of the indebtedness evidenced by this Note or, if less than the entire principal amount of the indebtedness evidenced by this Note is to be converted, the portion thereof to be converted. Such Optional Conversion Notice shall specify the name or names in which the Holder wishes the certificate or certificates for shares of Common Stock to be issued. In case such notice shall specify a name or names other than that of the Holder, such notice shall be accompanied by payment of all transfer taxes payable upon the issuance of shares of Common Stock in such name or names. Other than such taxes, the Corporation will pay any and all issue and other taxes (other than taxes based on income) that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of the indebtedness evidenced by this Note. No payment or adjustment shall be made upon any conversion of this Note on account of any dividends or other distributions payable on the Conversion Shares; provided, however, that the Holder shall be entitled to receive the full amount of any dividends or other distributions declared with respect to the Conversion Shares with a record date on or after the effective date of such conversion.

As promptly as practicable, and in any event within five (5) Business Days after the surrender of this Note and the receipt of such notice relating thereto and, if applicable, payment of all transfer taxes (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered, either by personal delivery or by certified or registered mail or by a recognized overnight courier service, in any such case, properly insured, to the Holder in accordance with the written instructions of the Holder (i) certificates representing the number of Conversion Shares to which the Holder shall be entitled, and (ii) if less than the entire principal amount of indebtedness evidenced by this Note is being converted, a new promissory note, in the form of this Note, for the balance of the indebtedness that is not

being so converted. Such conversion shall be deemed to have been made at the close of business on the date of giving such notice and of such surrender of this Note so that the rights of the Holder (as a noteholder) with respect to the principal amount being converted shall cease, and the person or persons entitled to receive the Conversion Shares issuable upon conversion shall be treated for all purposes as the record holder or holders of such Common Stock as of such day. All accrued but unpaid interest through the Business Day immediately preceding the date of such conversion with respect to the principal amount of the indebtedness evidenced by this Note being converted shall be payable upon conversion.

The Corporation shall not be required to convert, and no surrender of this Note shall be effective for that purpose, while the transfer books of the Corporation for the Common Stock are closed for any purpose (but not for any period in excess of 15 days); but the surrender of this Note for conversion during any period while such books are so closed shall become effective for conversion immediately upon the reopening of such books, as if the conversion had been made on the date this Note is surrendered, and at the Conversion Ratio in effect at the date of such surrender.

(d) In case this Note is to be prepaid pursuant to the mandatory prepayment provisions hereof, such right of conversion shall cease and terminate as to the portion of this Note that is to be prepaid at the close of business on the Business Day next preceding the date fixed for mandatory prepayment unless the Corporation shall default in the payment of the mandatory prepayment amount.

(e) In connection with the conversion of the indebtedness evidenced by this Note, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Current Market Price per share of Common Stock on the Trading Day on which such indebtedness evidenced by this Note is deemed to have been converted. If more than one note shall be surrendered for conversion by the Holder at the same time, the number of full shares of Common Stock issuable on conversion thereof shall be computed on the basis of the total amount of indebtedness to be converted.

(f) (i) The Corporation shall at all times reserve and keep available for issuance upon the conversion of the indebtedness evidenced by this Note, free from any preemptive rights, such number of its authorized but unissued shares of Common Stock as will from time to time be sufficient to permit the conversion of all of the indebtedness evidenced by this Note, and shall take all action required to increase the authorized number of shares of Common Stock if necessary to permit the conversion of all of the indebtedness evidenced by this Note.

(ii) If the Corporation shall issue shares of Common Stock upon conversion of indebtedness evidenced by this Note as contemplated by this Section 3, the Corporation shall issue together with each such share of Common Stock any rights issued to holders of Common Stock of the Corporation, irrespective of whether such rights shall be

exercisable at such time, but only if such rights are issued and outstanding and held by other holders of Common Stock of the Corporation at such time and have not expired.

(g) The Conversion Ratio will be subject to adjustment from time to time as follows:

(i) In case the Corporation shall at any time or from time to time after the Issue Date (A) pay a dividend, or make a distribution, on the outstanding shares of Common Stock in shares of Common Stock, (B) subdivide the outstanding shares of Common Stock, (C) combine the outstanding shares of Common Stock into a smaller number of shares, or (D) issue by reclassification of the shares of Common Stock any shares of capital stock of the Corporation, then, and in each such case, the Conversion Ratio in effect immediately prior to such event or the record date therefor, whichever is earlier, shall be adjusted so that the Holder shall be entitled to receive the number of shares of Common Stock (or other capital stock) of the Corporation that the Holder would have owned or have been entitled to receive after the happening of any of the events described above, had the indebtedness evidenced by this Note been converted immediately prior to the happening of such event or the record date therefor, whichever is earlier. An adjustment made pursuant to this clause (i) shall become effective (x) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution, or (y) in the case of such subdivision, reclassification, or combination, at the close of business on the day upon which such corporate action becomes effective. No adjustment shall be made pursuant to this clause (i) in connection with any transaction to which subsection (h) applies.

