

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): January 3, 2002  
(December 31, 2001)

Corrections Corporation of America  
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(Exact name of registrant as specified in its charter)

Maryland  
-----

(State or other jurisdiction  
of incorporation)

0-25245  
-----

(Commission File Number)

62-1763875  
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(I.R.S. Employer  
Identification No.)

10 Burton Hills Boulevard, Nashville, Tennessee 37215  
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(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (615) 263-3000

Not Applicable  
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(Former name or former address, if changed since last report)

ITEM 5. OTHER EVENTS.

SETTLEMENT CLAIMS PROCESS COMPLETED IN FINAL SETTLEMENT OF FEDERAL PORTION OF STOCKHOLDER LITIGATION.

Corrections Corporation of America, a Maryland corporation formerly known as Prison Realty Trust, Inc. and Prison Realty Corporation ("CCA" or the "Company"), has been advised by the settlement claims administrator, Gilardi & Co., LLC, that the settlement claims process has been completed in connection with the final settlement of previously outstanding stockholder litigation brought in federal court against the Company and certain of its current and former directors and executive officers. The Company has also been advised that the settlement claims process for the settlement of the remaining state court stockholder litigation is currently expected to be completed during the first or second quarter of 2002.

As a result of the completion of the claims process in the federal stockholder litigation settlement, on December 31, 2001 the Company issued approximately 2.79 million shares of its common stock to the eligible claimants under the terms of the settlement. The Company's transfer agent and registrar, American Stock Transfer & Trust Company, has commenced the distribution of the shares of common stock, and it is anticipated that certificates representing the shares will be delivered to the claimants over the course of the next several weeks. In addition, pursuant to the terms of the settlement, on December 31, 2001 the Company issued a \$26.1 million subordinated promissory note payable to the eligible claimants in the event the Company's common stock does not achieve certain trading prices prior to the maturity of the note on January 2, 2009. According to Gilardi & Co. LLC, approximately \$27 million in cash insurance proceeds will also be distributed to the eligible claimants early in the first quarter of 2002 as part of the settlement.

As the result of the issuance of the shares of common stock in the federal stockholder litigation settlement, the Company currently has approximately 27.9 million shares of its common stock issued and outstanding. The issuance of the \$26.1 million subordinated promissory note in connection with the federal settlement was permitted by the terms of the Company's senior secured credit facility and other indebtedness.

Upon the completion of the settlement claims process in the state portion of the stockholder litigation, it is anticipated that the Company will issue approximately 310,000 additional shares of common stock to the eligible state class claimants. The Company will also issue a \$2.9 million subordinated promissory note payable to the eligible claimants similar to the note issued in the federal settlement. Approximately \$3.1 million in cash insurance proceeds will also be distributed to the eligible state class claimants.

As previously disclosed by the Company, during the first quarter of 2001 the Company obtained final court approval of the settlement of a series of consolidated federal and state class action and derivative stockholder lawsuits. The final terms of the settlement agreements provided for the "global" settlement of all such outstanding stockholder litigation against the Company. Pursuant to the terms of the settlements, the Company agreed to issue or pay to the plaintiffs (and their respective legal counsel) in the actions: (i) an aggregate of approximately 4.7 million shares of the Company's common stock (on a post-reverse stock split basis); (ii) an aggregate \$29 million subordinated promissory note; and (iii) approximately \$47 million in cash payable solely from the proceeds of certain insurance policies. The Company has previously paid approximately \$17.1 million of the insurance proceeds and issued approximately 1.6 million shares under the terms of the settlement to plaintiffs' counsel in the federal and state actions.

The promissory note issued by the Company in the federal settlement is due January 2, 2009 and accrues interest at a rate of 8.0% per year. Principal under the note and accrued interest may be extinguished if the Company's common stock price meets or exceeds a "termination price" equal to \$16.30 per share for any fifteen consecutive trading days following the date of the note's issuance and prior to the maturity date of the note. Additionally, to the extent the Company's common stock price does not meet the termination price, the note will be reduced by the amount that the shares of common stock issued to the plaintiffs appreciate in value in excess of \$4.90 per share, based on the average trading price of the stock following the date of the note's issuance and prior to the maturity of the note. The note to be issued in the state settlement will also be due January 2, 2009 and accrue interest at a rate of 8.0% per year. Similar to the federal settlement note, principal under the note and accrued interest may be extinguished if the Company's common stock price meets or exceeds the \$16.30 termination price per share for any fifteen consecutive trading days following the date of the note's issuance and prior to its maturity. To the extent the Company's common stock price does not meet the termination price, the note will also be reduced by the amount that the shares of common stock issued in the state settlement appreciate in value in excess of \$4.90 per share, based on the average trading price of the stock following the date of the note's issuance and prior to its maturity.

