



## Prison Realty Reports Second Quarter Results

August 15, 2000

NASHVILLE, Tenn., Aug. 15 /PRNewswire/ -- Prison Realty Trust, Inc. (NYSE: [PZN](#)) announced today results for the second quarter ended June 30, 2000. Prison Realty reported revenues of \$17.5 million and a net loss available to common shareholders of \$74.3 million, or (\$0.63) per common share for the quarter.

Prison Realty has proposed a comprehensive restructuring, including the merger of Prison Realty with CCA and its operation as a taxable subchapter C corporation rather than as a REIT beginning with its 2000 taxable year.

The company's revenues were reduced for the second quarter of 2000 to reflect a reserve of \$72.6 million to offset lease revenues from Prison Realty's primary tenant, Corrections Corporation of America (CCA), due to the uncertainty regarding the collectibility of the payments.

The results for the second quarter of 2000 include \$4.4 million in write-offs of amounts under lease agreements related to tenant incentive fees due CCA on two facilities opened in 2000, \$28.1 million reserved for merger transaction fees related to the termination of previously announced transactions, and \$7.5 million in foreign currency transaction losses as a result of the strong U.S. dollar against the UK pound arising from receivables related to the Company's HMP Forrest Bank facility in Salford, England.

CCA, Prison Realty's primary tenant, had second quarter revenues of \$142.4 million and a net loss of \$76.8 million. The loss includes gross lease expenses before amortization of deferred credits of \$81.6 million related to leases with Prison Realty. In addition to CCA, the two service companies had combined revenues of \$72.9 million and combined net income before taxes of \$2.0 million for the quarter. Prison Realty's economic interest in the two service companies is reported as equity in earnings of subsidiaries.

Systemwide, the three companies doing business as CCA had 64,260 prison and jail beds in operation at the end of the second quarter of 2000, versus 50,513 beds at June 30, 1999. Occupancy for the quarter was 84.8% this year compared with 92.7% last year, and compensated mandays for the quarter rose 1.9% to 4.6 million from 4.1 million in the second quarter of 1999.

### About the Company

Prison Realty's business is the development and ownership of correctional and detention facilities. Headquartered in Nashville, Tennessee, the Company provides financing, design, construction and renovation of new and existing jails and prisons that it leases to both private and governmental managers. Prison Realty currently owns or is in the process of developing 50 correctional and detention facilities in 17 states, the District of Columbia, and the United Kingdom.

The companies operating under the "Corrections Corporation of America" name provide detention and corrections services to governmental agencies. The companies are the industry leader in private sector corrections with approximately 70,000 beds in 77 facilities under contract or under development in the United States, Puerto Rico, Australia, and the United Kingdom. The companies' 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.

Prison Realty has previously announced a proposed restructuring, pursuant to which, among other things, Prison Realty will merge with Corrections Corporation of America, its primary tenant, and elect to be taxed as a subchapter C corporation commencing with its 2000 taxable year. Prison Realty is seeking stockholder approval of the restructuring at a Special Meeting scheduled for September 12, 2000. Pending stockholder approval, the companies intend to complete the restructuring on or before September 15, 2000. Prison Realty has filed definitive proxy materials with respect to the restructuring with the U.S. Securities and Exchange Commission and has commenced delivery of such materials to its stockholders. Stockholders are urged to read these materials carefully as they include important information with respect to the companies and the proposed restructuring.

#### 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 include statements regarding changes in management, accounting changes related to a change from federal taxation as a REIT to a subchapter C corporation, merger plan between Prison Realty and CCA, earning expectations, and integration of Prison Realty and CCA operations and businesses. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the statements made. Other factors that could cause operating and financial results to differ are described in Prison Realty's Form 10-K and Form 8-K, as well as in other documents filed with the SEC. Other risks may be detailed from time to time in reports to be filed with the SEC. Prison Realty 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.

