CoreCivic

Prison Realty Announces First Quarter Results

May 15, 2000

NASHVILLE, Tenn., May 15 /PRNewswire/ -- Prison Realty Trust, Inc. (NYSE: PZN) today announced first quarter operating results. For the quarter ended March 31, 2000, PZN posted revenues of $17.3 million and a net loss of $30.0 million, or ($0.25) per common share, compared to revenues of $72.0 million and a net loss of $24.8 million, or ($.23) per common share, in the first quarter of 1999.

Revenues for the 2000 first quarter have been reduced to reflect a reserve of $71.2 million to offset lease payments from Prison Realty's primary tenant, CCA, that would not be collectible in the event of a corporate restructuring.

Prison Realty has proposed a restructuring that would include its combination with the three entities currently operating as CCA, as well as the assumption of C corporation status rather than REIT status. Under that format, pro forma EBITDA (earnings before interest, taxes, depreciation and amortization) for the combined companies is approximately $39 million for the 2000 first quarter.

"EBITDA is an indicator of cash flow and a barometer on the underlying strength of the company's business," said Interim Chairman Thomas W. Beasley. "The reported first quarter results validate the wisdom of restructuring the companies and eliminating the lease burden on CCA. The pro forma EBITDA number encourages us to do so as quickly as possible so that the companies can realize once again the true value that exists in providing detention and correctional facilities to government."

System wide, the three companies doing business as CCA had 60,514 prison and jail beds in operation at the end of the first quarter of 2000, versus 50,005 beds at March 31, 1999. Occupancy was 85.6% this year compared to 89.3% last year, and compensated mandays for the quarter rose 16% to 4.5 million from 3.9 million in the first quarter of 1999.

Current Corporate Structure Defined

As a result of the 1999 merger transaction between Prison Realty and Corrections Corporation of America, the operations of facilities was split into three private companies: the new Corrections Corporation of America (New CCA, which is PZN's primary tenant), Prison Management Services, Inc. and Juvenile and Jail Facility Management Services, Inc. All three companies do business under the name "CCA." Prison Realty's economic interest in the two service companies is reported as equity in earnings of subsidiaries.

New CCA had first quarter 2000 revenues of $138.0 million, an operating loss of $57.8 million and a net loss of $62.6 million. The loss includes lease payment charges of $79.3 million, of which $71.2 million was reserved by PZN, as noted above. For the first quarter of 1999, New CCA had revenues of $112.4 million, an operating loss of $60.5 (including lease payments of $80.7 million) and a net loss after benefit of income taxes of $39.8 million.

Proposed Corporate Restructuring

In response to the liquidity issues facing both PZN and New CCA, PZN has entered into an agreement with Pacific Life Insurance Company with respect to an equity investment, corporate and debt restructuring and management reorganization. The proposal would preserve the company's REIT status for 1999, but convert it to a C corporation beginning in 2000. The equity investment would take the form of a $200 million shareholder rights offering, backstopped by Pacific Life. A preliminary proxy on the proposal seeking shareholder approval will be filed.

Business Description

Prison Realty's business primarily is the development and ownership of correctional and detention facilities. Headquartered in Nashville, Tenn., 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 doing business as Corrections Corporation of America provide detention and corrections services to governmental agencies. The company is the industry leader in private sector corrections with more than 73,000 beds in 80 facilities under contract or under development in the United States, Puerto Rico, Australia and the United Kingdom. CCA's 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 statements that are forward looking, including statements relating to the amount and timing of the proposed restructuring transactions. These statements are not projections or assured results. Actual results may differ materially from the results anticipated in the forward looking statements due to a variety of factors, including but not limited to, changing market conditions. Additional factors will be described in the company's filings with the SEC. The company does not undertake an obligation to update its forward-looking statements to reflect future events or circumstances. Accordingly, individuals should not place undue reliance on such statements.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(Unaudited and amounts in thousands, except per share amounts)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
REVENUES:		
Rental revenues	$11,460	$63,640
Interest income	3,312	6,214
Licensing fees	2,576	2,132
	17,348	71,986
EXPENSES:		
Depreciation and amortization	12,924	9,917
General and administrative	2,543	882
Write off of amounts under lease arrangements	4,000	--
	19,467	10,799

