



Prison Realty Trust, Inc. Expands Credit Facility to \$1.0 Billion

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NASHVILLE, Tenn., Aug. 5 /PRNewswire/ -- Prison Realty Trust, Inc. ("Prison Realty" or the "Company") (NYSE: PZN), a Maryland corporation, announced today that it has completed an amendment to and restatement of its existing credit facility, increasing the total facility to \$1.0 billion through the addition of a \$350.0 million term loan. Lehman Brothers acted as advisor and lead arranger in connection with the expansion.

(Photo: <http://www.newscom.com/cgi-bin/prnh/19981120/CHF004>) Similar to Prison Realty's original credit facility, the amended facility bears interest at variable rates of interest based on a spread over the London Interbank Offered Rate, or LIBOR, which spread is adjusted downward as Prison Realty's credit rating improves. At present the \$400 million bank revolver portion of the credit facility is priced at a variable rate equal to LIBOR plus 3.25%. The term loan portions of the facility, including the new \$350.0 million term loan, bear interest at a variable base rate equal to LIBOR plus 4%. The amended facility is secured by mortgages on Prison Realty's real property.

Under the terms of the amended facility, Prison Realty cannot pay the special dividend in cash unless Prison Realty raises \$100.0 million through the sale of equity to a single new investor who receives a board seat in connection with the investment. In addition, Corrections Corporation of America, the Company's primary tenant, must raise \$25.0 million through the sale of equity or subordinated debt. If Prison Realty and Corrections Corporation of America do not raise the required equity, then the special dividend will be paid in securities of Prison Realty. Proceeds from the expanded facility will be used by Prison Realty for working capital, project development and general corporate purposes, and, if the equity requirement is met, the payment of the special dividend.

"We are pleased to expand our credit facility to enable the development of new facilities and the expansion of facilities currently operating at capacity. Access to development capital enables Prison Realty to continue meeting government's pressing needs for quality bed space in a first class way," said Prison Realty Chairman and CEO Doctor R. Crants.

The Company's business is the ownership of correctional and detention facilities. The Company provides financing, design, construction and renovation of new and existing jails and prisons that it leases to both private and governmental managers. The Company currently owns 51 correctional and detention facilities in 17 states, the District of Columbia and the United Kingdom having a total design capacity in excess of 49,000 beds, of which 12 new facilities are under construction or development. The Company is based in Nashville, Tennessee and plans to qualify as a real estate investment trust under the Internal Revenue Code.

This press release contains forward-looking statements that involve various risks and uncertainties. Actual results could differ materially from those contained in these forward-looking statements due to certain factors. These and other risks and uncertainties are detailed in the Company's reports filed with the SEC.