

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

PRISON REALTY CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

MARYLAND  
(State or Other Jurisdiction  
of Incorporation)

62-1763875  
(I.R.S. Employer  
Identification Number)

10 BURTON HILLS BOULEVARD, SUITE 100  
NASHVILLE, TENNESSEE 37215  
(615) 263-0200  
(Address, Including Zip Code, and Telephone Number, Including Area Code, of  
Registrant's Principal Executive Offices)

DOCTOR R. CRANTS  
CHIEF EXECUTIVE OFFICER  
PRISON REALTY CORPORATION  
10 BURTON HILLS BOULEVARD, SUITE 100  
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, \$0.01 par value.....	10,000,000	\$19.69(1)	\$196,900,000	\$54,738.20

(1) Calculated pursuant to Rule 457(c) promulgated under the Securities Act of 1933, as amended, as permitted by Rule 457(h)(1), based upon the average of the high and low prices of the Common Stock on the New York Stock Exchange on May 3, 1999.

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THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.  
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SUBJECT TO COMPLETION, DATED MAY , 1999

PROSPECTUS

PRISON REALTY CORPORATION  
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN  
[LOGO]

10,000,000 SHARES OF COMMON STOCK

The Prison Realty Corporation Dividend Reinvestment and Stock Purchase Plan (the "Plan") provides stockholders with a simple and convenient way to invest quarterly and other cash dividends received in additional shares of the company's common stock at a discount, as determined by the company, ranging between 0% to 5% of market prices. Current stockholders and interested new investors may also make optional purchases of common stock once each month at the market price of the common stock, less the applicable discount, if any, determined by the company.

You can enroll in the Plan by completing the enclosed Enrollment and Authorization Form and returning it in the envelope provided. If you currently own shares of common stock of the company you may participate in the Plan regardless of whether you are the holder of record or beneficial owner of these shares. A broker, bank or other nominee may reinvest quarterly and other dividends and make optional monthly purchases of the company's common stock on behalf of beneficial owners.

Enrollment in the Plan is entirely voluntary, and you may end your participation at any time. Stockholders of the company who do not participate in the Plan will receive quarterly cash dividends, as declared, in the usual manner.

If you participate in the Plan, you may obtain additional shares of common stock by:

- reinvesting all or a portion of dividends received by you;
- making optional cash purchases of not less than \$50 or more than \$5,000 (subject to a \$1,000 minimum investment requirement for first time investors in the company's common stock) once each month, whether or not you choose to reinvest your quarterly dividends; or
- making optional cash purchases of greater than \$5,000 once each month, with the permission of the company, whether or not you choose to reinvest your quarterly dividends.

The company's common stock is listed on the New York Stock Exchange under the ticker symbol "PZN." The common stock sold pursuant to this prospectus will be listed on the New York Stock Exchange, subject to official notice of issuance. The last reported sales price of the common stock on the New York Stock Exchange on Monday, May 3, 1999 was \$19.81 per share.

INVESTING IN THE COMMON STOCK INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 18 OF THIS PROSPECTUS FOR INFORMATION THAT YOU SHOULD CONSIDER.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DATE OF THIS PROSPECTUS IS MAY , 1999

THE INFORMATION CONTAINED IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THE SECURITIES DESCRIBED IN THIS PROSPECTUS MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THE PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

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## WHERE YOU CAN FIND MORE INFORMATION

Prison Realty Corporation, a Maryland corporation (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). You may read and copy any of these materials at the Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Commission. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. You may also access our filings with the Commission at its Internet address (<http://www.sec.gov>). In addition, the Company's common stock, \$0.01 par value per share (the "Common Stock"), is listed on the New York Stock Exchange (the "NYSE"), and similar information concerning the Company can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

This prospectus (the "Prospectus") is part of a Registration Statement on Form S-3 (the "Registration Statement") filed by the Company with the Commission to register the shares of Common Stock offered under the Plan. It does not repeat important information that you can find in the Registration Statement. Furthermore, the Commission allows the Company to "incorporate by reference" certain information into this Prospectus. This means that the Company can disclose important information to you by referring you to another document filed separately with the Commission. The information incorporated by reference is considered to be a part of this Prospectus, except for any information that is updated and superseded by other information that is set forth directly in this document.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company is the successor to each of Corrections Corporation of America, a Tennessee corporation ("Old CCA"), and CCA Prison Realty Trust, a Maryland real estate investment trust ("Prison Realty"). Old CCA merged with and into the Company on December 31, 1998, and Prison Realty merged with and into the Company on January 1, 1999 (the mergers of Old CCA and Prison Realty with and into the Company are, collectively, referred to herein as the "Merger").

The following documents that the Company, Old CCA and Prison Realty have previously filed with the Commission pursuant to the Exchange Act are hereby incorporated by reference into the Prospectus:

## THE COMPANY

- The Company's Registration Statement on Form S-3, filed with the Commission on May 7, 1999 (Reg. no. 333-77997).

- The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, as filed with the Commission on March 30, 1999 (File no. 0-2524).
- The Company's definitive Proxy Statement filed with the Commission on March 30, 1999 pursuant to Regulation 14A of the Exchange Act, in connection with the Company's Annual Meeting of Stockholders to be held on May 11, 1999 (File no. 0-25245).
- The Company's Registration Statement on Form S-3, filed with the Commission on January 11, 1999, as supplemented from time to time by the Company (Reg no. 333-70419).
- The Company's Current Report on Form 8-K, filed with the Commission on January 6, 1999 (File no. 0-25245).
- The Company's Prospectus filed with the Commission on October 30, 1998 pursuant to Rule 424(b)(4) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), as supplemented on November 20, 1998, included in its Registration Statement on Form S-4, filed with the Commission on September 30, 1998, as subsequently amended (Reg. no. 333-65017).

#### OLD CCA

- Old CCA's Quarterly Reports on Form 10-Q/A for the period ended March 31, 1998, as filed with the Commission on May 15, 1998 and amended on June 5, 1998 and September 28, 1998; for the period ended June 30, 1998, as filed with the Commission on August 14, 1998 and amended on September 28, 1998; and Form 10-Q for the period ended September 30, 1998, as filed with the Commission on November 16, 1998 (File no. 1-13560).

#### PRISON REALTY

- Prison Realty's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, as filed with the Commission on March 30, 1999 (File no. 1-13049).
- Prison Realty's Quarterly Reports on Form 10-Q for the period ended March 31, 1998, as filed with the Commission on May 15, 1998; for the period ended June 30, 1998, as filed with the Commission on August 14, 1998; and for the period ended September 30, 1998, as filed with the Commission on November 17, 1998 (File no. 1-13049).

All other documents and reports filed with the Commission by the Company, Old CCA and Prison Realty pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this Prospectus and prior to the termination of this offering.

CAUTIONARY STATEMENT CONCERNING  
FORWARD-LOOKING INFORMATION

This Prospectus contains or incorporates by reference certain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act which are intended to be covered by the "safe harbors" created thereby. Those statements include, but may not be limited to, the discussions of the Company's expectations concerning its future profitability, operating performance, growth strategy, and its assumptions regarding other matters. Also, when any of the words "believes," "expects," "anticipates," "intends," "estimates," "plans," or similar terms or expressions are used in this Prospectus, forward-looking statements are being made.

You should be aware that, while the Company believes that the expectations reflected in such forward-looking statements are reasonable, they are inherently subject to risks and uncertainties which could cause the Company's future results and stockholder values to differ materially from the Company's expectations. These factors are disclosed under "Risk Factors" in this Prospectus and in other documents incorporated by reference in this document. Because of these factors, there can be no assurance that the forward-looking statements included or incorporated by reference in this Prospectus and any applicable supplement to this prospectus (a "Prospectus Supplement") will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included or incorporated by reference herein, you should not regard the inclusion of such information as a representation by the Company or any other person that the objectives and plans of the Company will be achieved. In addition, the Company does not intend to, and is not obligated to, update these forward-looking statements after it distributes this Prospectus and any applicable Prospectus Supplement, even if new information, future events or other circumstances have made them incorrect or misleading as of any future date.

INFORMATION ABOUT THE COMPANY

GENERAL

The Company is the largest real estate investment trust, or REIT, specializing in acquiring, developing and owning correctional and detention facilities. As of April 30, 1999, the Company owned 50 correctional and detention facilities, of which 11 new facilities were under construction, in 17 states, the District of Columbia and the United Kingdom with a total design capacity in excess of 49,000 beds. The Company's principal business strategy is to design, build, finance and/or acquire and develop such facilities from and for both government entities and private prison managers, to expand the design capacity of its existing facilities, and to lease these facilities under long-term "triple-net" leases. The Company intends to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, which generally requires that substantially all of the Company's income be derived from rent payments from leases of its correctional and detention facilities.



## HISTORY AND OPERATIONS

The Company is the successor to each of Old CCA and Prison Realty as the result of the Merger. Corrections Corporation of America ("CCA" or "Operating Company"), a privately-held Tennessee corporation formed in connection with the Merger (formerly Correctional Management Services Corporation), leases a substantial majority of the Company's correctional and detention facilities and provides private prison management services to government entities not having owned-bed capacity. The Company owns approximately 9.5% of the outstanding capital stock of CCA, representing 9.5% of the economic value of CCA. Additionally, as a result of the Merger, the Company owns all of the non-voting common stock of two privately-held service companies, Prison Management Services, Inc. and Juvenile and Jail Facility Management Services, Inc., both Tennessee corporations (collectively, the "Service Companies"), which provide private correctional management services to government entities in government-owned facilities under the "Corrections Corporation of America" name. The Service Companies are obligated to distribute 95% of their net income to the Company.

The Company is the world's largest private owner of correctional and detention facilities, and the prison management services provided under the Corrections Corporation of America name comprise more than half of the world-wide private prison management industry. As of April 30, 1999, the Company leased approximately 32,000 beds under 39 operating leases. The Company is currently developing approximately 17,000 beds through the construction of 11 new facilities and the expansion of six currently operating facilities. The Company currently leases 31 of its facilities to CCA and expects to lease 10 of the 11 Company facilities currently under development to CCA. Three of the Company's facilities are currently leased to other private operators and five of its facilities are being leased directly to government entities. As of April 30, 1999, CCA, the Company's primary tenant, and the Service Companies operating under the Corrections Corporation of America name met the correctional and detention facility management needs of government entities 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.

The Company was incorporated as a Maryland corporation in September 1998 and is self-administered and self-managed. The Company's principal executive offices are located at 10 Burton Hills Boulevard, Suite 100, Nashville, Tennessee, and its telephone number is (615) 263-0200. For information or copies of the documents incorporated by reference in this Prospectus, please contact the Company at this address.