(ii) In case the Corporation shall issue shares of Common Stock or Convertible Securities after the Issue Date, (A) at a price per share (or having a conversion price per share) less than the greater of the Current Market Price per share of Common Stock or the Conversion Price, as of the date of issuance of such shares or of such Convertible Securities, or (B) in settlement, in whole or in part, of any shareholder or class action lawsuit (a "Settlement Payment"), then, and in each such case, the Conversion Ratio shall be adjusted so that the Holder shall be entitled to receive, upon the conversion hereof, the number of shares of Common Stock determined by multiplying (1) the applicable Conversion Ratio on the day immediately prior to such date by (2) a fraction, the numerator of which shall be the sum of (a) the number of shares of Common Stock outstanding on such date, plus (b) the number of additional shares of Common Stock issued (or into which the Convertible Securities may convert), and the denominator of which shall be the sum of (x) the number of shares of Common Stock outstanding on such date, plus (y) either the number of shares of Common Stock purchasable at the greater of the then Current Market Price per share or the Conversion Price with the aggregate consideration received or receivable by the Corporation for the total number of shares of Common Stock so issued (or into which the Convertible Securities may convert), or zero in the case of a Settlement Payment. Notwithstanding the foregoing, in the event that after the date hereof the Corporation issues the Floating Rate Notes, (an "Adjustment Event") then the Conversion Ratio shall be adjusted so that the holder shall be entitled to receive, upon the conversion

hereof, the number of shares of Common Stock determined by multiplying the applicable Conversion Ratio on the day immediately prior to the Adjustment Event by a fraction, (i) the numerator of which shall be the number of shares of Common Stock outstanding, plus the number of shares of Common Stock into which the Floating Rate Notes may convert, immediately after such Adjustment Event, and (ii) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the Adjustment Event.

An adjustment made pursuant to this clause (ii) shall be made on the next Business Day following the date on which any such issuance is made and shall be effective retroactively to the close of business on the date of such issuance. For purposes of this clause (ii), the aggregate consideration received or receivable by the Corporation in connection with the issuance of shares of Common Stock or of rights, warrants, or other securities convertible into shares of Common Stock shall be deemed to be equal to the sum of the aggregate offering price (before deduction of underwriting discounts or commissions and expenses payable to third parties) of all such Common Stock, rights, warrants, and convertible securities plus the minimum aggregate amount, if any, payable upon exercise of conversion of any such rights, warrants, and convertible securities into shares of Common Stock. The issuance of any shares of Common Stock (whether treasury shares or newly issued shares) pursuant to (a) a dividend or distribution on, or subdivision, combination or reclassification of, the outstanding shares of Common Stock requiring an adjustment in the conversion ratio pursuant to clause (i) of this subsection (g), or (b) the terms of a firmly committed underwritten public offering, shall not be deemed to constitute an issuance of Common Stock or Convertible Securities by the Corporation to which this clause (ii) applies.

Upon the expiration of any unexercised options, warrants, or rights to convert any convertible securities for which an adjustment has been made pursuant to this clause (ii), the adjustments shall forthwith be reversed to effect such rate of conversion as would have been in effect at the time of such expiration or termination had such options, warrants, or rights or convertible securities, to the extent outstanding immediately prior to such expiration or termination, never been issued. If the purchase price provided for in any option, warrant, or rights to convert any convertible securities for which an adjustment has been made pursuant to this clause (ii), the additional consideration, if any, payable upon the conversion or exchange of any convertible securities for which an adjustment has been made, or the rate at which any convertible securities referred to above are convertible into or exchangeable for Common Stock shall, at any time, increase or decrease (other than under or by reason of provisions designed to protect against dilution), then, the Conversion Ratio in effect at the time of such event shall forthwith be readjusted to the Conversion Ratio that would have been in effect at such time had such options, warrants, or rights or convertible securities still outstanding provided for such changed purchase price, additional consideration, or conversion rate, as the case may be, at the time initially granted, issued, or sold. No adjustment shall be made pursuant to this clause (ii) in connection with any transaction to which subsection (h) applies.