The text of the note issued by the Company on December 31, 2001 is included as Exhibit 10.1 hereto and is incorporated herein in its entirety. The press release issued by the Company on January 2, 2002 announcing the completion of the federal portion of the settlement is filed herewith as Exhibit 99.1 and is also incorporated herein in its entirety.

ITEM 7(c). EXHIBITS.

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

Exhibit Number -----	Description of Exhibits -----
10.1	8.0%, \$26.1 million promissory note, due January 2, 2009, issued by the Company on December 31, 2001 in connection with the completion of the federal portion of the stockholder litigation settlement.
99.1	Company press release, dated January 2, 2002, announcing the completion of the federal portion of the stockholder litigation settlement.

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: January 3, 2002

CORRECTIONS CORPORATION OF AMERICA

By: /s/ Irving E. Lingo, Jr.

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Its: Executive Vice President, Chief Financial  
Officer and Assistant Secretary

EXHIBIT INDEX

Exhibit Number -----	DESCRIPTION OF EXHIBITS -----
10.1	8.0%, \$26.1 million promissory note, due January 2, 2009, issued by Corrections Corporation of America (the "Company") on December 31, 2001 in connection with the completion of the federal portion of the settlement of stockholder litigation against the Company.
99.1	Company press release, dated January 2, 2002, announcing the completion of the federal portion of the stockholder litigation settlement.

## CORRECTIONS CORPORATION OF AMERICA

## 8.0% SUBORDINATED PROMISSORY NOTE

DUE JANUARY 2, 2009

No. 001

December 31, 2001

## SECTION 1. PAYMENT OBLIGATION.

(a) CORRECTIONS CORPORATION OF AMERICA, 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 the eligible participants in the class of plaintiffs in the Actions or its designated representatives(s) (collectively, the "Payees"), the Payment Amount on the Maturity Date.

(b) Any payment due hereunder that falls 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, at such address or to such account, as applicable, as shall be designated to the Corporation by the Payees.

SECTION 2. DEFINITIONS. As used herein, the following terms will be deemed to have the meanings set forth below.

"ACTIONS" mean (i) that consolidated purported class action styled In re Prison Realty Securities Litigation, Case No. 3:99-0458, filed in the United States District Court for the Middle District of Tennessee (as to approximately 47.8% of the value of the Note); (ii) that consolidated purported class action styled In re Old CCA Securities Litigation, Case No. 3:99-0452, filed in the United States District Court for the Middle District of Tennessee (as to approximately 41.1% of the value of the Note); and (iii) that consolidated purported class action styled Neiger v. Doctor Crants, et al., Case No. 3-99-1205, filed in the United States District Court for the Middle District of Tennessee (as to approximately 11.1% of the value of the Note).

"ADMINISTRATIVE AGENT" means the party serving as Administrative Agent under the terms of the Senior Secured Credit Facility.

"BUSINESS DAY" means each Monday, Tuesday, Wednesday, Thursday, or Friday that is not a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

"COMMON STOCK" means the common stock, \$0.01 par value per share, of the Corporation.

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

"CREDIT AGREEMENT" means that certain Second Amended and Restated Credit Agreement, dated as of December 7, 2001, by and among the Corporation, as Borrower, certain of the Corporation's subsidiaries, as Subsidiary Guarantors, the lenders party thereto, Lehman Commercial Paper, Inc., as Administrative Agent, Societe Generale, as documentation agent, Lehman Brothers Inc., as book manager and lead arranger, The Bank of Nova Scotia, as syndication agent, and Southtrust Bank, N.A., as co-agent (as hereinafter may be amended or modified), and any successor agreement.

"CREDIT PARTY OBLIGATIONS" mean those obligations as defined under the terms of the Credit Agreement.

"DISTRIBUTION DATE" means December 31, 2001.