For unaudited pro forma financial information of the Company, please refer to the pro-forma financial information contained in the Company's Registration Statement on Form S-3 filed with the Commission on May 7, 1999 (Reg. no. 333-77997). For historical financial information and management discussion and analysis for the Company and Old CCA, and for historical financial information for CCA, the Company's primary tenant, please refer to the financial information contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (File no. 0-25245) and

incorporated herein by reference. For historical information and management discussion and analysis for Prison Realty, please refer to the financial information contained in Prison Realty's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 (File no. 1-13049) and incorporated herein by reference.

#### PLAN FEATURES

- You may purchase shares of Common Stock by completing an Enrollment and Authorization Form and sending a check or money order, or you may arrange for the administrator of the Plan to automatically withdraw funds from your bank account.
- If you own shares of Common Stock in an account with a broker, you may either request the broker to enroll you in the Plan by completing a Broker and Nominee Enrollment Form or request a certificate for your shares.
- You may make optional cash purchases on a monthly basis for a minimum of \$50 (or a minimum of \$1,000 for first time investors in the Common Stock) up to a maximum of \$5,000. The purchase price for these shares will generally be the prevailing market price less a discount, if any, determined by the Company. You may make larger optional cash purchases with the prior approval of the Company.
- You may automatically reinvest all or a portion of your quarterly or other dividends in shares of Common Stock. The shares of Common Stock you purchase with reinvested dividends are generally purchased at the prevailing market price less a discount, if any, determined by the Company.
- You may purchase both full and fractional shares and receive dividends on both full and fractional shares.
- You will receive a statement detailing your account activity each time you invest.
- You may authorize the administrator of the Plan to sell your shares of Common Stock in the Plan for a nominal fee without requesting a specific sale date or price. If you prefer to decide the time and price of the sale, you may withdraw your shares of Common Stock in certificate form or move your shares to your own brokerage account.

#### BENEFITS TO YOU

- You purchase shares of Common Stock at a potential discount directly from the Company without a broker, even if you are not currently a stockholder of the Company. The Enrollment and Authorization Form is designed to guide you in setting up your Plan account.

- You may begin with a relatively small amount invested, which may help you diversify your financial assets.
- You conveniently add to your investment over time.
- Your investment continues to build until you decide to stop. Then, your dividends will be mailed to you or deposited directly in your bank account.
- You enjoy the option of full or partial reinvestment of your dividends.
- You monitor your investment and make new transactions efficiently by using the detachable form at the bottom of your Plan statement.

For additional information concerning the Plan, including information on how to enroll, please see "The Plan -- Details About the Plan" on page 9 of this Prospectus.

## THE PLAN

### PLAN SUMMARY

The Plan provides you with a convenient and attractive method of investing cash dividends in, and making optional monthly cash purchases of, additional shares of the Company's Common Stock, at prices reflecting a discount of between 0% and 5% (the "Discount") from market prices of the Common Stock on the NYSE. The Discount may change (but will not vary from the range of between 0% and 5%) from time to time or may be discontinued at the Company's discretion after a review of current market conditions, the level of participation in the Plan and the Company's current and projected capital needs. The Discount, if any, shall apply only to shares newly issued by the Company and sold under the Plan and not to shares purchased by the administrator of the Plan on the open market and subsequently sold under the Plan. For information regarding the Company's option under the Plan to issue new shares of its Common Stock or to have shares of its Common Stock purchased on the NYSE in open trading, please refer to the discussion under "Details About the Plan -- Source of Plan Shares." For a complete description of the Common Stock, please refer to the discussion under the heading "New Prison Realty Capital Stock" included in the Company's Prospectus filed with the Commission on October 30, 1998 pursuant to Rule 424(b)(4) under the Securities Act, as supplemented on November 20, 1998, included in its Registration Statement on Form S-4 filed with the Commission on September 30, 1998, as subsequently amended (Reg. no. 333-65017) and under the heading "Description of Capital Stock -- Common Stock" included in the Company's Registration Statement on Form S-3 filed with the Commission on January 11, 1999, as supplemented from time to time by the Company (Reg. no. 333-70419).

Subject to the availability of shares of Common Stock registered for issuance under the Plan, and subject to certain limitations on the ownership of the Common Stock as described herein under "Plan of Distribution," there is no minimum or maximum

limitation on the amount of quarterly dividends that a participant in the Plan (a "Participant") may reinvest under the Plan.

Participants who make optional cash purchases of additional shares of Common Stock are subject to a minimum monthly purchase limit of \$50 and are subject to a maximum monthly purchase limit of \$5,000, unless this maximum purchase limit is waived by the Company (a "Waiver"); provided, however, that the initial minimum monthly purchase limit for Participants who are not stockholders of the Company is \$1,000. Optional cash purchase amounts of less than \$50, and any optional cash purchase amounts greater than \$5,000 not waived by the Company, will be returned to Participants without interest after the conclusion of the applicable Pricing Period (as defined herein under "-- Details About the Plan -- The Investment Period and the Pricing Period").

Participants who wish to make an optional cash purchase in an amount greater than \$5,000 must submit a request for a Waiver to the Company (a "Request for Waiver"). The Company may grant a Waiver in its sole and absolute discretion. The Company's decision to grant a Waiver is based on a variety of factors, which may include:

- the Company's current and projected capital needs and the alternatives available to the Company to meet those needs;
- prevailing market prices for the Common Stock;
- general economic and market conditions;
- expected aberrations in the price or trading volume of the Common Stock;
- the number of shares of Common Stock held by the Participant making the Request for Waiver;
- the aggregate amount of optional cash purchases for which such Requests for Waiver have been submitted; and
- the administrative constraints associated with granting Waivers.

If such Requests for Waiver are granted, the Company may establish a Threshold Price (as defined herein under "-- Details About the Plan -- Optional Monthly Purchases in Excess of \$5,000") at least three (3) business days prior to each applicable Investment Date (as defined herein under "-- Details About the Plan -- The Investment Date and the Pricing Period") applicable to optional cash payments exceeding \$5,000. For each Investment Date of the related Pricing Period (as defined herein under "-- Details About the Plan -- The Investment Date and the Pricing Period") on which the Threshold Price is not satisfied, a portion of each Participant's optional cash payment in excess of \$5,000 will be returned without interest.

A portion of the Common Stock available for issuance under the Plan may be purchased pursuant to Waivers by Participants (including brokers or dealers) who, in connection with any resales of such Common Stock, may be deemed to be underwriters

with the meaning of the Securities Act. To the extent that Requests for Waiver are granted, the Company expects that a greater number of shares of the Common Stock will be issued under the optional cash purchase feature of the Plan than under the dividend reinvestment feature of the Plan.

Financial intermediaries may purchase a significant portion of the Common Stock issued pursuant to the optional cash payment feature of the Plan. The Company does not have any formal or informal understanding with any such organizations and, therefore, the extent of such financial intermediaries' participation under the Plan cannot be estimated at this time. Financial intermediaries that acquire Common Stock under the Plan with a view to distribution of such Common Stock or that offer or sell Common Stock for the Company in connection with the Plan may be deemed to be underwriters within the meaning of the Securities Act.

From time to time, financial intermediaries, including brokers and dealers, may engage in positioning transactions in order to benefit from the Discount from the Market Price (as defined herein under "-- Details About the Plan -- The Plan Purchase Price") of the shares of Common Stock acquired through the Plan. Such transactions may cause fluctuations in the price or trading volume of the Common Stock. Financial intermediaries which engage in positioning transactions may be deemed to be underwriters within the meaning of the Securities Act. The Plan is intended for the benefit of investors in the Company and not for individuals or investors who engage in transactions which may cause aberrations in the price or trading volume of the Common Stock.

As of the date hereof, 10,000,000 shares of Common Stock have been registered and are available for sale under the Plan. However, you may not own more than 9.8% of the outstanding Common Stock of the Company at any time. For more information regarding certain limitations on the ownership of Common Stock, please refer to the discussion under "Plan of Distribution" contained herein.

Bank Boston, N.A. is the named transfer agent. Boston EquiServe, Limited Partnership ("Boston EquiServe, L.P."), the service provider for Bank Boston, N.A., is the plan administrator (the "Plan Administrator"). The Plan Administrator will purchase and hold shares of Common Stock for Participants, keep records, mail statements and perform other duties required by the Plan. All correspondence and questions regarding the Plan and/or your account may be directed to:

Bank Boston, N.A.  
 c/o EquiServe, L.P.  
 [address]  
 Telephone: \_\_\_\_\_

or such other address as to which notice is given to Participants in writing.

## DETAILS ABOUT THE PLAN

## ELIGIBLE PARTICIPANTS

All U.S. citizens are eligible to participate in the Plan, whether or not they are currently stockholders of the Company. Foreign citizens are eligible to participate as long as their participation does not violate any laws in their home countries.

## HOW TO ENROLL

You may enroll in the Plan at any time by completing an Enrollment and Authorization Form and returning it to the Plan Administrator in the courtesy envelope. If you are a holder of record of shares of the Company's Common Stock, complete and return the Enrollment and Authorization Form to the Plan Administrator to reinvest all or a portion of your dividends and/or to purchase shares of Common Stock with optional cash payments. If you own shares of the Company's Common Stock in a brokerage account, you may ask your broker to enroll you or request a certificate for your shares of the Company's stock from your broker and complete and return the Enrollment and Authorization Form. If you do not currently own Common Stock, you may enroll in the Plan by completing an Enrollment and Authorization Form and returning it to the Plan Administrator with your optional cash payment of at least \$1,000. Be sure to select one of the investment options discussed herein when enrolling.

## INVESTMENT OPTIONS

## Full Dividend Reinvestment

If you select this option, all dividends payable on your registered shares of Common Stock, or on your shares of Common Stock acquired under the Plan, will be applied toward the purchase of additional shares of Common Stock at the Market Price (as defined herein under "-- The Plan Purchase Price") less any applicable Discount. Your reinvested dividends will purchase whole and fractional shares of Common Stock, on the dividend payment date declared by the Company. You may also send in optional cash payments to purchase additional shares of Common Stock if you so choose.

## Partial Dividend Reinvestment

If you select this option, the portion of dividends payable on your registered shares of Common Stock, or on your shares of Common Stock acquired under the Plan, that you specify will be applied toward the purchase of additional shares of Common Stock at the Market Price (as defined herein under "-- The Plan Purchase Price") less any applicable Discount. Your reinvested dividends will purchase whole and fractional shares of Common Stock, on the dividend payment date declared by the Company. You may also send in optional cash payments to purchase additional shares of Common Stock if you so choose.