(iii) In case the Corporation shall at any time or from time to time after the Issue Date declare, order, pay, or make a dividend or other distribution (in each

case, a "Distribution"), (including, without limitation, (a) any distribution of Capital Stock or other securities or property or rights or warrants to subscribe for securities of the Corporation or any of its subsidiaries by way of dividend or spinoff and (b) any dividend, payment or distribution of cash or Capital Stock, or the incurrence of any accounting charge or reserve that reduces the net income of the Corporation as of the end of any fiscal year, in respect of any Capital Stock that provides for a guaranteed rate of return or accretion of value (whether by increases in liquidation value or otherwise), including, without limitation, any issuance of Common Stock required by such guaranty or accretion of value, whether upon conversion of such Capital Stock or otherwise), on its Capital Stock, other than (A) Distributions payable in cash in an aggregate amount not to exceed 50% of net income from continuing operations before extraordinary items of the Corporation, determined in accordance with generally accepted accounting principles, during the period (treated as one accounting period) commencing on December 31, 1995, and ending on the date such Distribution is paid; provided, that, to the extent required by the terms thereof, such Distribution shall have been previously consented to by the holders of the Notes issued pursuant to the Note Purchase Agreement, or (B) Distributions of shares of Common Stock which are referred to in clause (i) of this subsection (g), then, and in each such case, the Conversion Ratio shall be adjusted so that the Holder shall be entitled to receive, upon the conversion hereof, the number of shares of Common Stock determined by multiplying (1) the applicable Conversion Ratio on the day immediately prior to the record date fixed for the determination of stockholders entitled to receive such Distribution (or in the case of clause (b), the day immediately prior to the making of any such dividend, payment, or distribution, or, in the case of the incurrence of any accounting charge or reserve, December 31 of the applicable year) by (2) a fraction, the numerator of which shall be the Current Market Price per share of Common Stock for the period of 30 Trading Days preceding such record date, and the denominator of which shall be such Current Market Price per share of Common Stock less the fair market value, as determined in good faith by the Board, (a certified resolution with respect to which shall be mailed to the Holder), per share of Common Stock of such Distribution. No adjustment shall be made pursuant to this clause (iii) in connection with any transaction to which subsection (h) applies.

(iv) For purposes of this subsection (g), the number of shares of Common Stock at any time outstanding shall not include any shares of Common Stock then owned or held by or for the account of the Corporation.

(v) The term "dividend," as used in this subsection (g), shall mean a dividend or other distribution upon stock of the Corporation.

(vi) Anything in this subsection (g) to the contrary notwithstanding, no adjustment in the Conversion Ratio shall be made on account of a Distribution, dividend, issuance, grant of rights or other action that otherwise would cause an adjustment in the Conversion Ratio under this subsection (g), to the extent that the Distribution, dividend, issuance, grant of rights or other action is taken in connection with the transactions contemplated by the Rights Offering, the Restructuring Proxy or the Credit Agreement

Amendment, including the distribution of the Series B preferred stock and the conversion of such shares into common stock.

(vii) Anything in this subsection (g) to the contrary notwithstanding, the Corporation shall not be required to give effect to any adjustment in the Conversion Ratio unless and until the net effect of one or more adjustments (each of which shall be carried forward), determined as above provided, shall have resulted in a change of the Conversion Ratio by at least one one-hundredth (.01) of one share of Common Stock, and when the cumulative net effect of more than one adjustment so determined shall be to change the Conversion Ratio by at least one one-hundredth (.01) of one share of Common Stock, such change in Conversion Ratio shall thereupon be given effect.

(viii) The certificate of any firm of independent public accountants of recognized standing selected by the Board (which may be the firm of independent public accountants regularly employed by the Corporation) shall be presumptively correct for any computation made under this subsection (g).

(ix) If the Corporation shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or other distribution, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the number of shares of Common Stock issuable upon exercise of the right of conversion granted by this subsection (g) or in the Conversion Ratio then in effect shall be required by reason of the taking of such record.

(h) In the case of any Major Transaction occurring at any time, at the option of the Holder, the indebtedness evidenced by the Note shall thereafter be convertible into, in whole and in part and in lieu of the Common Stock issuable upon such conversion prior to consummation of such Major Transaction, the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such Major Transaction by a holder of that number of shares of Common Stock into which such indebtedness, or portion thereof, was convertible immediately prior to such Major Transaction (including, on a pro rata basis, the cash, securities, or property received by holders of Common Stock in any tender or exchange offer that is a step in such Major Transaction). In case securities or property other than Common Stock shall be issuable or deliverable upon conversion as aforesaid, then all references in this Section 3 shall be deemed to apply, so far as appropriate and nearly as may be, to such other securities or property.