"ISSUE DATE" means December 31, 2001.

"MATURITY DATE" means January 2, 2009.

"MDP DEBT" means those obligations of the Corporation arising under the terms of the Corporation's \$41.1 million aggregate principal amount convertible, subordinated notes due December 31, 2008 issued to MDP Ventures, IV, LLC and certain related purchasers as such obligations currently exist and may exist in the future.

"NOTE" means this subordinated promissory note issued by the Corporation.

"PAID IN FULL" and "PAYMENT IN FULL" each means the indefeasible payment in full in cash (without the right of recapture under applicable state or federal law).

"PAYMENT AMOUNT" means an aggregate principal amount not to exceed Twenty Six Million One Hundred Thousand Dollars (\$26,100,000), plus accrued interest thereon at the Coupon Rate, determined as follows:

- (a) The Payment Amount shall equal No Dollars (\$0.00) if, for any 15 consecutive Trading Days during the period beginning on the Distribution Date and ending on the Maturity Date, the average Trading Price of the Common Stock equals or exceeds the Termination Price; and
- (b) In the event the average Trading Price of the Common Stock does not equal or exceed the Termination Price pursuant to (a) above, then the Payment Amount shall be equal to Twenty Six Million One Hundred Thousand Dollars (\$26,100,000), plus accrued interest thereon at the Coupon Rate, less any appreciation in the value of the Stock Consideration. The appreciation in the



value of the Stock Consideration shall be determined by multiplying (x) 4,221,000 (i.e., the number of shares issued as the Stock Consideration), as adjusted to account for any reclassification or division of the Common Stock (whether by stock split, stock dividend, merger, recapitalization, reorganization, or otherwise), by (y) the excess of the average per share Trading Price of the Common Stock for the 50 consecutive trading days prior to the Maturity Date over \$4.90, as adjusted to account for any reclassification or division of the Common Stock (whether by stock split, stock dividend, merger, recapitalization, reorganization, or otherwise). To the extent the appreciation in the value of the Stock Consideration exceeds the Payment Amount, the Payment Amount shall equal No Dollars (\$0.00). By means of example only, if the average Trading Price of the Common Stock for the 50 consecutive trading days prior to the Maturity Date is \$10.00 per share, then the appreciation in the value of the Stock Consideration would be \$21,527,100, resulting in a Payment Amount of \$23,223,593.78.

"PMI DEBT" means those obligations of the Corporation arising under the terms of the Corporation's \$30.0 million aggregate principal amount convertible, subordinate notes due February 28, 2005 issued to PMI Mezzanine Fund, L.P. as such obligations currently exist and may exist in the future.

"SECURED PARTIES" mean those parties as defined under the terms of the Credit Agreement.

"SENIOR INDEBTEDNESS" means the principal of and premium, if any, and unpaid interest on (a) the Senior Secured Credit Facility, the Senior Notes, the MDP Debt, the PMI Debt and other indebtedness 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.

"SENIOR NOTES" mean the Corporation's \$100.0 million aggregate principle amount 12% senior unsecured notes due 2006.

"SENIOR SECURED CREDIT FACILITY" means all obligations, whether present or future, contingent or otherwise, of the Corporation created, assumed, guaranteed

or otherwise incurred under the terms of the Credit Agreement, including the Credit Party Obligations, (including, without limitation, all interest (including specifically interest accruing after the filing of a petition under the United States Bankruptcy Code, whether or not an allowable claim), principal, expenses, attorneys fees and costs (including attorney's fees incurred in bankruptcy and other financing costs (including prepayments, premiums, penalties, fees and costs)) and any refinancings, renewals, replacements, over-advances or increases thereof.

"STOCK CONSIDERATION" means the 4,221,000 shares of Common Stock distributed to the eligible participants in the class of plaintiffs (and their respective counsel and certain other counsel attributed thereto) in the Actions.

"TERMINATION PRICE" means \$16.30 per share, as adjusted to account for any reclassification or division of the Common Stock (whether by stock split, stock dividend, merger, recapitalization, reorganization, or otherwise).

"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.

"TRADING PRICE" when used with reference to shares of Common Stock, shall mean the "closing price" per share of Common Stock on such date. 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, "Trading Price" shall mean the fair market value per share of Common Stock as determined in good faith by the Board of Directors of the Company 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.