### Optional Cash Purchases Only

If you select this option, you may purchase shares of Common Stock once a month (although this period is subject to change by the Company) at the Market Price (as defined herein under "-- The Plan Purchase Price") less any applicable Discount for a minimum investment of \$50 (a minimum of \$1,000 for new investors) up to a maximum investment of \$5,000. Your purchases will be of whole and fractional shares of Common Stock. You will not receive interest on optional cash amounts held by the Plan Administrator pending a purchase. Any and all dividends earned will be paid out to you.

You may select either full dividend reinvestment, partial dividend reinvestment, or optional cash purchases only, as your options for your participation in the Plan.

Important: According to Internal Revenue Service ("IRS") regulations regarding discounts on optional cash purchases in the Plan, the actual discount you receive on shares of Common Stock which you purchase may not exceed 5% of the one-day NYSE trading average for the shares of Common Stock on the optional cash purchase Investment Date. The Plan Administrator will calculate the discounted aggregate purchase price of all purchases of Common Stock made during the Pricing Period and test for the 5% rule. The actual price of the Common Stock will be the higher of the two amounts for that purchase date.

### OPTIONAL MONTHLY CASH PURCHASES IN EXCESS OF \$5,000

If you select the optional cash purchase option and would like to purchase more than \$5,000 of the Company's Common Stock during any one month:

1. Contact the Investor Relations Department of the Company at (615) 263-0200 with your request. Ask for the current Threshold Price (as defined herein) and for a Request for Waiver Form.
2. Submit a signed Request for Waiver Form to the Company before the beginning of the applicable Pricing Period (as defined herein under "-- The Investment Date and the Pricing Period") stating that you are not engaging in underwriting activities as defined under applicable law.
3. Send your optional cash purchase amount to the Plan Administrator at least two (2) business days before the applicable Pricing Period (as defined herein under "-- The Investment Date and the Pricing Period").

The Company will consider requests for optional cash purchases greater than \$5,000 on a case-by-case basis, and the Company may grant Waivers based on various corporate factors and market conditions. Requests for optional monthly cash purchases greater than \$5,000 may be denied by the Company for any reason.

Monthly cash purchases greater than \$5,000 made pursuant to a Waiver may receive a Discount from the Plan purchase price only for purchases of newly issued shares. The Company reserves the right to review and adjust the Discount each month.

Monthly optional cash purchases greater than \$5,000 made pursuant to a Waiver are also subject to a discretionary "Threshold Price" set each month by the Company, which is a stated dollar amount that the closing price of the Company's Common Stock must meet or exceed for each respective Investment Date (as defined herein under "-- The Investment Date and the Pricing Period"). If the closing price of the Common Stock on the NYSE does not meet or exceed the Threshold Price for a particular Investment Date (as defined herein under "-- The Investment Date and the Pricing Period"), optional cash payments to be applied on such Investment Date will be returned to you in full without interest at the end of the Pricing Period (as defined herein under "-- The Investment Date and the Pricing Period").

#### THE PLAN PURCHASE PRICE

The Plan purchase price, or "Market Price," is calculated differently depending upon whether the Company issues new shares of Common Stock or whether the shares of Common Stock issued under the Plan are purchased by the Plan Administrator in open trading on the NYSE.

##### Newly Issued Shares

The "Market Price" of shares of Common Stock issued by the Company will be the average of the daily high and low trading prices of the Common Stock reported on the NYSE for the applicable Investment Date (as defined herein under "-- The Investment Date and the Pricing Period"). You are not charged a fee for newly issued shares.

##### Open Market Purchases

The "Market Price" of shares of Common Stock purchased by the Plan Administrator in open market trading on the NYSE will be the weighted average price for all shares of Common Stock purchased by the Plan Administrator for the Plan on the applicable Investment Date (as defined herein under "-- The Investment Date and the Pricing Period"). You are charged a brokerage commission for open market purchases.

#### THE INVESTMENT DATE AND THE PRICING PERIOD

- The "Investment Date" for optional monthly cash purchases is a date, determined by the Company in its sole discretion, on which the NYSE is open for business.
- The "Investment Date" for the reinvestment of dividends is the Company's declared quarterly dividend payment date.



- The "Pricing Period" for optional monthly cash purchases is a period encompassing ten consecutive Investment Dates, with the beginning and ending dates of such period set by the Company.

#### PAYMENT FOR OPTIONAL MONTHLY CASH PURCHASES

You may make an optional cash purchase on a monthly basis by sending a check or money order to the Plan Administrator or authorizing the Plan Administrator to automatically withdraw funds from your bank account. Do not send cash to the Plan Administrator. If you pay by check or money order, please use the transaction stub located on the bottom of your Plan statement, make your check or money order payable to the Plan Administrator and mail your payment to the Plan Administrator's address. Always include our NYSE ticker symbol, PZN, on your check or money order. Checks should be made payable to "Bank Boston, N.A." and should be made out in U.S. funds drawn on a U.S. bank.

You may also authorize monthly automatic deductions from an account at a financial institution that is a member of the National Automated Clearing House Association. To initiate this service, you must complete the appropriate section of an Enrollment and Authorization Form and return it to the Plan Administrator. To change any aspect of this service, you must send a revised Enrollment and Authorization Form to the Plan Administrator. Funds will be withdrawn from your bank account two (2) business days before the beginning of the Pricing Period. Initial set-up, changes and terminations to the automatic deduction instructions will be made as soon as practicable. You must notify the Plan Administrator in writing to terminate automatic withdrawals from your bank account.

In the event that any deposit is returned unpaid for any reason, the agent will consider the request for investment of such money null and void and shall immediately remove from the Participant's account shares, if any, purchased upon prior credit of such money. The Plan Administrator shall thereupon be entitled to sell these shares to satisfy any uncollected amounts. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of such uncollected amounts, the Plan Administrator shall be entitled to sell such additional shares from the participant's account to satisfy the uncollected balance. A \$25.00 fee will be charged for any deposit returned unpaid.

#### SOURCE OF PLAN SHARES

Shares of Common Stock purchased by Participants under the Plan will either be issued directly by the Company from its authorized but unissued shares of Common Stock or will be purchased by the Plan Administrator on the NYSE in open trading. No Discount will be available to Participants for shares of Common Stock purchased by the Plan Administrator in the public market and subsequently sold under the Plan. The Company will designate the source of the shares of Common Stock for the Plan, but the Company cannot change its designation more than once during any three month period

and may only do so if required by law or if another valid reason exists. The Company expects that it will issue new shares of Common Stock pursuant to the Plan.

#### AUTHORIZATION DUE DATE FOR DIVIDEND REINVESTMENT

If you wish to have your dividends reinvested in shares of the Company's Common stock, you must select either the Full Dividend Reinvestment or Partial Dividend Reinvestment option on your Enrollment and Authorization Form and return it to the Plan Administrator at least five (5) days before the approaching dividend record date; otherwise your authorization will not be effective until the next dividend record date. The Company, and prior to the Merger Prison Realty, has historically declared and paid dividends on a quarterly basis and expects to make a special one-time dividend in 1999 in order to comply with certain rules and regulations affecting the Company's qualification as a REIT.

#### PAYMENT DUE DATE FOR OPTIONAL CASH PURCHASES

Your optional monthly cash purchase payment must be received by the Plan Administrator at least two (2) business days before the Pricing Period begins. You will not earn any interest on your payment, and you will bear the risk associated with price changes in the Common Stock during the Pricing Period.

#### TRACKING YOUR INVESTMENT IN THE PLAN

As soon as practicable after the purchases of shares of Common Stock have been completed for any Investment Date, the Plan Administrator will send you a statement of account confirming the transaction and itemizing any previous investment or reinvestment activity for the calendar year.

You should notify the Plan Administrator if the address on your account changes.

You should save your account statements, along with this Prospectus and other pertinent tax information related to the Plan, to establish the cost basis of your shares of Common Stock purchased under the Plan.

#### OPTIONAL CASH PURCHASE DELAY NOTIFICATION

The Company will notify you of any delays under the optional monthly cash purchase program if the maximum number of shares available for this Plan under our Registration Statement with the Commission needs to be increased. If you are notified, then you may elect to have the Plan Administrator hold your money until additional shares for the Plan are available. Alternatively, you may have the Plan Administrator return your money without interest. If you choose to have the Plan Administrator retain your money, the Plan purchase price will be recalculated and you will receive the lower of the original or deferred purchase price, less the Discount, if any.

#### SAFEKEEPING YOUR STOCK CERTIFICATES

Shares of the Company's Common Stock you purchase through the Plan are maintained in your plan account for safekeeping in book-entry form. You do not receive a certificate for those shares unless you request one in writing. You will receive an account statement detailing the status of your holdings in connection with any purchase of shares under the Plan. Any stockholder may use the Plan's safekeeping services for Common Stock certificates. Safekeeping is beneficial since you do not bear the risk and costs associated with the loss, theft or destruction of stock certificates. With safekeeping, you retain the option to receive cash dividends or reinvest your dividends. To deposit Company shares in the Plan's safekeeping service, send the stock certificates to the Plan administrator by registered mail with written instructions to deposit them in safekeeping. Do not endorse or sign your certificates.

#### OBTAINING STOCK CERTIFICATES

You may withdraw shares of Common Stock in certificate form from your Plan account without charge by writing to the Plan Administrator. The Plan Administrator will issue certificates in the name registered on the account, unless you instruct the Plan Administrator to issue them in another person's name or deliver a stock power to the Plan Administrator with your instructions. In order for certificates to be issued to another person, the signature on the stock power must be "Medallion Guaranteed" by a financial institution. Most banks and brokers participate in the Medallion Guarantee program. The Medallion Guarantee program ensures that the individual signing is in fact the owner of the Participant's account. Contact your bank or broker for more information regarding this guarantee.

The Plan Administrator will issue certificates for whole shares of Common Stock only. The Plan Administrator will mail a check for the value of the fractional shares of Common Stock to you or your designee as soon as practicable after the sale.

#### SELLING SHARES IN YOUR PLAN ACCOUNT

You may sell any number of shares of Common Stock held in your Plan account by contacting the Plan Administrator. The Plan Administrator will sell shares of Common Stock daily. The sales price for the shares of Common Stock sold by the Plan Administrator on your behalf will be the price received in open trading by the Plan Administrator, less a small service fee per share and any required tax withholdings.

#### CLOSING YOUR PLAN ACCOUNT

You may stop participating in the Plan at any time by notifying the Plan Administrator in writing or by completing and returning the transaction stub of your most recent Plan account statement. To stop automatic optional monthly cash payments that are

withdrawn from your bank account, contact the Plan Administrator at least one week before the last business day of the period.

When you close your account, you may receive:

- certificates for full shares in your account and cash for remaining fractional shares;
- certificates for any portion of full shares and cash for remaining full and fractional shares; and/or
- cash for all full and fractional shares.