(i) In case at any time or from time to time, other than in connection with the transactions contemplated by the Rights Offering, the Restructuring Proxy or the Credit Agreement Amendment, the Corporation shall pay any stock dividend or make any other non-cash distribution to the holders of its Common Stock, or shall offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or any other right, or there shall be any capital reorganization or reclassification of the Common

Stock of the Corporation or consolidation or merger of the Corporation with or into another corporation or other entity, or any sale or conveyance to another corporation or other entity of the assets or property of the Corporation as an entirety or substantially as an entirety, or there shall be a voluntary or involuntary dissolution, liquidation, or winding up of the Corporation, then, in any one or more of said cases the Corporation shall give at least 20 days prior written notice (the time of mailing of such notice shall be deemed to be the time of giving thereof) to the Holder at the address of the Holder as shown on the books of the Corporation as of the date of which (i) the books of the Corporation shall close or a record shall be taken for such stock dividend, distribution, or subscription rights, or (ii) such reorganization, reclassification, consolidation, merger, sale, conveyance, dissolution, liquidation, or winding up shall take place, as the case may be, provided that in the case of any Major Transaction to which subsection (h) applies the Corporation shall give at least 30 days prior written notice as aforesaid. Such notice also shall specify the date as of which the holders of the Common Stock of record shall participate in said dividend, distribution, or subscription rights or shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, or conveyance or participate in such dissolution, liquidation, or winding up, as the case may be. Failure to give such notice shall not invalidate any action so taken.

(j) Anything herein to the contrary notwithstanding, the issuance or sale of the following shares of Common Stock or options, warrants, or other rights to purchase Common Stock shall be excluded from any calculation of, and shall not be deemed issued or sold for purposes of calculating, any reduction, adjustment, or readjustment of the Conversion Ratio hereunder: (i) shares of Common Stock issued upon conversion of the indebtedness evidenced by this Note or any portion thereof; (ii) shares of Common Stock or options, warrants, or other rights to purchase Common Stock issuable, reserved for issuance, or issued pursuant to a stock option plan, employee stock ownership plan, or other compensatory benefit plan of the Corporation, duly adopted by the Board; (iii) shares of Common Stock, issuable, reserved for issuance, or issued pursuant to any currently outstanding warrants or options (other than as provided in subparagraph (g)(ii) above), or any options, warrants, or other rights issuable, reserved for issuance, or issued to officers of the Corporation in the future for compensatory purposes, if duly authorized by the Board; and (iv) shares of Common Stock issued upon conversion of the indebtedness evidenced by the Convertible Notes (other than as provided in subparagraph (g)(ii) above).

SECTION 4. REPORTS AS TO ADJUSTMENTS. Upon any adjustment of the Conversion Ratio then in effect and any increase or decrease in the number of shares of Common Stock issuable upon the operation of the conversion set forth in Section 3, then, and in each such case, the Corporation shall promptly deliver to the Holder, a certificate signed by the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the Conversion Ratio then in effect following such adjustment and the increased or decreased number of shares issuable upon the conversion granted by Section 3, and shall set forth in reasonable detail the method of calculation of each and a brief statement of the

facts requiring such adjustment. Where appropriate, such notice to the Holder may be given in advance and included as part of the notice required under the provisions of Section 3(i).

SECTION 5. MANDATORY CONVERSION.

(a) At any time after February 28, 2004, and so long as at such time the Common Stock is listed or admitted to trading on a national securities exchange, the Corporation may require the Holder to convert all or a portion of the principal amount of the indebtedness evidenced by this Note into shares of Common Stock if, at such time, the Current Market Price of the Common Stock has equaled or exceeded one hundred fifty percent (150%) of the Conversion Price (as it may from time to time be adjusted) for forty-five (45) consecutive Trading Days following the thirty-fifth monthly anniversary of the Issue Date. To exercise such right, the Corporation must deliver a Mandatory Conversion Notice of the exercise of such right to the Holder within thirty (30) days of the last day of such forty-five (45) day period, such Mandatory Conversion Notice must be given at least ten (10) Business Days, but not more than fifteen (15) Business Days prior to the proposed Mandatory Conversion Date, and such Mandatory Conversion Notice must specify the proposed Mandatory Conversion Date and the portion of the principal amount of the indebtedness evidenced by this Note to be converted into Common Stock.

(b) All conversions effected pursuant to the preceding paragraph will be made effective as of the close of business on the Mandatory Conversion Date at the Conversion Ratio in effect on the Mandatory Conversion Date; provided, however, that, in order to be able to convert, the Current Market Price must have equaled or exceeded one hundred fifty percent (150%) of the Conversion Price (as it may from time to time be adjusted) for the forty-five (45) consecutive Trading Days immediately prior to the Mandatory Conversion Date. If the Current Market Price on the Mandatory Conversion Date does not equal or exceed one hundred fifty percent (150%) of the Conversion Price (as it may from time to time be adjusted) for the forty-five (45) consecutive Trading Days immediately prior to the Mandatory Conversion Date, the Corporation's election to require conversion will be deemed void and no conversion will be effected pursuant to such notice. Such event will not be deemed, however, to alter or restrict the Corporation's right to again require conversion at such time as the Current Market Price equals or exceeds one hundred fifty percent (150%) of the then current Conversion Price for forty-five (45) consecutive Trading Days prior to such time. Upon conversion required by the Corporation pursuant to this paragraph and the immediately preceding paragraph, all accrued but unpaid interest with respect to the principal amount of the indebtedness evidenced by this Note being converted shall be payable in accordance with the provisions of the following paragraph.