### SECTION 3. SUBORDINATION.

(a) The Corporation covenants and agrees, and the Payees likewise covenant and agree, that (i) the indebtedness of the Corporation hereunder, including interest thereon and other amounts payable in the respect of or in connection with this Note, shall be unsecured and shall be junior and subordinate in right of payment to all Senior Indebtedness, (ii) no payment shall be made by the Corporation, and the Payees likewise shall not accept or receive any such payment,

by setoff or in any other manner, of any sums (in whole or in part) of which may now or hereafter be owing to the Payees from the Corporation, or any of its predecessors, successors or assigns, including, without limitation, a receiver, trustee or debtor-in-possession, under or in connection with this Note so long as any obligations of the Corporation under the Senior Secured Credit Facility have not been Paid in Full; and (iii) the Payees shall have no right to acceleration, collection or other rights or remedies upon a payment or other default under this Note so long as any obligations of the Corporation under the Senior Secured Credit Facility have not been Paid in Full.

(b) The Corporation covenants and agrees, and the Payees likewise covenant and agree, that no payment shall be made by the Corporation, and the Payees likewise shall not accept or receive any such payment, by setoff or in any other manner, of any sums (in whole or in part) of which may now or hereafter be owing to the Payees from the Corporation, or any of its predecessors, successors or assigns, including, without limitation, a receiver, trustee or debtor-in-possession, under or in connection with this Note, or otherwise, if there shall have occurred and be continuing, and the Corporation and the Payees 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.

(c) 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 before any payment is made under or in connection with this Note (including, without limitation, the payment of principal or interest) 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 Payees 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 ensure that all Senior Indebtedness has been Paid in Full, 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 Payees.

(d) 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 Payees before all Senior Indebtedness is Paid in Full, then and in such event the Payees shall receive and hold such

payment in trust as trustee for the holders of any Senior Indebtedness that has not been Paid in Full and immediately thereafter 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 (in the form received with proper endorsement), for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to ensure that all Senior Indebtedness has been Paid in Full, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Indebtedness.

(e) The Corporation and Payees acknowledge that the holders of Senior Indebtedness may, at any time and from time to time, without the consent of or notice to the Payees, without incurring responsibility to the Payees and without impairing or releasing the obligations of the Payees hereunder or to the holders of Senior Indebtedness, do any or all of the following: (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; (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; (iv) exercise or refrain from exercising any rights against the Corporation and any other person; and (v) take any other action that might be deemed to impair the rights of the holders of Senior Indebtedness hereunder.

(f) Subject to the Payment in Full of all amounts then due (whether by acceleration of the maturity thereof or otherwise) under all Senior Indebtedness at the time outstanding, the Payees 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 Payees 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 Payees, shall, as between the Corporation, its creditors other than holders of Senior Indebtedness, and the Payees, be deemed to be a payment by the Corporation to or on account of the Senior Indebtedness.

(g) 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 Payees 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 Payees, the obligation of the Corporation, which is absolute and unconditional, to pay to the Payees 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 Payees and creditors of the Corporation other than the holders of Senior Indebtedness, nor shall anything herein prevent the Payees from exercising all remedies otherwise permitted by applicable law upon default under this Note. Nothing in this Note is intended to or shall impair, among the holders of the Senior Indebtedness, any contractual or structural seniority or other rights that any such holder may have as against any other such

holders, including, without limitation, the rights of the Secured Parties to receive and retain all proceeds of the liquidation of any collateral securing the Senior Secured Credit Facility to the extent necessary to satisfy in full any obligations outstanding thereunder.

(h) Upon any payment or distribution of assets of the Corporation referred to herein, the Payees 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 Payees, 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.

SECTION 4. NO ACCELERATION. This Note and the indebtedness evidenced hereby is not subject to acceleration.

SECTION 5. NO OPTIONAL PREPAYMENT. This Note and the indebtedness evidenced hereby may not be prepaid at the option of the Corporation.