CHANGES/TERMINATION OF THE PLAN

The Company reserves the right to amend or discontinue the Plan at any time. The Plan Administrator will send you written notice of any significant changes to the Plan. If the Company discontinues the Plan, the Plan Administrator will return any unused optional cash purchase amounts in your account, issue a certificate for whole shares of Common Stock in your account, and pay you in cash for any fractional shares of Common Stock in your account.

SUSPENSION/TERMINATION OF YOUR PARTICIPATION

The Company also reserves the right to deny, suspend or terminate your participation in the Plan if, in its sole discretion, you use the Plan in a manner inconsistent with its intended purpose, such as excessive activity through multiple accounts. The Company may also deny, suspend or terminate your participation in the Plan if your participation, or any increase in the number of shares of Common Stock which you own, would, in the opinion of the Company, jeopardize its status as a REIT. If the Company exercises this right, the Plan Administrator will notify you in writing and retain your shares of Common Stock. The Plan Administrator will not, however, accept optional cash payments from you or reinvest your dividends. The Plan Administrator can issue a certificate to you only upon your written request.

PLAN SERVICE FEES

Enrollment Fee for New Investors.....	No Charge
Purchase of Shares	
Direct Issue from Company.....	No Charge
Open Market Purchase Fee.....	\$0.05 per share
Sale of Shares	
Open Market Sale Fee.....	\$15.00 plus \$0.12 per share
Reinvestment of Dividends.....	No Charge
Optional Cash Purchase.....	No Charge
Certificate Issuance.....	No Charge

Returned Checks or Rejected Auto Withdrawals.....\$25.00 per item

The Plan Administrator will charge the applicable fee to your Plan account.

MISCELLANEOUS INFORMATION

Voting of Shares of Common Stock

In advance of each meeting of the Company's stockholders, you will receive proxy materials and a proxy card representing shares of Common Stock you own in certificate form and/or for whole and fractional shares of Common Stock owned in your Plan account. These proxies allow you to indicate how you want your shares of Common Stock to be voted. Your shares of Common Stock will be voted only as you indicate. However, you must sign your proxy card or your shares of Common Stock will not be voted. You may wait to vote or revoke your shares of Common Stock in person at the Company's stockholder meeting.

Handling of Stock Splits, Stock Dividends And Other Distributions

If the Company declares a stock split or stock dividend, the Plan Administrator will credit your Plan account with the appropriate number of shares of Common Stock on the payment date.

In the event of a stock subscription or other offering of rights to stockholders, you will be entitled to these rights based on the number of shares of Common Stock in your account on the record date for these transactions.

INCOME TAX INFORMATION

Dividends And Trading Fees

Your dividends, whether or not they are reinvested, will be considered taxable income in the year you receive them to the extent that such dividends are paid out of the earnings and profits of the Company. To the extent that such dividends are not paid out of the earnings and profits of the Company, they will be considered return of capital to the extent the amount of such dividends does not exceed your adjusted basis in the Common Stock and are treated as a capital gain to the extent that they exceed your adjusted basis, assuming your Common Stock is held by you as a capital asset. You will receive an annual statement from the Plan Administrator indicating the amount of dividends reported as taxable dividend income to the IRS on Form 1099.

If you participate in the Plan, either (i) through both the dividend reinvestment option and the optional cash purchase option, or (ii) solely through the dividend reinvestment option, the amount of the Discount on any shares of Common Stock you purchase through the Plan will be reported to the IRS as taxable income. Consequently, your initial tax basis for those shares of Common Stock will be the full purchase price before the Discount. This information is also reported to the IRS on your annual Form 1099.

#### Transfer of Shares of Common Stock

You will not realize a gain or loss for U.S. federal income tax purposes when you transfer shares of Common Stock into the Plan or when you withdraw whole shares of Common Stock from the Plan. You will realize a gain or loss when you sell shares of Common Stock held in the Plan, including cash received for fractional shares of Common Stock. You will be required to report this gain or loss on your federal income tax return.

#### Withholding Taxes

If you are a non-resident alien or a non-U.S. corporation, partnership, or other entity, you will be subject to a withholding tax on dividends earned on shares of Common Stock held in the Plan. The Plan Administrator will withhold the required amount determined according to U.S. Treasury Department regulations. This withholding amount will be reflected in your Plan account.

## RISK FACTORS

An investment in the Common Stock and, therefore, your participation in the Plan, involves various risks. You should carefully consider the following risk factors in addition to the other information contained in this Prospectus and contained in other documents filed by the Company with the Commission which are incorporated by reference in this Prospectus in connection with your decision to participate in the Plan, including, but not limited to, the more detailed information contained under the heading "Risk Factors" included in the Company's Registration Statement on Form S-3 filed with the Commission on January 11, 1999, as supplemented from time to time by the Company, (Reg. no. 333-70419), and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, filed with the Commission on March 30, 1999 (File no. 0-25425).

## OWNERSHIP OF THE COMMON STOCK INVOLVES RISKS ASSOCIATED WITH DEBT FINANCING

The Company is subject to the customary risks associated with debt financing, including the potential inability to repay or refinance existing indebtedness when it becomes due. The Board of Directors of the Company has adopted a policy of limiting the Company's indebtedness to approximately 50% of its market capitalization, although the Company's organizational documents do not limit the amount of debt which can be incurred by the Company. If the Board of Directors of the Company changes its position, the Company could increase its debt level.

## A FLUCTUATION IN MARKET INTEREST RATES MAY AFFECT THE VALUE OF THE COMMON STOCK

One of the factors that may affect the value of the Common Stock is the amount of its distributions to stockholders in comparison to yields on other financial instruments. An increase in the market interest rate would provide higher yields on other financial instruments, which could adversely affect the value of the Common Stock.

## THE COMPANY PRIMARILY DEPENDS UPON CCA FOR ITS REVENUES AND ABILITY TO MAKE DISTRIBUTIONS TO ITS STOCKHOLDERS

CCA is the lessee of a substantial majority of the Company's facilities. Therefore, the Company's revenues depend upon CCA's ability to make the lease payments required under the leases for such facilities (the "Leases"). If CCA fails to make its required lease payments, the Company could terminate all of the Leases. If this were to happen, or if the Company's tenants do not elect to renew their leases upon the expiration of their current terms, the Company would be required to find other suitable lessees. In either circumstance, the amounts to be received by the Company under its lease agreements would be reduced, which would in turn reduce amounts available for distribution to the Company's stockholders and would jeopardize the Company's ability to maintain REIT status.

## EXISTING CONFLICTS OF INTEREST MAY HAVE AN EFFECT ON THE COMPANY

Some directors, officers and stockholders of the Company have relationships with the Company, CCA and the Service Companies which may create a conflict of interest with respect to business decisions affecting the Company. Some directors, officers and stockholders of the Company also have ownership interests in CCA which may create a conflict of interest with respect to business decisions affecting the Company. In addition, the significant contractual and other ongoing relationships between the Company, CCA and the Service Companies may present conflicts of interest. These conflicts impose a risk that these persons will favor their own interests over the interests of the Company in connection with the operations of the Company and CCA and their ongoing relationship. The Company has adopted policies and procedures to address these conflicts of interest.

## OWNERSHIP OF THE COMMON STOCK INVOLVES RISKS ASSOCIATED WITH THE CORRECTIONS AND DETENTION INDUSTRY

The Company owns correctional and detention facilities as well as interests in CCA and the Service Companies, companies whose sole business is the operation and management of these types of facilities. Its revenues and, therefore, its ability to make distributions to its stockholders, are dependent on the ability of its tenants to make rental payments and upon the ability of CCA and the Service Companies to make certain payments to the Company. Accordingly, the Company and its stockholders are subject to certain operating risks inherent in the corrections and detention industry. Private prison managers typically enter into facility management contracts with government entities for terms of up to five years, with one or more renewal options that may be exercised only by the contracting government agency. Accordingly, a private prison manager's contract with a government entity to operate a Company facility may be terminated, or otherwise not renewed. A private prison manager's cash flow is subject to the receipt of sufficient funding of and timely payment by contracting government entities. If a government entity does not receive sufficient appropriations to cover its contractual obligations, a contract may be terminated or the management fee may be deferred or reduced. Private prison managers are dependent on government agencies to supply their facilities with a sufficient number of inmates to meet the facility's design capacity. A private prison manager may not be able to obtain contracts sufficient to fully occupy its facilities. The private corrections industry is subject to public scrutiny. Negative publicity about an escape, riot or other disturbance at a privately managed facility may result in publicity adverse to the Company and the private corrections industry in general. In addition, organized labor unions in many states have increasingly opposed the awarding of contracts to private prison managers. Any of these occurrences could adversely affect the ability of private prison managers which operate facilities owned by the Company, including CCA, to make rental payments to the Company.

Furthermore, the Company's ownership of correctional and detention facilities and its ownership interest in companies which operate and manage such facilities could expose it



to potential third party claims or litigation by prisoners or other persons which, if resolved in a manner adverse to the Company, could adversely affect the financial position of the Company.

#### OWNERSHIP OF THE COMMON STOCK INVOLVES RISKS INHERENT IN INVESTMENT IN REAL ESTATE PROPERTIES

Investments in correctional and detention facilities and any additional properties in which the Company may invest in the future are subject to risks typically associated with investments in real estate. Such risks include the possibility that correctional and detention facilities, and any additional investment properties, will generate total rental rates lower than those anticipated or will yield returns lower than those available through investment in comparable real estate or other investments. Furthermore, equity investments in real estate are relatively illiquid and, therefore, the ability of the Company to vary its portfolio promptly in response to changed conditions will be limited. Additionally, eleven of the facilities currently owned or under development by the Company are or will be subject to an option to purchase by certain government agencies. If any of these options are exercised, there exists the risk that the Company will not recoup its full investment from the applicable facility.

Investments in correctional and detention facilities subject the Company to risks involving potential exposure to environmental liability and uninsured loss. The operating costs of the Company may be adversely affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation. Additionally, although the Leases require CCA to maintain insurance with respect to each of the Company's facilities leased to CCA, there are certain types of losses, such as losses from earthquakes, which may be either uninsurable or for which it may not be economically feasible to obtain insurance coverage, in light of the substantial costs associated with such insurance. Should an uninsured loss occur, the Company could lose both its capital invested in, and anticipated profits from, one or more of the facilities owned by the Company.

#### THE COMPANY'S FAILURE TO QUALIFY AS A REIT COULD ADVERSELY AFFECT STOCKHOLDERS OF THE COMPANY

The Company operates so as to qualify as a REIT for federal income tax purposes. However, no assurance can be made that the Company will qualify as a REIT. Qualification as a REIT involves the application of highly technical and complex provisions of the Code, for which there are only limited judicial or administrative interpretations. Application of these provisions to the Company is even more difficult because of certain aspects of the Company's organizational structure, including its ownership of non-voting common stock of CCA, its ownership interest in, and receipt of dividends from, the Service Companies, its receipt of license fees relating to use of the name "Corrections Corporation of America" from CCA and any derivatives thereof and its

distribution of earnings and profits accumulated by Old CCA prior to the Merger. Qualification as a REIT also involves the determination of various factual matters and circumstances not entirely within the Company's control.