(c) Conversions of the indebtedness evidenced by this Note effected by the exercise of the Corporation's right to require conversion will be deemed effective as of the close of business on the Mandatory Conversion Date without any action by the Holder and the Holder will, as of such time, be a stockholder of the Corporation with respect to the number of shares of Common Stock into which the principal balance evidenced by this Note (or such portion of the principal balance evidenced by this Note as the Corporation shall have

specified) shall have been converted. The Holder agrees promptly to surrender this Note for cancellation following mandatory conversion. Certificates representing the shares of Common Stock issuable by the Corporation as a result of the mandatory conversion of all or a portion of the principal balance of the indebtedness evidenced by this Note and all dividends and other distributions payable with respect to such shares and all accrued but unpaid interest payable pursuant to the immediately preceding paragraph will be retained by the Corporation pending surrender of this Note for cancellation. As promptly as practicable, and in any event within five (5) Business Days after the surrender of this Note, the Corporation shall deliver or cause to be delivered, either by personal delivery or by certified or registered mail or by a recognized overnight courier service, in any such case, properly insured, to the Holder in accordance with the written instructions of the Holder (i) certificates representing the number of Conversion Shares to which the Holder shall be entitled, (ii) if less than the entire principal amount of indebtedness evidenced by this Note is being converted, a new promissory note, in the form of this Note, for the balance of the indebtedness that is not being so converted, and (iii) a cashiers check or wire transfer of the amount of the accrued but unpaid interest in respect of the principal of the Note that has been converted into Conversion Shares.

(d) In connection with the conversion of the indebtedness evidenced by this Note, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Current Market Price per share of Common Stock on the Trading Day on which such indebtedness evidenced by this Note is deemed to have been converted. If more than one note shall be surrendered for conversion by the Holder at the same time, the number of full shares of Common Stock issuable on conversion thereof shall be computed on the basis of the total amount of indebtedness to be converted.

SECTION 6. MANDATORY PREPAYMENT. In the case of any Change Event occurring at any time, at the option of the Holder, the Holder may require the Corporation to prepay all or a portion of the then outstanding principal amount of the indebtedness evidenced by this Note. To exercise such right of prepayment, the Holder must provide the Corporation with a Mandatory Prepayment Notice at least thirty (30) days prior to the proposed Mandatory Prepayment Date which Mandatory Prepayment Notice shall specify the portion of the principal amount of the indebtedness evidenced by this Note (which must be in integral multiples of One Thousand Dollars (\$1,000)) to be prepaid. On the Mandatory Prepayment Date specified, the Corporation shall prepay the portion of the principal amount of the indebtedness evidenced by this Note that the Holder has specified must be prepaid on such date, plus accrued interest on such principal amount to the date of the prepayment. Any prepayment shall be made by cashiers check or by wire transfer of immediately available funds, in currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at such address or to such account, as applicable, as shall be designated to the Corporation by the Holder.

SECTION 7. SUBORDINATION.

(a) The Corporation covenants and agrees, and the Holder likewise covenants and agrees, that no payment shall be made by the Corporation on account of principal of or interest on this Note, or otherwise, if there shall have occurred and be continuing, and the Corporation and the Holder shall have received notice from the holder or holders of, a default with respect to any Senior Indebtedness (i) permitting the acceleration thereof and such default is the subject of a judicial proceeding, or (ii) in an aggregate principal amount of not less than One Million Dollars (\$1,000,000) entitling such holder or holders to compel the acceleration thereof (provided, however, that in the case of Senior Indebtedness issued pursuant to an indenture, such notice may be validly given only by the trustee under such indenture), unless and until such default or Event of Default shall have been cured or waived or shall have ceased to exist or such notice is withdrawn or found by a court of competent jurisdiction to be invalid.