SECTION 6. ADDITIONAL AGREEMENTS. The Corporation covenants and agrees, and the Payees likewise covenant and agree, to the following:

(a) Neither the Company nor the Payees shall have the right or ability to amend, supplement or modify the terms of this Note in any way without the prior written consent of the Administrative Agent, which consent may be granted or withheld in the Administrative Agent's sole and absolute discretion;

(b) The Payees shall have no right or ability to object or consent to any amendments, modifications, or other changes to, or refinancings or waivers of any of the terms or obligations under the Senior Secured Credit Facility, including without limitation, any extension or shortening of the time of payments (even if such shortening causes the Senior Secured Credit Facility to be due on demand or otherwise), any revision of any amortization schedule, and increases in the interest rate or the principal amount thereof, or the exercise or non-exercise of any rights or remedies by any of the Secured Parties thereunder;

(c) The Payees shall have no right or ability to challenge (in any judicial forum or otherwise) the Secured Parties' claims or liens or the provisions of Sections 3, 4 or 5 hereof or this Section 6 or any other rights of the Secured Parties hereunder;

(d) The Administrative Agent, as attorney-in-fact for the Payees, shall have the right to take any actions in the name of such holders to effectuate the provisions and intent of the provisions of Sections 3, 4 or 5 hereof or this Section 6; and

(e) In the event the Corporation suffers a Bankruptcy Event, as that term is defined under the Credit Agreement, (i) the provisions of Sections 3, 4 or 5 hereof or this Section 6 shall remain enforceable and in effect; (ii) the Secured Parties shall have the right to vote the claims of the Payees in any proceeding arising out of or relating to a Bankruptcy Event of the

Corporation or any other Credit Party (as defined in the Credit Agreement) with respect to any matter to be voted upon, including, without limitation, acceptance or rejection of a plan of reorganization or election of a trustee; (iii) the Payees irrevocably assign to the Secured Parties the right to file a proof of claim on behalf of the Payees and agree not to file a competing claim; and (iv) the Payees will not (A) object to any plan of reorganization or disclosure statement that is supported by the Secured Parties, (B) propose or support any plan of reorganization not supported by the Secured Parties, (C) seek any dismissal of a bankruptcy case or conversion of such case to a case under a different chapter of the Bankruptcy Code other than in a manner expressly consented to by the Secured Parties, (D) seek the appointment of a trustee or examiner in any such case, (E) serve on any official committee of creditors appointed in any proceeding relating to such Bankruptcy Event, or (F) file any motion, pleading or other document or appear in any capacity in a bankruptcy case relating to the Corporation or any other Credit Party without the consent of the Secured Parties. Notwithstanding the forgoing provisions of this Section 6(e), as between the Payees and the Corporation only, the Payees shall, in all cases, be deemed unsecured creditors (as opposed to an equity holder) of the Corporation upon the occurrence of a Bankruptcy Event.

#### SECTION 7. MISCELLANEOUS.

(a) Any notice required by the provisions of this Note to be given to the Payees or the Corporation shall be given and deemed received or delivered at the following address:

Payees:

c/o Milberg Weiss Bershad Hynes & Lerach, LLP  
600 West Broadway  
1800 One American Plaza  
San Diego, California 92101-3356

Corporation:

Corrections Corporation of America  
10 Burton Hills Boulevard  
Nashville, Tennessee 37215

(b) 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.

(c) The Corporation agrees, to the extent permitted by law, to pay to the Payees 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).

IN WITNESS WHEREOF, the undersigned has executed this Note effective as of the date first above written.

CORPORATION:

CORRECTIONS CORPORATION OF  
AMERICA, a Maryland corporation

By: /s/ John D. Ferguson

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Title: President  
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ATTEST:

/s/ Irving E. Lingo, Jr.

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Assistant Secretary

Contact: Karin Demler (615) 263-3005

SETTLEMENT CLAIMS PROCESS COMPLETED IN FINAL SETTLEMENT OF FEDERAL  
PORTION OF CORRECTIONS CORPORATION OF AMERICA STOCKHOLDER LITIGATION

SETTLEMENT CLAIMS PROCESS FOR STATE PORTION EXPECTED TO BE COMPLETED IN  
FIRST OR SECOND QUARTER OF 2002

NASHVILLE, Tenn., January 2, 2002 - Corrections Corporation of America (NYSE: CXW) announced today that the settlement claims process has been completed in connection with the final settlement of previously outstanding stockholder litigation brought in federal court against the Company and certain of its current and former directors and executive officers. The settlement claims process for the settlement of the remaining state court litigation is currently expected to be completed during the first or second quarter of 2002.