If the Company fails to qualify as a REIT, it will be subject to federal income tax, including any applicable alternative minimum tax, on its taxable income at corporate rates. In addition, unless entitled to relief under certain statutory provisions, the Company also would be disqualified from re-electing REIT status for the four taxable years following the year during which qualification is lost. Failure to qualify as a REIT would reduce the net earnings of the Company available for distribution to its stockholders because of the additional tax liability to the Company for the year or years involved. To the extent that distributions to its stockholders would have been made in reliance upon the Company's qualifying as a REIT, the Company might be required to borrow funds or to liquidate certain of its investments to pay the applicable tax. The failure to qualify as a REIT would also constitute a default under the Company's current, and potentially its future, debt obligations.

#### USE OF PROCEEDS

The Company does not know either the number of shares of Common Stock that will be ultimately sold pursuant to the Plan or the prices at which such shares of Common Stock will be sold. However, unless otherwise specified in an applicable Prospectus Supplement, the Company intends to use the net proceeds from the sale of the Common Stock for the general corporate purposes of the Company. These general corporate purposes may include, without limitation, repayment of maturing obligations, redemption of outstanding indebtedness, financing (in whole or part) for future acquisitions (including acquisitions of companies and/or other real estate properties in accordance with the Company's business objectives and strategy), capital expenditures and working capital. Pending any such uses, the Company may invest the net proceeds from the sale of any of the Common Stock in short-term investment grade instruments, interest bearing bank accounts, certificates of deposit, money market securities, U.S. Government securities or mortgage-backed securities guaranteed by federal agencies or may use them to reduce short-term indebtedness.

#### PLAN OF DISTRIBUTION

Except to the extent the Plan Administrator purchases shares of Common Stock in open market transactions, the Common Stock acquired under the Plan will be sold directly by the Company through the Plan. The Company may sell shares of Common Stock to owners of shares (including brokers or dealers) who, in connection with any resales of such shares, may be deemed to be underwriters. In connection with any such transaction, compliance with Regulation M under the Exchange Act would be required. Such shares, including shares acquired pursuant to Waivers granted with respect to the optional cash

purchase feature of the Plan, may be resold in market transactions (including coverage of short positions) on any national securities exchange on which shares of Common Stock trade or in privately negotiated transactions. The Common Stock is currently listed on the NYSE. Under certain circumstances, it is expected that a portion of the Common Stock available for issuance under the Plan will be issued pursuant to such Waivers. The difference between the price such owners pay to the Company for shares of Common Stock acquired under the Plan, after deduction of the applicable Discount from the Market Price, and the price at which such shares are resold, may be deemed to constitute underwriting commissions received by such owners in connection with such transactions. Any such underwriter involved in the offer and sale of the Common Stock will be named in an applicable Prospectus Supplement. Any underwriting compensation paid by the Company to underwriters or Plan Administrator in connection with the offering of the Common Stock, and any discounts, concessions or commissions allowed by underwriters to participating dealers, will be set forth in an applicable Prospectus Supplement.

A maximum of 10,000,000 shares of Common Stock is available for issuance under the Plan. Additionally, a Participant may not own more than 9.8% of the outstanding shares of Common Stock at any time. Subject to these limitations, there is no total maximum number of shares of Common Stock that can be issued pursuant to the reinvestment of dividends. For a more detailed discussion of the restrictions on ownership of the Common Stock, please refer to the heading "Description of Capital Stock -- Restrictions on Ownership of Capital Stock" included in the Company's Registration Statement on Form S-3 filed with the Commission on January 11, 1999, as supplemented from time to time by the Company (Reg. no. 333-70419).

Upon withdrawal by a Participant from the Plan by the sale of shares of Common Stock held under the Plan, the Participant will receive the proceeds of such sale less a nominal fee per transaction paid to the Plan Administrator (if such resale is made by the Plan Administrator at the request of a participant), any related brokerage commissions and any applicable transfer taxes.

Common Stock may not be available under the Plan in all states. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Common Stock or other securities in any state or any other jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

#### LEGAL MATTERS

The legality of the Common Stock offered hereby will be passed upon by Stokes & Bartholomew, P.A. As to matters of Maryland law contained in its opinion, Stokes & Bartholomew, P.A. will rely on the opinion of Miles & Stockbridge P.C.

## EXPERTS

The financial statements included or incorporated by reference in this Prospectus or elsewhere in this Registration Statement, to the extent and for the periods indicated in their reports, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports thereto, and are included or incorporated by reference in reliance upon the authority of said firm as experts in giving said reports.

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table itemizes the expenses incurred, or to be incurred, by the Company in connection with the registration and issuance of the Common Stock being registered hereunder. As indicated below, all amounts shown are estimates except for the Commission registration fee.

Registration Fee -- Securities and Exchange Commission.....	\$ 54,738.20
Printing and Engraving Expenses.....	25,000.00*
Accounting Fees and Expenses.....	10,000.00*
Legal Fees and Expenses.....	40,000.00*
Blue Sky Fees and Expenses.....	7,500.00*
Miscellaneous (including listing fees).....	6,000.00*
Total.....	\$143,238.20

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\* Estimated

## ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Charter of the Company provides for indemnification of directors and executive officers to the full extent permitted by the laws of the State of Maryland.

Section 2-418 of the Maryland General Corporation Law (the "MGCL") generally permits indemnification of any director made a party to any proceedings by reason of service as a director unless it is established that: (i) the act or omission of such person was material to the matter giving rise to the proceedings and was committed in bad faith or was the result of active and deliberate dishonesty; (ii) such person actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceedings, such person had reasonable cause to believe that the act or omission was unlawful. The indemnity may include judgments, penalties, fines, settlements and reasonable expenses (including attorneys' fees) actually incurred by the director in connection with the proceeding; but, if the proceeding is one by, or in the right of, the corporation, indemnification is not permitted with respect to any proceeding in which the director has been adjudged to be liable to the corporation, or if the proceeding is one charging improper personal benefit to the director, whether or not involving action in the director's official capacity, indemnification of the director is not permitted if the director was adjudged to be liable on the basis that personal benefit was improperly received. The termination of any proceeding by conviction or upon a plea of nolo contendere or its equivalent, or any entry of an order of probation prior to judgment, creates a rebuttable presumption that the director did not meet the requisite standard of conduct required for permitted indemnification. The termination of any proceeding by judgment, order or settlement, however, does not create a presumption that the director failed to meet the requisite standard of conduct for permitted indemnification.

Indemnification under the provisions of the MGCL is not deemed exclusive of any other rights, by indemnification or otherwise, to which a director may be entitled under the

Charter of the Company, Bylaws of the Company, any resolution of stockholders or directors, any agreement or otherwise.

The Company's Charter provides for indemnification of its officers, employees or agents to the fullest extent permitted by law. The Company has also entered into indemnification agreements ("the Indemnification Agreements") with its directors and certain of its executive officers. The Indemnification Agreements are intended to provide indemnification to the maximum extent allowable by or not in violation of any law of the State of Maryland. Each Indemnification Agreement provides that the Company shall indemnify a director or officer who is a party to the agreement (the "Indemnitee") if he or she was or is a party to or otherwise involved in any proceeding (other than a derivative proceeding) by reason of the fact that he or she was or is a director or officer of the Company, against losses incurred in connection with the defense or settlement of such proceeding. The indemnification provided under each Indemnification Agreement is limited to instances where the act or omission giving rise to the claim for which indemnification is sought was not otherwise indemnified by the Company or insurance maintained by the Company, was not established to have been committed in bad faith or the result of active and deliberate dishonesty, did not involve receipt of improper personal benefit, did not result in a judgment of liability to the Company in a proceeding by or in the right of the Company, did not involve an accounting of profits pursuant to Section 16(b) of the Exchange, and, with respect to any criminal proceeding, the Indemnitee had no reasonable cause to believe his or her conduct was unlawful.

The Company has obtained directors and officers liability insurance.

The Company may enter into underwriting agreements or other sales agreements which contain provisions pursuant to which certain officers and directors may be entitled to indemnification.

ITEM 16. EXHIBITS

NUMBER DESCRIPTION

NUMBER	DESCRIPTION
4.1	-- Specimen of certificate representing shares of Common Stock of the Company (previously filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 filed with the Commission on September 30, 1998, as subsequently amended (Reg. no. 333-65017) and incorporated herein by reference)
4.2*	-- Prison Realty Corporation Dividend Reinvestment and Stock Purchase Plan
5.1*	-- Opinion of Stokes & Bartholomew, P.A. regarding the validity of the Common Stock being registered
5.2*	-- Opinion of Miles & Stockbridge P.C. regarding the validity of the Common Stock being registered
23.1	-- Consent of Stokes & Bartholomew, P.A. (included as part of Exhibit 5.1)
23.2	-- Consent of Miles & Stockbridge P.C. (included as part of Exhibit 5.2)
23.3*	-- Consent of Arthur Andersen LLP (with respect to the Company)

NUMBER	DESCRIPTION
23.4*	-- Consent of Arthur Andersen LLP (with respect to Prison Realty)
23.5*	-- Consent of Arthur Andersen LLP (with respect to CCA)
25	-- Power of Attorney (included on signature page)
99.1*	-- Form of Initial Purchase Form
99.2*	-- Form of Broker Nominee Form
99.3*	-- Form of Request for Waiver
99.4*	-- Form of Notice of Waiver Acceptance
99.5*	-- Form of Enrollment and Authorization Form

\* Included with this filing.

#### ITEM 17. UNDERTAKINGS

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company, as Registrant, pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration

statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made of the securities offered hereby, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that the undertakings in paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.



## SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Nashville, Tennessee, on the 7th day of May, 1999.

PRISON REALTY CORPORATION  
Registrant

By: /s/ DOCTOR R. CRANTS

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Doctor R. Crants  
Chief Executive Officer

## POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Doctor R. Crants, D. Robert Crants, III and Vida H. Carroll, and each of them, the true and lawful attorneys-in-fact and agents of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and any registration statement relating to the same offering as the Registration Statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE

TITLE

DATE

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/s/ DOCTOR R. CRANTS

Chief Executive Officer  
(Principal Executive  
Officer), Chairman and  
Director

May 7, 1999

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Doctor R. Crants

/s/ J. MICHAEL QUINLAN

Vice-Chairman and Director

May 7, 1999

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J. Michael Quinlan

/s/ D. ROBERT CRANTS, III

President and Director

May 7, 1999

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D. Robert Crants, III

/s/ MICHAEL W. DEVLIN

Chief Operating Officer  
and Director

May 7, 1999

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Michael W. Devlin

## SIGNATURE

## TITLE

## DATE

/s/ VIDA H. CARROLL

Chief Financial Officer  
(Principal Financial and  
Accounting Officer),  
Secretary and Treasurer

May 7, 1999

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Vida H. Carroll

/s/ C. RAY BELL

Director

May 7, 1999

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C. Ray Bell

/s/ RICHARD W. CARDIN

Director

May 7, 1999

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Richard W. Cardin

Director

May , 1999

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Monroe J. Carell, Jr.

/s/ JEAN-PIERRE CUNY

Director

May 7, 1999

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Jean-Pierre Cuny

/s/ JOHN W. EAKIN, JR.

Director

May 7, 1999

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John W. Eakin, Jr.

/s/ TED FELDMAN

Director

May 7, 1999

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Ted Feldman

/s/ JACKSON W. MOORE

Director

May 7, 1999

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Jackson W. Moore

Director

May , 1999

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Rusty L. Moore

/s/ JOSEPH V. RUSSELL

Director

May 7, 1999

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Joseph V. Russell

/s/ CHARLES W. THOMAS

Director

May 7, 1999

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Charles W. Thomas, Ph.D.

## EXHIBIT INDEX

## REGISTRATION STATEMENT ON FORM S-3

NUMBER	DESCRIPTION
4.1	-- Specimen of certificate representing shares of Common Stock of the Company (previously filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 filed with the Commission on September 30, 1998, as subsequently amended (Reg. no. 333-65017) and incorporated herein by reference)
4.2*	-- Prison Realty Corporation Dividend Reinvestment and Stock Purchase Plan
5.1*	-- Opinion of Stokes & Bartholomew, P.A. regarding the validity of the Common Stock being registered
5.2*	-- Opinion of Miles & Stockbridge P.C. regarding the validity of the Common Stock being registered
23.1	-- Consent of Stokes & Bartholomew, P.A. (included as part of Exhibit 5.1)
23.2	-- Consent of Miles & Stockbridge P.C. (included as part of Exhibit 5.2)
23.3*	-- Consent of Arthur Andersen LLP (with respect to the Company)
23.4*	-- Consent of Arthur Andersen LLP (with respect to Prison Realty)
23.5*	-- Consent of Arthur Andersen LLP (with respect to CCA)
25	-- Power of Attorney (included on signature page)
99.1*	-- Form of Initial Purchase Form
99.2*	-- Form of Broker Nominee Form
99.3*	-- Form of Request for Waiver
99.4*	-- Form of Notice of Waiver Acceptance
99.5*	-- Form of Enrollment and Authorization Form

\* Included with this filing.

## PRISON REALTY CORPORATION

## DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

## SECTION I - PURPOSE AND ADMINISTRATION

The Board of Directors of Prison Realty Corporation (the "Company") has adopted this Dividend Reinvestment and Stock Purchase Plan (the "Plan"), which provides stockholders of the Company an opportunity to automatically invest their cash dividends in shares of the Company's common stock, par value \$0.01 per share ("Common Stock"), as well as an opportunity to make periodic voluntary cash investments in Common Stock. Persons who are not already stockholders of the Company may also purchase Common Stock under the Plan through voluntary cash payments. A maximum of 10,000,000 shares of Common Stock is available for purchase under the Plan. The initial Plan Administrator shall be Boston EquiServe, L.P., the transfer agent for the Company. Boston EquiServe, L.P. or any successor Plan Administrator may also be referred to as "Agent."

## SECTION II - DEFINITIONS

As used herein with their initial letters capitalized, the following terms shall have the indicated meanings. Other terms are defined in the Sections of this Plan.

(a) "Investment Date" shall mean any day, as designated in the sole discretion of the Company, on which the New York Stock Exchange is open for business and on which a purchase is to be made of the Common Stock of the Company pursuant to the terms and provisions of the Plan.

(b) "Participant" shall mean any holder of shares of Common Stock or any other person or entity that purchases Common Stock pursuant to the terms and provisions of the Plan.

(c) "Plan Administrator" shall mean the person or entity responsible for the administration and management of the Plan.

(d) "Purchase Price" shall mean the amount payable by a Participant for each share of Common Stock purchased by such Participant pursuant to the terms and provisions of the Plan. The Purchase Price shall be determined according to the provisions of this Plan.

## SECTION III - PURCHASE OF SHARES OF COMMON STOCK

(a) Purchases of Common Stock of the Company by the Agent may be made, at the Company's option, either (i) from the Company from its authorized but non-outstanding shares, or (ii) in the open market (on the New York Stock Exchange or any securities exchange where the Common Stock is then traded, in the over-the-counter market or in negotiated transactions). A

Participant's account in the Plan will be credited with the number of shares, including fractional shares, equal to the total amount to be invested on behalf of such Participant divided by the Purchase Price calculated pursuant to the provisions of either Section IV or Section V of this Plan, whichever is applicable. For purposes of calculating the applicable Purchase Price: (a) "Market Price" shall mean, with respect to shares of Common Stock purchased from the Company, the average of the daily high and low sale prices of the Common Stock on the New York Stock Exchange on the applicable Investment Date or if no trading occurs on the Investment Date, the average of the high and low sale prices for the first trading day immediately preceding such Investment Date for which trades are reported, and (b) with respect to Common Stock purchased on the open market or in negotiated transactions, "Market Price" shall mean the weighted average of the actual prices paid, computed to four decimal places, for all of the shares of Common Stock purchased by the Plan Administrator on the applicable Investment Date. Participants will have to pay brokerage fees relating to any open market purchase. The Company may not change its designation as to whether shares of Common Stock will be purchased from the Company or on the open market more than once in any three-month period, and such change of designation may be made only: (i) to the extent required by applicable law, rules or regulations, (ii) if the Company's needs to raise additional capital have changed, or (iii) another valid reason exists for the change.

(b) Neither the Company nor any Participant shall have any authorization or power to direct the time or price at which shares will be purchased or the selection of the broker or dealer through or from whom purchases are to be made by the Plan Administrator. However, when open market purchases are made by the Plan Administrator, the Plan Administrator shall use its best efforts to purchase shares at the lowest possible price. In making purchases for the Participant's account, the Plan Administrator may commingle the Participant's funds with those of other Participants in the Plan. The Plan Administrator may purchase Common Stock in advance of a dividend payment date or Investment Date for settlement on or after such date. No interest will be paid to participants on funds held by the Plan Administrator pending investment. It is understood that for a number of reasons, including observance of the Rules and Regulations of the Securities and Exchange Commission requiring temporary curtailment or suspension of purchases, it is possible that the whole amount of funds available in the Participant's account for the purchase of Common Stock might not be applied to the purchase of shares on or before the next ensuing Investment Date. Additionally, as further explained in Section VI of this Agreement, for optional cash payments made pursuant to a Waiver (as hereinafter defined), if the Market Price does not equal or exceed the Threshold Price (as hereinafter defined) on the applicable Investment Date, the portion of the optional cash payment which was to be invested on that Investment Date shall be returned to the Participant without interest. Neither the Plan Administrator nor the Company shall be liable when conditions prevent the purchase of shares or interfere with the timing of such purchases, provided, however, such funds shall be returned to Participants if not used to purchase Common Stock: (i) within 35 days of receipt of optional cash payments, or (ii) within 30 days of the dividend date for dividend reinvestment.

(c) The Company may, at its sole discretion from time-to-time, elect to establish a discount from Market Price applicable to the purchase of shares newly issued by the Company for Participants' accounts during any

month (a "Discount"). Such Discount may be between 0% and 5% of the Market Price and may vary each month. The Discount will be established in the Company's sole discretion after a review of current market conditions, the level of participation in the Plan, the Company's current and projected capital needs, and any other factors which the Company deems appropriate. No Discount will be established for or applicable to shares of Common Stock purchased in the open market and subsequently sold under the Plan. Setting a Discount for any month shall not affect the setting of a Discount for any subsequent month. Neither the Company nor the Plan Administrator shall be required to provide any written notice to Participants as to the Discount, but current information may be obtained by contacting the Plan Administrator.

#### SECTION IV - DIVIDEND REINVESTMENT

As each Participant's Agent, the Plan Administrator will receive on or before each dividend payment date, cash from the Company equal to the corresponding amount of dividends elected to be reinvested on the shares of the Common Stock held by each stockholder participating in the Plan who has selected either the full or partial dividend reinvestment option, including those full and fractional shares acquired under the Plan. Participants who select one of the dividend reinvestment options will have such amount of their dividends reinvested as selected by them. Agent will apply such funds towards the purchase of shares of Common Stock for the Participant's account. The Investment Date with respect to all funds received by the Agent as cash dividends from the Company shall be the dividend payment date as declared by the Company from time to time. The Purchase Price of shares of Common Stock purchased for the Plan with reinvested dividends shall be the Market Price for the applicable Investment Date, subject to any Discount as determined by the Company. Cash dividends on shares credited to the Participant's account will be automatically re-invested to purchase additional shares.

#### SECTION V - STOCK PURCHASE PLAN

As each Participant's Agent, the Plan Administrator may receive optional cash payments from a Participant. Unless determined otherwise by the Company, the Plan Administrator will apply such funds to the purchase of shares of Common Stock for the Participant's account on a monthly basis. Shares will be purchased under this option for a Participant's account only in those months for which such Participant elects to make an optional cash payment. A person or entity who is not a holder of Common Stock and who wishes to participate in the Plan must make an initial optional cash payment of at least \$1,000. Subsequent optional cash payments by such persons or entities will be subject only to the limits set forth below. The Purchase Price for such shares shall be the Market Price on the applicable Investment Date, subject to any Discount established by the Company. Optional cash payments must be received by the Agent at least two (2) business days prior to the applicable Investment Date in order to be invested on the applicable Investment Date. Optional cash payments which are less than \$50, and any optional cash purchase amounts greater than \$5000, will be returned to the Participant without interest after the end of the Pricing Period. The Investment Date for optional cash payments which do not exceed \$5,000 shall be the last day of the Pricing Period. The "Pricing Period" is a period encompassing ten consecutive Investment Dates in each month, with the commencement date and conclusion date of the Pricing Period being determined by the Company.