(b) Upon any payment by the Corporation or distribution of assets of the Corporation of any kind or character, whether in cash, property, or securities, to creditors of the Corporation upon any dissolution or winding up or liquidation or reorganization of the Corporation, whether voluntary or involuntary, or in bankruptcy, insolvency, receivership, or other similar proceedings, all amounts due or to become due upon all Senior Indebtedness shall first be paid in full in money or money's worth, or payment thereof provided for, before any payment is made on account of the principal of or interest on this Note and upon such dissolution or winding up or liquidation or reorganization, any payment by the Corporation, or distribution of assets of the Corporation of any kind or character, whether in cash, property, or securities, to which the Holder would be entitled except for the provisions hereof, shall be paid by the Corporation or by any receiver, trustee in bankruptcy, liquidating trustee, agent, or other person making such payment or distribution directly to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Indebtedness in full in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness, before any payment or distribution is made to the Holder.

(c) The foregoing notwithstanding, in the event that any payment of or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, prohibited by the foregoing, shall be received by the Holder before all Senior Indebtedness is paid in full in money or money's worth, or provision is made for such payment, then and in such event such payment or distribution shall be paid over or delivered to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in money or money's worth, after giving effect to any concurrent payment or distribution to or for the holders of such Senior

Indebtedness (but subject to the power of a court of competent jurisdiction to make other equitable provision, which shall have been determined by such court to give effect to the rights conferred herein upon the Senior Indebtedness and the holders thereof with respect to this Note or the Holder hereof by a lawful plan or reorganization or readjustment under applicable bankruptcy law).

(d) The holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Holder, without incurring responsibility to the Holder and without impairing or releasing the obligations of the Holder to the holders of Senior Indebtedness: (i) change the manner, place, or terms of payment or change or extend the time of payment of, or renew or alter Senior Indebtedness, or otherwise amend, in any manner, Senior Indebtedness or any instrument evidencing the same or any agreement under which such Senior Indebtedness is outstanding; provided, however, that the average weighted maturity of such Senior Indebtedness shall not be decreased without the consent of the Holder; (ii) sell, exchange, release, or otherwise deal with any property pledged, mortgaged, or otherwise securing Senior Indebtedness; (iii) release any person liable in any manner for the collection of Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Corporation and any other person.

(e) Subject to the payment in full of all amounts then due (whether by acceleration of the maturity thereof or otherwise) on account of the principal of, premium, if any, and interest on all Senior Indebtedness at the time outstanding, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property, or securities of the Corporation applicable to the Senior Indebtedness until the principal of and interest on this Note shall be paid in full; and, for the purposes of such subrogation, no payments or distributions by the Corporation to the holders of Senior Indebtedness of any cash, property, or securities to which the Holder would be entitled except for the provisions hereof, and no payments over pursuant to the provisions hereof to the holders of Senior Indebtedness by the Holder, shall, as between the Corporation, its creditors other than holders of Senior Indebtedness, and the Holder, be deemed to be a payment by the Corporation to or on account of the Senior Indebtedness.

(f) It is understood that the foregoing provisions of this Note are and are intended solely for the purpose of defining the relative rights of the Holder on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Note is intended to or shall impair, as among the Corporation, its creditors (other than the holders of Senior Indebtedness), and the Holder, the obligation of the Corporation, which is absolute and unconditional, to pay to the Holder the principal of and interest on this Note as and when the same shall become due and payable in accordance with its terms, or is intended to or shall affect the relative rights of the Holder and creditors of the Corporation other than the holders of Senior Indebtedness, nor shall anything herein prevent the Holder from exercising all remedies otherwise permitted by applicable law upon default under this Note or the Note Purchase Agreement.

(g) Upon any payment or distribution of assets of the Corporation referred to herein, the Holder shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation, or reorganization proceedings are pending, or certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent, or other person making such payment or distribution, delivered to the Holder, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of Senior Indebtedness and other indebtedness of the Corporation, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon, and all other facts pertinent thereto.

(h) The Corporation shall give prompt written notice to the Holder of any fact known to the Corporation that would prohibit the making of any payment of moneys to or by the Corporation in respect of this Note.

SECTION 8. ACCELERATION. This Note and the indebtedness evidenced hereby is subject to acceleration under the terms and conditions set forth in the Note Purchase Agreement.

SECTION 9. NO OPTIONAL PREPAYMENT. This Note and the indebtedness evidenced hereby may not be prepaid at the option of the Corporation.

SECTION 10. MISCELLANEOUS.

(a) Any notice required by the provisions of this Note to be given to the Holder or the Corporation shall be given and deemed received or delivered in accordance with the provisions of Section 10.4 of the Note Purchase Agreement.

(b) In the event of prepayment or conversion of this Note in part only, a new note or notes for the unpaid or unconverted portion hereof will be issued in the name or names requested by the Holder upon the cancellation hereof.