PRISON REALTY TRUST, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2000 AND 1999  
(Unaudited and amounts in thousands, except per share amounts)

	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 1999
REVENUES:				
Rental revenues	\$11,466	\$65,828	\$22,926	\$129,468
Interest income	3,363	5,827	6,675	12,041
Licensing fees	2,666	2,186	5,242	4,318
	17,495	73,841	34,843	145,827
EXPENSES:				
Depreciation and amortization	13,407	10,502	26,331	20,419
General and administrative	4,051	1,725	6,594	2,607
Write-off of amounts under lease				

arrangements	4,416	--	8,416	--
	21,874	12,227	41,341	23,026
OPERATING INCOME				
(LOSS)	(4,379)	61,614	(6,498)	122,801
Equity in earnings				
of subsidiaries				
and amortization				
of deferred gains	2,874	7,476	8,987	15,157
Interest expense	(34,630)	(7,036)	(66,424)	(15,309)
Merger transaction				
fees	(28,146)	--	(28,146)	--
Foreign currency				
transaction loss	(7,530)	--	(7,530)	--
Loss on disposal				
of assets	(301)	(1,631)	(301)	(1,631)
INCOME (LOSS) BEFORE				
INCOME TAXES	(72,112)	60,423	(99,912)	121,018
Provision for change				
in tax status	--	--	--	83,200
NET INCOME (LOSS)	(72,112)	60,423	(99,912)	37,818
DIVIDENDS TO				
PREFERRED				
SHAREHOLDERS	(2,150)	(2,150)	(4,300)	(4,300)
NET INCOME (LOSS)				
AVAILABLE TO COMMON				
SHAREHOLDERS	\$(74,262)	\$58,273	\$(104,212)	\$33,518
NET INCOME LOSS AVAILABLE				
TO COMMON SHAREHOLDERS				
PER COMMON SHARE:				
BASIC	\$(0.63)	\$0.50	\$(0.88)	\$0.30
DILUTED	\$(0.63)	\$0.50	\$(0.88)	\$0.30
WEIGHTED AVERAGE COMMON				
SHARES OUTSTANDING,				
BASIC	118,409	116,421	118,402	111,871
WEIGHTED AVERAGE COMMON				
SHARES OUTSTANDING,				
DILUTED	118,409	117,763	118,402	112,687

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

JUNE 30,            DECEMBER 31,  
2000                            1999

ASSETS

Real estate properties:

Correctional and detention facilities	\$2,239,087	\$2,258,281
Less accumulated depreciation	(76,104)	(49,785)
Net real estate properties	2,162,983	2,208,496
Cash and cash equivalents	18,366	84,493
Restricted cash	9,416	24,409
Note receivable from CCA	137,000	137,000
Investments in affiliates	115,194	118,232
Investments in direct financing leases	154,251	74,059
Receivable from CCA	17,819	28,608
Other assets	61,307	60,625
Total assets	\$2,676,336	\$2,735,922

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### LIABILITIES:

Distributions payable	\$ 2,150	\$ 2,150
Bank credit facility	965,234	928,234
Senior notes payable	100,000	100,000
Convertible subordinated notes and other debt	72,730	70,757
Accounts payable and accrued expenses	80,886	70,911
Income taxes payable	6,245	5,476
Deferred gains on sales of contracts	100,707	106,045
Other liabilities	32,000	32,000
Total liabilities	1,359,952	1,315,573

#### COMMITMENTS AND CONTINGENCIES

##### STOCKHOLDERS' EQUITY:

Preferred stock, \$.01 (one cent) par value; 20,000 shares authorized; 4,300 shares issued and outstanding; stated at liquidation preference of \$25 (twenty-five dollars) per share	107,500	107,500
Common stock, \$.01 (one cent) par value; 300,000 shares authorized; 118,420 and 118,406 shares issued, respectively; 118,408 and 118,394 shares outstanding, respectively	1,184	1,184
Treasury stock, 12 shares, at cost	(242)	(242)
Additional paid-in capital	1,347,474	1,347,227
Cumulative net income (loss)	(70,088)	29,824
Accumulated distributions	(69,444)	(65,144)
Total stockholders' equity	1,316,384	1,420,349

Total liabilities and stockholders' equity	\$2,676,336	\$2,735,922
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