As a result of the completion of the claims process in the federal stockholder litigation settlement, the Company has issued approximately 2.79 million shares of its common stock to the eligible claimants under the terms of the settlement. The Company's transfer agent and registrar, American Stock Transfer & Trust Company, has commenced the distribution of the shares of common stock, and it is anticipated that certificates representing the shares will be delivered to the claimants over the course of the next several weeks. In addition, pursuant to the terms of the settlement, the Company has issued a \$26.1 million subordinated promissory note payable to the eligible claimants in the event the Company's common stock does not achieve certain trading prices prior to the maturity of the note on January 2, 2009. According to the settlement claims administrator, Gilardi & Co. LLC, approximately \$27 million in cash insurance proceeds will also be distributed to the eligible claimants early in the first quarter of 2002 as part of the settlement.

Upon the completion of the settlement claims process in the state stockholder litigation, it is anticipated that the Company will issue approximately 310,000 additional shares of common stock to the eligible state class claimants. The Company will also issue a \$2.9 million subordinated promissory note payable to the eligible claimants similar to the note issued in the federal settlement. Approximately \$3.1 million in cash insurance proceeds will also be distributed to the eligible state class claimants.

As previously disclosed by the Company, during the first quarter of 2001 the Company obtained final court approval of the settlement of a series of consolidated federal and state class action and derivative stockholder lawsuits. The final terms of the settlement agreements provided for the "global" settlement of all such outstanding stockholder litigation against the Company. Pursuant to the terms of the settlements, the Company agreed to issue or pay to the plaintiffs (and their respective legal counsel) in the actions: (i) an aggregate of approximately 4.7 million shares of the Company's common stock (on a post-reverse stock split basis); (ii) an aggregate \$29 million subordinated promissory note; and (iii) approximately \$47 million in cash payable solely from the proceeds of certain insurance policies. The Company has previously paid approximately \$17.1 million of the insurance proceeds and issued approximately 1.6 million shares under the terms of the settlement to plaintiffs' counsel in the federal and state actions.

The promissory note issued by the Company in the federal settlement is due January 2, 2009 and accrues interest at a rate of 8.0% per year. Principal under the note and accrued interest may be extinguished if the Company's common stock price meets or exceeds a "termination price" equal to \$16.30 per share for any fifteen consecutive trading days following the date of the note's issuance and prior to the maturity date of the note. Additionally, to the extent the Company's common stock price does not meet the termination price, the note will be reduced by the amount that the shares of common stock issued to the

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plaintiffs appreciate in value in excess of \$4.90 per share, based on the average trading price of the stock following the date of the note's issuance and prior to the maturity of the note. The note to be issued in the state settlement will also be due January 2, 2009 and accrue interest at a rate of 8.0% per annum. Similar to the federal settlement note, principal under the note and accrued interest may be extinguished if the Company's common stock price meets or exceeds the \$16.30 termination price per share for any fifteen consecutive trading days following the date of the note's issuance and prior to its maturity. To the extent the Company's common stock price does not meet the termination price, the note will also be reduced by the amount that the shares of common stock issued in the state settlement appreciate in value in excess of \$4.90 per share, based on the average trading price of the stock following the date of the note's issuance and prior to its maturity.

#### ABOUT THE COMPANY

The Company is the nation's largest provider of outsourced corrections management services, housing an inmate population larger than that of all but five public correctional systems in the United States. The Company specializes in owning, operating and managing prisons and other correctional facilities and providing inmate residential and prisoner transportation services for governmental agencies. In addition to providing the fundamental residential services relating to inmates, each of the Company's facilities offers a variety of rehabilitation and educational programs, including basic education, life skills and employment training and substance abuse treatment. The Company also provides health care (including medical, dental and psychiatric services), institutional food services and work and recreational programs. The Company owns or manages 70 facilities, including 68 correctional and detention facilities, with a total design capacity of approximately 65,000 beds in 21 states, the District of Columbia and Puerto Rico, of which 68 facilities are operating (two of which are idle) and two are under construction.

#### FORWARD-LOOKING STATEMENTS

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

The Company takes no responsibility for updating the information contained in this press release following the date hereof or for any changes or modifications made to this press release or the information contained herein by any third parties, including, but not limited to, any wire or Internet services.

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