## SECTION VI - PERMITTED PAYMENTS IN EXCESS OF LIMITS

Optional cash payments in excess of \$5,000 may be made by a Participant only upon approval by the Company of a written request for permission to make cash investments in excess of \$5,000 (a "Request for Waiver") from such Participant. After considering the Request for Waiver, the Company, in its sole and absolute discretion, may grant permission to make such a purchase (a "Waiver"). No pre-established maximum limit applies to optional cash payments that may be made pursuant to a Request for Waiver. Notwithstanding the above, Participants shall be subject to the ownership limitations contained in the Articles of Incorporation of the Company.

A Request for Waiver will be considered on the basis of a variety of factors, which may include (i) the Company's current and projected capital requirements, (ii) available alternatives to meet those requirements, (iii) prevailing market prices for the Common Stock and other Company securities, (iv) general economic and market conditions, (v) expected aberrations in the price or trading volume of the Company's securities, (vi) the number of shares held by the Participant submitting the Request for Waiver, (vii) the aggregate amount of optional cash payments for which such Requests for Waiver have been submitted and (viii) the administrative constraints associated with granting a Waiver. Grants of Waivers will be made in the absolute discretion of the Company.

For optional cash payments made pursuant to a Waiver, one-tenth (1/10) of a Participant's optional cash payment will be invested on each of the ten Investment Dates during the designated Pricing Period. Unless it waives its right to do so, the Company may establish for each Investment Date a minimum price (the "Threshold Price") which applies to the investment of optional cash payments made pursuant to a Waiver. The Threshold Price will be a stated dollar amount that the closing price of the Common Stock on the New York Stock Exchange for the respective Investment Date must equal or exceed. The Threshold Price will initially be established by the Company at least three (3) business days prior to the applicable Investment Date; however, the Company reserves the right to change the Threshold Price at any time. The Threshold Price will be determined in the Company's sole discretion after a review of current market conditions and other relevant factors. In the event that the Threshold Price is not satisfied on the respective Investment Date, the amount of a Participant's optional cash payment which was to be invested on that Investment Date will be returned to the Participant without interest.

For any Investment Date, the Company may waive its right to set a Threshold Price for optional cash payments made pursuant to a Waiver. Setting a Threshold Price for any Investment Date shall not affect the setting of a Threshold Price for any subsequent Investment Date.

## SECTION VII - ACCOUNTS

As soon as practicable after the purchases of shares of Common Stock have been completed for any Investment Date, the Plan Administrator will send to each Participant a statement of account confirming the transaction and itemizing any previous investment or reinvestment activity for the calendar year.

Shares of Common Stock credited to a Participant's account may not be pledged or assigned, and any attempted pledge or assignment is void. A Participant who wishes to pledge or assign shares of Common Stock credited to the Participant's account must first withdraw such shares from the account.

#### SECTION VIII - AUTHORIZATION

Stockholder authorization for dividend reinvestment must be received by the Plan Administrator at least five (5) days prior to the dividend record date for the Company's Common Stock; otherwise, such authorization shall not be effective until the next dividend record date.

#### SECTION IX - INCOME TAX

The reinvestment of dividends does not relieve the Participant of any income tax which may be payable on such dividends. In the case of both (i) foreign participants who elect to have their dividends reinvested and whose dividends are subject to United States income tax withholding and (ii) other participants who elect to have their dividends reinvested and who are subject to "backup" withholding under Section 3406(a)(1) of the Internal Revenue Code of 1986, as amended, the Plan Administrator shall invest in shares of Common Stock an amount equal to the dividends of such Participants less the amount of tax required to be withheld.

#### SECTION X - VOTING

All shares of Common Stock credited to a Participant's account under the Plan may be voted by the Participant. If on the record date for a meeting of the Company's stockholders there are shares of Common Stock credited to the account of a Participant, that Participant will be sent the proxy material for the meeting and a proxy covering all of the Participant's shares of Common Stock, including shares of Common Stock credited to the Participant's account. If the Participant returns an executed proxy, it will be voted with respect to all of Participant's shares of Common Stock (including any fractional shares), or the Participant may vote all of such shares in person at the meeting.

#### SECTION XI - CERTIFICATES

Shares of Common Stock purchased under the Plan are registered in the name of a nominee and shown on each Participant's account. However, a Participant may withdraw shares of Common Stock from his account by requesting a certificate for any of the whole shares which have accumulated in such Participant's account by written request to the Plan Administrator. Each certificate issued is registered in the name or names in which the account is maintained, unless otherwise instructed in writing. If the certificate is to be issued in a name other than the name of the Plan account, the Participant or Participants must have his or her signature(s) guaranteed by a commercial bank or broker. Certificates will not be issued for fractional shares of Common Stock



in any case. Dividends will be continued to be paid on the cumulative holdings of both full and fractional shares of Common Stock remaining in the Participant's account and will automatically be reinvested.

#### SECTION XII - TERMINATION OF PARTICIPATION

A Participant (or Participant's estate) may terminate his account at any time by notifying the Plan Administrator in writing. Unless the termination notice is received by the Plan Administrator at least five (5) days prior to any dividend record date, it cannot be processed until after purchases made from the dividends paid have been completed and credited to Participant's accounts. All dividends with a record date which follows the timely receipt of notice for termination will be sent directly to the Participant. The Plan Administrator may terminate the account by notice in writing mailed to the Participant, effective when mailed by the Plan Administrator. Once termination has been effected, the Plan Administrator shall, as soon as practicable after receipt of such notice, issue to the Participant without charge, certificates for the full shares held in Participant's account, or, if the Participant so requests, sell the full shares held under the Plan, deduct brokerage fees and commissions, transfer taxes (if any) and applicable withholding taxes, and a service charge and deliver the proceeds to Participant. The Participant's interest in any fractional shares of Common Stock held in Participant's account at termination will be paid in cash at the then current market value of shares of Common Stock. A Participant will also be entitled to the uninvested portion of any voluntary investment if notice of the termination is received at least five (5) business days prior to the date when the Plan Administrator becomes obligated to pay for shares of Common Stock purchased pursuant to the terms and provisions of Section III(a) of this Plan. If a Participant disposes of all of the shares represented by certificates registered in Participant's own name on the books of the Company but does not give notice of termination under the Plan, the Plan Administrator may continue to reinvest the dividends on his or her Common Stock held under the Plan until otherwise directed by the Participant.

#### SECTION XIII - STOCK DIVIDENDS

It is understood that any stock dividends or stock splits distributed by the Company on shares of Common Stock held by the Plan Administrator for the Participant will be credited to the Participant's account. In the event the Company makes available to its stockholders rights to purchase additional shares of Common Stock or other securities, the Participant will receive appropriate instructions in connection with all such rights directly from the Plan Administrator in order to permit a Participant to determine what action Participant desires to take.

#### SECTION XIV - RESPONSIBILITY OF THE PLAN ADMINISTRATOR

Agent shall not be liable hereunder for any act done in good faith, or for any good faith omission to act, including, without limitation, any claims of liability: (1) arising out of failure to terminate any Participant's account upon such Participant's death prior to receipt of notice in writing

of such death; and (2) with respect to the prices at which shares of Common Stock are purchased or sold for the Participant's account and the times such purchases or sales are made.

#### SECTION XV - AMENDMENT OF PLAN

The Plan may be amended or supplemented by the Company at any time or times, and, (i) except when necessary or appropriate to comply with any applicable law, rule or regulation, including but not limited to the rules or policies of the Securities and Exchange Commission, the Internal Revenue Service or other regulatory authority, or (ii) except with respect to any modifications or amendments which do not materially affect the rights of Participants, such amendment or supplement shall only be effective upon mailing written notice at least 30 days prior to the effective date thereof to each Participant. The amendment or supplement shall be deemed to be accepted by the Participants unless prior to the effective date thereof, the Plan Administrator receives written notice of the termination of Participant's account. Any such amendment may include an appointment by the Plan Administrator in its place and stead of a successor bank or Plan Administrator under these terms and conditions, in which event the Company is authorized to pay such successor bank or Plan Administrator for the account of the Participants, all dividends and distributions payable on the Company's shares of Common Stock held by the Participant for application by such successor bank or Plan Administrator as provided in these terms and conditions.

#### SECTION XVI - TERMINATION OF PLAN

The Company reserves the right to suspend or terminate the Plan at any time and from time to time, and in particular, reserves the right to refuse optional cash payments from any person who, in the sole and absolute discretion of the Company, is attempting to circumvent the interests of the Plan by making excessive optional cash payments through multiple stockholder accounts or by engaging in arbitrage activities. The Company may also suspend, terminate or refuse participation in the Plan to any person if participation or any increase in the number of shares of Common Stock held by such person, would, in the opinion of the Board of Directors of the Company, jeopardize the status of the Company as a real estate investment trust for federal income tax purposes.

#### SECTION XVII - COMPLIANCE WITH APPLICABLE LAW AND REGULATIONS

(a) The Company's obligation to offer, issue or sell newly issued shares of Common Stock hereunder shall be subject to the Company's obtaining any necessary approval, authorization and consent from any regulatory authorities having jurisdiction over the issuance and sale of the shares of Common Stock. The Company may elect not to offer or sell its shares of Common Stock hereunder to persons residing in any jurisdiction where, in the sole discretion of the Company, the burden or expense of compliance with applicable blue sky, securities, or other laws make that offer or sale impracticable or inadvisable.

(b) To the extent required to comply with law or the rules or policies of the Securities and Exchange Commission, if shares of Common Stock are purchased directly from the Company

by the Plan Administrator under the Plan, neither the Company nor any "affiliated purchaser," as that term is defined under the Securities Exchange Act of 1934, as amended, shall purchase any Common Stock on any day on which the market price of the Common Stock will be a factor in determining the Market Price as provided in Section III(a) of the Plan.

SECTION XVIII - APPLICABLE LAW

The terms and conditions of this Plan shall be governed by the laws of the State of Maryland.

SECTION XIX - EFFECTIVE DATE

The Plan shall become effective upon the date which a Registration Statement under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereby, has been declared effective by the Securities and Exchange Commission thereby registering the shares of Common Stock offered under the Plan.

SECTION XX - ADMINISTRATION

All correspondence and questions regarding the Plan and/or any Participant's account should be directed to:

Bank Boston, N.A.  
c/o EquiServe, L.P.  
[address]  
Telephone: \_\_\_\_\_

or such other address as to which notice is given to Participants in writing.

[STOKES & BARTHOLOMEW, P.A. LETTERHEAD]

May 7, 1999

Prison Realty Corporation  
10 Burton Hills Boulevard, Suite 100  
Nashville, Tennessee 37215

Ladies and Gentlemen:

We have acted as counsel to Prison Realty Corporation, a Maryland corporation (the "Company"), in connection with the Registration Statement on Form S-3, filed on May 7, 1999 (the "Registration Statement"), by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to the offer and sale of up to 10,000,000 shares of its common stock, \$0.01 par value per share (the "Common Stock"), which may be offered and sold by the Company from time to time as set forth in the prospectus which forms a part of the Registration Statement (the "Prospectus") in connection with the Company's Dividend Reinvestment and Stock Purchase Plan (the "Plan"). This opinion is being provided to you in connection with the filing of the Registration Statement.