OPERATING INCOME (LOSS)	(2,119)	61,187
Equity in earnings of subsidiaries and amortization of deferred gains	6,113	7,681
Interest expense	(31,794)	(8,273)
INCOME (LOSS) BEFORE INCOME TAXES	(27,800)	60,595
Provision for change in tax status	--	83,200
NET LOSS	(27,800)	(22,605)
DIVIDENDS TO PREFERRED SHAREHOLDERS	(2,150)	(2,150)
NET LOSS AVAILABLE TO COMMON SHAREHOLDERS	$(29,950)	$(24,755)
NET LOSS AVAILABLE TO COMMON SHAREHOLDERS PER COMMON SHARE:		
Basic	$ (0.25)	$ (0.23)
Diluted	$ (0.25)	$ (0.23)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC	118,395	107,282
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CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2000 AND DECEMBER 31, 1999
(Amounts in thousands, except per share amounts)

	March 31, 2000 (unaudited)	December 31, 1999
ASSETS		
Real estate properties:		
Correctional and detention facilities	$ 2,216,662	$ 2,258,281
Less accumulated depreciation	(62,709)	(49,785)
Net real estate properties	2,153,953	2,208,496
Cash and cash equivalents	12,753	84,493
Restricted cash	24,722	24,409
Note receivable from CCA	137,000	137,000
Investments in affiliates	120,974	118,232
Investments in direct financing leases	162,254	74,059
Receivable from CCA	25,839	28,608
Other assets	61,116	60,625
Total assets	$ 2,698,611	$ 2,735,922
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Distributions payable	$ 2,150	$ 2,150
Bank credit facility	926,734	928,234
Senior notes payable	100,000	100,000
Convertible subordinated notes and other debt	70,737	70,757
Accounts payable and accrued expenses	67,207	70,911
Income taxes payable	5,917	5,476

Deferred gains on sales of contracts	103,376	106,045
Other liabilities	32,000	32,000
Total liabilities	1,308,121	1,315,573
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock , $.01 (one cent) par value; 20,000 shares authorized; 4,300 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; 118,406 shares issued; 118,394 shares outstanding, respectively	1,184	1,184
Treasury stock, 12 shares, at cost	(242)	(242)
Additional paid-in capital	1,347,318	1,347,227
Cumulative net income	2,024	29,824
Accumulated distributions	(67,294)	(65,144)
Total stockholders' equity	1,390,490	1,420,349
Total liabilities and stockholders' equity	$2,698,611	$2,735,922

CORRECTIONS CORPORATION OF AMERICA
SELECTED FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999
(Amounts in thousands)

	Three Months Ended March 31, 2000 (unaudited)	Three Months Ended March 31, 1999 (unaudited)
Revenues	$ 137,952	$ 112,363
Net loss	(62,640)	(39,766)
Cash flows provided by (used in) operating activities	$ 2,228	$ (5,611)
Cash flows used in investing activities	(415)	(1,011)
Cash flows used in financing activities	(10,034)	(1,517)
Net decrease in cash	$ (8,221)	$ (8,139)
CASH AND CASH EQUIVALENTS, beginning of the period	10,725	19,057
CASH AND CASH EQUIVALENTS, end of the period	$ 2,504	$ 10,918

	March 31, 2000 (unaudited)	December 31, 1999
Current assets	$ 82,208	$ 88,647

Total assets	175,918	184,701
Current liabilities	313,951	258,421
Deferred credits	105,202	107,070
Total liabilities	419,153	365,491
Stockholders' equity	$ (243,235)	$ (180,790)