



Prison Realty Announces 1999 Year-End Results

March 31, 2000

NASHVILLE, Tenn., March 31 /PRNewswire/ -- Prison Realty Trust, Inc. (NYSE: [PZN](#)) today announced 1999 operating results. For the year ended December 31, 1999, PZN posted revenues of \$285.7 million and a net loss of \$62.0 million or (\$0.54) per common share.

The loss for 1999 includes one-time write-offs and charges totaling \$247.0 million, comprised of:

- \$65.7 million in unrealizable deferred tenant incentive fees;
- \$76.4 million in impairment losses on three facilities in Kentucky;
- \$83.2 million in write-offs of initial deferred assets;
- \$14.6 million in write-offs of loan costs; and,
- \$7.1 million in excise taxes (included in general & administrative expenses) due to the deferred declaration of dividends from 1999 to 2000.

On January 1, 1999, PZN and Corrections Corporation of America (Old CCA) were combined into a single company. The company operated so as to preserve its ability to qualify as a REIT for its 1999 taxable year. Reporting periods prior to 1999 reflect the operating results of Old CCA, but because Old CCA did not operate as a REIT, comparisons between 1999 and prior periods are not believed to be meaningful.

Post-Merger CCA

As a result of the 1999 merger, Old CCA 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." During 1999, the three companies collectively experienced a 12 percent increase in compensated mandays to 16.9 million, up from 15.1 million in 1998, leading to combined revenues of \$787.6 million.

For 1999, New CCA's revenues derived from its prison management and prisoner transportation services were \$499.3 million. The company reported a net loss of \$202.9 million, owing largely to the lease structure between New CCA and PZN. New CCA incurred approximately \$263.5 million in gross lease expenses to PZN during 1999, of which it has paid approximately \$251.5 million to date.

Weakened Financial Condition Leads to Investment Proposals

PZN paid certain necessary dividends during 1999 but has deferred the payment of the remainder. Under IRS rules, if PZN elects to be taxed as a REIT for its 1999 taxable year, it has the option of delaying the declaration of the remaining 1999 dividends until September 2000, and delaying payment of the remaining dividends until December 2000.

New CCA currently is in violation of certain provisions of its bank credit facility and has not made the required lease and note payments to PZN. PZN is in default under its secured bank credit facility and certain of its convertible subordinated notes.

In addition, the independent auditors of both PZN and CCA have indicated in their opinion on the respective 1999 consolidated financial statements that there is substantial doubt about the ability of either company to continue as a going concern.

In response to the weakened financial conditions of PZN and New CCA, PZN has entered into an agreement with respect to an equity investment, and the board of directors is considering a proposal from another potential strategic investor. In addition to an equity investment, the proposals contemplate

corporate and debt restructuring and management reorganization.

Speaking to the year-end announcement and proposed restructuring, Thomas W. Beasley, PZN's interim chairman, said, "The company faces challenging issues regarding its financial structure and performance. These results certainly bear witness to the challenge. The PZN board of directors, along with our financial and legal advisors, is steadfastly addressing these issues, and the year-end numbers also reflect some of the costs necessary to bring about a suitable resolution. Our goal is to reach a simplified structure that is easily understood, historically successful and financially sound.

"Encouraging our comprehensive restructuring efforts is society's continued need for quality prison and jail facilities and management services," Beasley said. "We believe the benefits our company brings to the industry through its current operations will renew our growth once our resources can again be properly channeled."

Business Description

Prison Realty's business 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.

PRISON REALTY TRUST, INC. AND SUBSIDIARIES

Consolidated Statement Of Operations

For The Year Ended December 31, 1999

(In Thousands, Except Per Share Amounts)

1999

REVENUES:

Rental revenues	\$270,134
Interest income	6,885
Licensing fees	8,699
	285,718

EXPENSES:

Depreciation and amortization	44,062
General and administrative	24,125
Write-off of amounts under lease arrangements	65,677
Impairment loss	76,433
	210,297

OPERATING INCOME 75,421

OTHER INCOME (EXPENSE):

Equity in earnings of unconsolidated entities and amortization of deferred gain	22,886
Interest expense	(51,921)
Write-offs of loan costs	(14,567)
Loss on disposals of assets	(1,995)
	(45,597)
INCOME BEFORE INCOME TAXES	29,824
PROVISION FOR CHANGE IN TAX STATUS	83,200
NET LOSS	(53,376)
DIVIDENDS TO PREFERRED SHAREHOLDERS	(8,600)
NET LOSS AVAILABLE TO COMMON SHAREHOLDERS	\$ (61,976)
BASIC NET LOSS AVAILABLE TO COMMON SHAREHOLDERS PER COMMON SHARE:	\$ (.54)
DILUTED NET LOSS AVAILABLE TO COMMON SHAREHOLDERS PER COMMON SHARE:	\$ (.54)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC	115,097
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PRISON REALTY TRUST, INC. AND SUBSIDIARIES
Consolidated Balance Sheet
December 31, 1999
(In Thousands)

ASSETS	1999
Real estate properties:	
Correctional and detention facilities	\$2,258,281
Less accumulated depreciation	(49,785)
Net real estate properties	2,208,496
Cash and cash equivalents	84,493
Restricted cash	24,409
Note receivable from New CCA	137,000
Investments in affiliates	118,232
Investments in direct financing leases	74,059
Receivable from New CCA	28,608
Other assets	60,625
Total assets	\$2,735,922
LIABILITIES AND STOCKHOLDERS' EQUITY	1999
LIABILITIES:	
Distributions payable	\$2,150
Bank credit facility	928,234
Senior notes payable	100,000
Convertible subordinated notes and other debt	70,757
Accounts payable and accrued expenses	70,911
Income taxes payable	5,476

Deferred gains on sales of contracts	106,045
Other liabilities	32,000
Total liabilities	1,315,573

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' EQUITY:

Preferred stock - Series A - \$.01 (one cent) par value; 20,000 shares authorized; 4,300 shares issued and outstanding at December 31, 1999; stated at liquidation preference of \$25 (twenty five dollars) per share	107,500
Common stock - \$.01 (one cent) par value; 300,000 shares authorized; 118,406 and 79,956 shares issued and 118,394 and 79,956 shares outstanding at December 31, 1999 and 1998, respectively	1,184
Treasury stock, 12 shares, at cost	(242)
Additional paid-in capital	1,347,227
Cumulative net income	29,824
Accumulated distributions	(65,144)
Total stockholders' equity	1,420,349
Total liabilities and stockholders' equity	\$2,735,922

CORRECTIONS CORPORATION OF AMERICA

Selected Financial Information

For The Year Ended December 31, 1999

(in thousands, except per share amounts)

1999

Revenues	\$499,292
Net loss	(202,918)

Current assets	\$88,647
Total assets	184,701
Current liabilities	258,421
Deferred lease incentives and service fees received from Prison Realty	107,070
Total liabilities	365,491
Stockholders' equity	(180,790)

Cash flows used in operating activities	\$ (16,332)
Cash flows used in investing activities	(2,091)
Cash flows provided by financing activities	10,089
Net decrease in cash flow for the year ended December 31, 1999	(8,334)
CASH AND CASH EQUIVALENTS, beginning of the period	19,059
CASH AND CASH EQUIVALENTS, end of the period	\$ 10,725