(c) The transfer of this Note is registrable on the books of the Corporation upon surrender of this Note for registration of transfer at the offices of the Corporation in Nashville, Tennessee, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation duly executed by, the Holder or its attorney duly authorized in writing, and thereupon one or more new notes of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. New notes are issuable only in registered form without coupons in denominations of One Thousand Dollars (\$1,000) and any integral multiple thereof. This Note is exchangeable for a like aggregate principal amount of notes of a different authorized denomination, as requested by the Holder. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(d) Prior to the due presentment of this Note for registration of transfer, the Corporation and any agent of the Corporation may treat the person in whose name this Note

is registered as the owner hereof for all purposes, irrespective of whether this Note be overdue, and neither the Corporation nor any such agent shall be affected by notice to the contrary.

(e) This Note shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be governed by, construed under, and enforced in accordance with the laws of the State of New York.

(f) The Corporation agrees, to the extent permitted by law, to pay to the Holder all costs and expenses (including attorneys' fees) incurred by it in the collection hereof or the enforcement of any right or remedy provided for herein (including such costs and expenses incurred in connection with a workout or an insolvency or bankruptcy proceeding).

(g) The provisions of the Note Purchase Agreement are hereby incorporated into this Note by this reference.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note effective as of the date first above written.

PRISON REALTY TRUST, INC.,
a Maryland corporation

By: _____
Title: _____

ATTEST:

Secretary

Exhibit A
[FORM OF MANDATORY CONVERSION NOTICE]

Notice hereby is given that, in accordance with the terms and conditions of the Note hereinafter described and that certain Note Purchase Agreement, dated December 31, 1998, as amended, between Prison Realty Trust, Inc. (formerly known as Prison Realty Corporation) and PMI Mezzanine Fund, L.P., Prison Realty Trust, Inc. hereby elects to require conversion of the 8.0% Convertible, Extendable, Subordinated Note, due February 28, 2005, issued by it (the "Note"). The Note to be converted and the principal amount thereof to be converted are as follows:

Note Number	Outstanding Principal Amount	Principal Amount to be Converted	Number of Shares to Be Delivered

The Mandatory Conversion Date will be _____ .

PRISON REALTY TRUST, INC.

By: _____
Name: _____
Title: _____

Exhibit B

[FORM OF MANDATORY PREPAYMENT NOTICE]

TO: PRISON REALTY TRUST, INC.

The undersigned owner of the attached Note hereby gives notice that, in accordance with the terms and conditions of such Note and that certain Note Purchase Agreement, dated December 31, 1998, as amended, between Prison Realty Trust, Inc. (formerly known as Prison Realty Corporation) and PMI Mezzanine Fund, L.P., it hereby exercises its right to require prepayment of such Note or portion thereof (which is \$1,000 or an integral multiple thereof), plus all accrued but unpaid interest with respect to such principal amount.

The Mandatory Prepayment Date shall be _____. The principal amount to be prepaid shall be \$_____.

[Name of Holder]

Dated: _____

By: _____
Name: _____
Title: _____

Exhibit C

[FORM OF OPTIONAL CONVERSION NOTICE]

TO: PRISON REALTY TRUST, INC.

The undersigned owner of the attached Note hereby gives notice that, in accordance with the terms and conditions of such Note and the Note Purchase Agreement, dated December 31, 1998, as amended, between Prison Realty Trust, Inc. (formerly known as Prison Realty Corporation) and PMI Mezzanine Fund, L.P., it hereby exercises its right to convert such Note, or portion hereof (which is \$1,000 or an integral multiple thereof) below designated, into shares of Common Stock of Prison Realty Trust, Inc. and directs that the shares issuable and deliverable upon the conversion, and any notes representing any unconverted principal amount thereof, be issued and delivered to the registered holder of such Note unless a different name has been indicated below. If shares or a new note representing unconverted principal are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

[Name of Holder]

Dated: -----

By: -----

Name: -----

Title: -----

Principal Amount to be converted (in an integral multiple of \$1,000, if less than all):

\$ -----

Fill in for registration of shares of Common Stock and note if to be issued other than to the registered Holder.

Name

Address

Please print name and address
(including zip code number)

SOCIAL SECURITY OR OTHER TAXPAYER
IDENTIFYING NUMBER

FOR IMMEDIATE RELEASE

PRISON REALTY AND PACIFIC LIFE TERMINATE AGREEMENT;
PRISON REALTY TO MERGE WITH CORRECTIONS CORPORATION OF AMERICA

NASHVILLE, Tenn., June 30, 2000 /PRNewswire/ - Prison Realty Trust, Inc. (NYSE: PZN) announced today that the Company, together with its primary tenant Corrections Corporation of America, or CCA, and the two related service companies, and Pacific Life Insurance Company ("Pacific Life") have mutually terminated the securities purchase agreement entered into by the companies and Pacific Life regarding a series of previously announced restructuring transactions involving Pacific Life. The Company reached agreement with Pacific Life on the mutual termination after considering, among other things, the Company's ability to satisfy certain conditions contained in the securities purchase agreement and the timing requirements under the terms of the Company's recently amended bank indebtedness.

