Prison Realty Reports First Post Merger Quarter

May 5, 1999

NASHVILLE, Tenn., May 5 /PRNewswire/ -- Prison Realty Corporation ("Prison Realty" or the "Company") (NYSE: PZN), a Maryland corporation and the successor entity of the merger between CCA Prison Realty Trust and Corrections Corporation of America consummated January 1, 1999, today announced first quarter 1999 results. Funds from operations (FFO) of $68.4 million, or $0.63 per diluted share were earned on revenues of $72.0 million for the quarter ended March 31, 1999.

Chairman and CEO Doctor R. Crants commented on results as follows: "We are pleased to announce our first quarter of operations following our merger at a level in line with expectations. In the few short months since January 1, 1999, we have been busy exploiting the advantages of our new structure to execute our business plan. We have announced 7,000 beds of new construction and acquisition and we have raised over $140 million in equity. We are prepared to continue our aggressive development of prison facilities to meet the burgeoning demands of government. Our size and capital structure substantially enhance our competitive position and will allow us to optimize shareholder value."

Prison Realty'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. Prison Realty currently owns 50 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 eleven new facilities are under construction. Prison Realty Corporation is based in Nashville, Tennessee and plans to qualify as a real estate investment trust under the Internal Revenue Code.

A private prison management company and two other private management companies formed in conjunction with the merger now operate under the name of Corrections Corporation of America to provide management services to governments under contracts for 81 correctional and detention facilities with a total design capacity of 71,851 beds, of which 67 facilities with a total design capacity of 50,005 beds are in operation.

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.

PRISON REALTY CORPORATION
Consolidated Statement of Income
For the Three Months Ended March 31, 1999
(Unaudited and amounts in thousands, except per share amounts)

	1999
REVENUES	
Rental revenue	$ 63,640
Interest income	6,214
Licensing fees	2,132
	71,986
EXPENSES:	
General and administrative	882
Depreciation and amortization	9,917
Interest expense	8,273

	19,072
OPERATING INCOME	52,914
Equity in earnings of subsidiaries and amortization of deferred gains	7,681
INCOME BEFORE INCOME TAXES	60,595
Write off of deferred tax asset	83,200 (a)
NET LOSS	(22,605)
Dividends to preferred shareholders	(2,150)
NET LOSS AVAILABLE FOR COMMON SHARES	$(24,755)
NET LOSS AVAILABLE PER COMMON SHARE:	
Basic	$ (0.23)
Diluted	$ (0.23)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC	107,282
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, DILUTED	107,282
FUNDS FROM OPERATIONS:	
Net Loss Available for Common Shares	$(24,755)
Plus Real Estate Depreciation	9,917
Add back non-recurring items:	
Write off of deferred tax asset	83,200
	$ 68,362
FUNDS FROM OPERATIONS PER COMMON SHARE:	
Basic	$ 0.64
Diluted	$ 0.63
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, BASIC	107,282
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING, DILUTED	110,341

(a) - One-time charge related to change of Company tax status from C-corporation to REIT.

PRISON REALTY CORPORATION
Consolidated Balance Sheet
March 31, 1999
(Amounts in thousands)

	(unaudited) March 31, 1999
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 11,324
Restricted cash	91,581
Accounts receivable, net of allowances	1,314
Prepaid expenses	645

Other current assets	15,496
Total current assets	120,360
Property and Equipment, Net	2,011,827
Other Assets:	
Notes receivable	138,549
Investments in affiliates and others	132,703
Investments in direct financing leases	72,881
Other	18,125
TOTAL ASSETS	$2,494,445
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities:	
Accounts payable	$ 94,271
Income taxes payable	8,197
Other accrued expenses	13,385
Distributions payable	221,505
Current portion of long-term debt	3,203
Current portion of deferred gains on sales of contracts	10,677
Total current liabilities	351,238
Long-Term Liabilities:	
Long-term debt, net of current portion	687,577
Deferred tax liability	32,000
Deferred gains on sales of contracts, net of current portion	102,212
TOTAL LIABILITIES	1,173,027
Commitments and Contingencies	--
Stockholders' Equity:	
Preferred stock, $.01 par value; 10,000 shares authorized; 4,300 outstanding,	43
Common stock, $.01 par value; 300,000 shares authorized, 114,391 shares issued and outstanding	1,144
Additional paid-in capital	1,323,959
Cumulative net income	60,595
Accumulated distributions	(64,323)
TOTAL STOCKHOLDERS' EQUITY	1,321,418
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,494,445