"While we are grateful to Pacific Life for its long-standing relationship with the Company and its predecessors and its willingness to step forward with an alternative during this crucial period in the Company's history, we believe that, given the fact that Pacific Life was not satisfied with the terms of the Company's recently announced Waiver and Amendment of its \$1.0 billion senior secured bank credit facility and the Company's need to comply with the timing requirements contained in the Waiver and Amendment, the Company and its shareholders are better served by terminating the agreement with Pacific Life and proceeding with a restructuring on a stand-alone basis," said interim Chairman Thomas W. Beasley. Officials of the Nashville-based owner and developer of prisons and jails said there is no financial penalty connected with the mutual termination of the Pacific Life agreement.

In connection with the mutual termination of the Pacific Life securities purchase agreement, the Company's board of directors determined to pursue a restructuring of the Company as provided for and required by the Waiver and Amendment including:

- - the merger of the Company with its primary tenant, Corrections Corporation of America, or CCA, for non-cash consideration on or before September 15, 2000;
- - the Company's election to be taxed as a C corporation, rather than as a REIT, for federal income tax purposes commencing with its 2000 taxable year; and
- - the selection of new senior management of the Company through the appointment of a new chief executive officer and a new chief financial officer.

In connection with this restructuring, the Company and CCA have entered into an agreement and plan of merger providing for the merger of CCA with and into a wholly-owned subsidiary of the Company. A copy of the merger agreement will be included as an exhibit to the Company's Current Report on Form 8-K to be filed with the SEC. Under the terms of the agreement, the Company will issue approximately \$10.6 million in shares of its common stock in the merger to

existing management and employee shareholders of CCA. In addition, immediately prior to the merger, Prison Realty has agreed to purchase the shares of CCA common stock held by Baron, a CCA outside shareholder, for (i) \$8.0 million in shares of Prison Realty's common stock and (ii) warrants to purchase \$3.0 million in shares of Prison Realty's common stock. The Company is currently in negotiations with Sodexho, the other outside shareholder of CCA, with respect to Prison Realty's proposed purchase of shares of CCA common stock held by Sodexho prior to the merger.

Under the proposed restructuring, the Company will not merge with its two private service companies, Prison Management Services, Inc. and Juvenile and Jail Facility Management Services, Inc. As such, the Company's existing relationship with the service companies, who operate and manage certain government-owned adult prison and juvenile detention centers and jails, will remain in place. The Waiver and Amendment permits the Company to merge with the two private service companies in the future for non-cash consideration not to exceed \$12.6 million. The Company has initiated discussions with PMSI and JJFMSI regarding a proposed combination with Prison Realty under the terms of the Waiver and Amendment.

The Company intends to elect to be taxed as a REIT with respect to its 1999 taxable year. As provided for under the terms of the Waiver and Amendment, the Company currently intends to satisfy its remaining REIT distribution requirements with respect to its 1999 taxable year through the issuance of convertible preferred securities to its existing common shareholders.

"Returning to C corporation status provides a simplified and more stable corporate and financial structure that will create the most value for our shareholders by allowing Prison Realty to retain earnings and use capital for growth opportunities and by eliminating potential conflicts of interest which have harmed our credibility in the capital markets," said Beasley.

Under the terms of the Waiver and Amendment, the Company is required to file preliminary proxy materials with the SEC on or before July 1, 2000 and mail final proxy materials to the Company's shareholders on or before August 1, 2000, seeking approval of the Company's operation as a C corporation beginning with its 2000 taxable year and of the merger of the Company with CCA. The approval of holders of 66 2/3% of the Company's outstanding common stock will be required to complete the restructuring. The approval of Baron and the holders of 80% of CCA's capital stock (including Baron) will be required to complete the merger of the companies.

The Company's business is the development and ownership of correctional and detention facilities. Headquartered in Nashville, Tennessee, the Company leases jails and prisons to both private and governmental managers. The Company currently owns or is developing 50 correctional and detention facilities in 17 states, the District of Columbia and the United Kingdom.

The companies doing business as "Corrections Corporation of America" provide detention and corrections services to governmental agencies. These companies are the industry leader in private sector corrections with approximately 69,000 beds in 77 facilities under contract or under development in the United States, Puerto Rico, Australia and the United Kingdom. Their full range of services includes design, construction, renovation and management of new or existing jails and prisons, as well as long-distance inmate transportation services.

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those set forth in the forward-looking statements.

Institutional Investor Contact: Alex Singal (615) 263-3005
Retail Investor Contact: Kerry Reitz (615) 263-0200