We have examined the originals or copies, certified or otherwise identified to our satisfaction, of all such records of the Company and all such agreements, certificates of public officials, certificates of officers or other representatives of the Company, and such other documents, certificates and other records as we have deemed necessary or appropriate as a basis for the opinions set forth herein, including (i) the Charter of the Company (the "Charter"), (ii) the Amended and Restated Bylaws of the Company (the "Bylaws"), and (iii) certified copies of certain resolutions duly adopted by the Board of Directors of the Company. As to factual matters material to the opinions set forth below we have relied, without investigation, upon the representations and statements of the Company in the Registration Statement and in such certificates of government officials and officers of the Company as we have deemed necessary for the purpose of the opinions expressed herein.

We have assumed that: (i) prior to the issuance of any Common Stock pursuant to the Plan, the Company will have a sufficient number of authorized but unissued shares of Common Stock authorized under its Charter and will comply with all other applicable requirements of Maryland law; and (ii) the issuance of the Common Stock pursuant to the Plan from time to time will be authorized by action of the Board of Directors of the Company (the "Resolutions") and in accordance with its Charter, Bylaws and applicable Maryland law.

The opinions stated herein are limited to the federal laws of the United States, the laws of the State of Tennessee and the General Corporation Law of the State of Maryland. With respect to the opinions below that relate to the laws of the State of Maryland, we have relied upon that certain opinion of Miles & Stockbridge P.C., special Maryland counsel to the Company.

Prison Realty Corporation  
May 7, 1999  
Page 2

Based upon and subject to the conditions and limitation set forth herein, we are of the opinion that when the Registration Statement has become effective under the Act and following issuance and delivery of any such shares of Common Stock in the manner and on the terms described in the Registration Statement and the Plan, such shares of Common Stock will be validly issued, fully paid and non-assessable by the Company.

We hereby consent to the filing of this opinion as an exhibit to the above-referenced Registration Statement and to the use of our name as it appears under the caption "Legal Matters" in the Prospectus contained in such Registration Statement.

Very truly yours,

Stokes & Bartholomew, P.A.

## [MILES &amp; STOCKBRIDGE P.C. LETTERHEAD]

May 7, 1999

Prison Realty Corporation  
10 Burton Hills Boulevard, Suite 100  
Nashville, Tennessee 37215

Ladies and Gentlemen:

We have acted as counsel to Prison Realty Corporation, a Maryland corporation (the "Company"), in connection with the Registration Statement on Form S-3, filed on May 7, 1999 (the "Registration Statement"), by the Company with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to the offer and sale of up to 10,000,000 shares of its common stock, \$0.01 par value per share (the "Common Stock"), which may be offered and sold by the Company from time to time as set forth in the prospectus which forms a part of the Registration Statement (the "Prospectus") in connection with the Company's Dividend Reinvestment and Stock Purchase Plan (the "Plan"). We have examined the originals or copies, certified or otherwise identified to our satisfaction, of all such records of the Company and all such agreements, certificates of public officials, certificates of officers or other representatives of the Company, and such other documents, certificates and other records as we have deemed necessary or appropriate as a basis for the opinions set forth herein. Based on that examination, we advise you that in our opinion the Common Stock has been duly and validly authorized and, when issued in the manner and on the terms described in the Prospectus and the Plan, will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement. In giving our consent we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Securities and Exchange Commission thereunder. Additionally we understand that Stokes & Bartholomew, P.A. will rely on our opinion in giving its opinion letter to you on the date hereof and we consent to that reliance. The opinion expressed herein is limited to the matters set forth in this letter and no other opinion should be inferred beyond the matters expressly stated.

Very truly yours,

Miles & Stockbridge P.C.

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-3 of Prison Realty Corporation of our report dated March 15, 1999 relating to the consolidated financial statements of Prison Realty Corporation and Subsidiaries included in Prison Realty Corporation's Form 10-K for the year ended December 31, 1998 and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Nashville, Tennessee  
May 3, 1999



## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-3 of Prison Realty Corporation of our reports dated January 22, 1999 and March 25, 1999 relating to the consolidated financial statements and financial statement schedules of CCA Prison Realty Trust and subsidiaries included in CCA Prison Realty Trust's Form 10-K for the year ended December 31, 1998 and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Nashville, Tennessee  
May 3, 1999

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement on Form S-3 of Prison Realty Corporation of our report dated March 15, 1999 relating to the consolidated financial statements of Correctional Management Services Corporation and Subsidiaries included in Prison Realty Corporation's Form 10-K for the year ended December 31, 1998 and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Nashville, Tennessee  
May 3, 1999

## FORM OF INITIAL PURCHASE FORM

## PRISON REALTY CORPORATION

BankBoston, N.A.  
 c/o Equiserve, Limited Partnership  
 [Address]

Any questions, please call toll free: \_\_\_\_\_ (Please use enclosed envelope).

Enrolling in the Plan. I wish to enroll in the Prison Realty Corporation Dividend Reinvestment and Stock Purchase Plan (the "Plan") available to interested investors of Prison Realty Corporation, (the "Company") by making an initial investment. Enclosed is a check or money order for \$\_\_\_\_\_ (\$1,000 minimum/\$5,000 maximum per month) payable to "BankBoston, N.A." Check must be received by the "Optional Cash Payment Due Date" as defined in the Plan Prospectus.

Please note any address corrections directly on this form to the left.

Please provide your day and evening phone numbers to assist us in processing your enrollment:

Daytime Phone: (\_\_\_\_) - \_\_\_\_-\_\_\_\_ Evening Phone: (\_\_\_\_) - \_\_\_\_-\_\_\_\_

Account Registration. Please check one box and provide all requested information. Please print clearly.

Check here if registration desired matches mailing information above.  
 Social Security Number: \_\_\_\_\_.

INDIVIDUAL OR JOINT. Joint accounts will be presumed to be joint tenants unless restricted by applicable state law or otherwise indicated. Only one Social Security Number is required for tax reporting.

Owner's First Name:

Middle Initial:

Last Name:

Owner's Social Security Number:

Joint Owner's First Name:

Middle Initial:

Last Name:

CUSTODIAL. A minor is the beneficial owner of the account with an adult Custodian managing the account until the minor becomes of age, as specified in the Uniform Gifts/Transfers to Minor Act in the minor's state of residence.

Custodian's First Name:

Middle Initial:

Last Name:

Minor's First Name:

Middle Initial:

Last Name:

Minor's Social Security Number:

Minor's State of Residence:

[ ] TRUST. Account is established in accordance with provisions of a trust agreement.

Trustee Name:

Name of Trust:

Trust Date:

Tax ID Number:

Beneficiary:

Dividend Election. Please check one box and provide the requested information.

You may choose to reinvest all, a portion or none of the dividends paid on Company stock registered in your name and held by you under the Program. If you do not indicate a choice, you automatically will default into the full dividend reinvestment election with all dividends reinvested.

[ ] Full Dividend Reinvestment. I wish to reinvest all of my Common Stock dividends in additional shares of Common Stock. I may also make optional payments to the program. (You will not receive a dividend check.)

[ ] Partial Dividend Reinvestment. I wish to have cash dividends on \_\_\_\_\_ whole shares of Common Stock sent to me in cash, and dividends on the rest of my shares of Common Stock reinvested in additional shares of Common Stock. I may also make optional payments to the Program.

[ ] Optional Cash Only. I wish to make only optional cash payments to the Program. (You will receive a dividend check for all shares.)

Signatures. By signing this form, I request enrollment, certify that I have received and read the prospectus describing the Plan and agree to abide by the terms and conditions of the Plan. I hereby appoint Boston Equiserve, L.P. as my agent to apply dividends and any investment I may make to the purchase of shares under the Plan. I understand that I may revoke this authorization at any time by written notice to BankBoston, N.A.

All joint owners must sign.

Under penalties of perjury, I also certify that: A. The number shown on this form is my/our correct Social Security Number or Taxpayer ID Number, B. I am not subject to backup withholding either because (1) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (2) the IRS has notified me that I am no longer subject to backup withholding. (Check here \_\_\_ if you have been notified by the IRS that you are subject to backup withholding because of under reporting of interest or dividends on your tax returns.)

Signature Date

Signature Date

[ ] Automatic Investment. You may authorize monthly deductions from your personal bank account. BankBoston, N.A. will invest these deductions in Company stock and credit the account you designate above. To initiate these deductions, please complete the reverse side of this form and check this box. Your authorized monthly deduction from your back account must be for at least \$1,000 and cannot exceed \$5,000 in a month.



## FORM OF BROKER NOMINEE FORM

PRISON REALTY CORPORATION  
Dividend Reinvestment and Stock Purchase Plan

## Broker and Nominee Form

## By Mail:

To: BankBoston, N.A.  
c/o EquiServe, Limited Partnership

[Address]

Telephone: \_\_\_\_\_

## Instructions

Dated: \_\_\_\_\_

As provided in the Prospectus dated May \_\_, 1999 (the "Prospectus") relating to the Prison Realty Corporation (the "Company") Dividend Reinvestment and Stock Purchase Plan (the "Plan"), this form is to be used only by a broker, bank, or other nominee directing the reinvestment of all or a portion of the dividends payable to, or making an optional cash purchase under the plan on behalf of, one or more, a Beneficial Owner(s) whose shares are held in the name of a securities depository.

The broker, bank, or other nominee submitting this form hereby certifies that (a) the information contained herein is true and correct as of the date of this form; (b) a current copy of the Prospectus has been delivered to each Beneficial Owner on whose behalf the optional cash purchase or initial cash purchase listed below is being transmitted; and (c) the amount of the optional cash purchase or initial cash purchase listed below, together with any other optional cash purchases this month, does not exceed \$5,000 for each Beneficial Owner represented (unless accompanied by a Company-approved request for waiver form. BankBoston, N.A. is hereby appointed as agent to apply any optional cash purchases or initial cash purchases toward the purchase of shares under the Plan.

A new Broker and Nominee Form must be completed and submitted each month that an optional cash purchase or initial cash purchase is submitted. This form will not be accepted unless it is completed in its entirety and accompanies the full amount of the optional cash purchase or initial cash purchase.

For further information about the Plan please call \_\_\_\_\_.

Total Initial Cash Purchase or Optional Cash Purchase Amount to be Credited

Name of Depository Participant Submitting Payment

Participant Number with Depository

Contact

Name of Depository

Name of Beneficial Owner Represented

Address

City State Zip

Tax I. D. Number

Telephone Fax

Date



FORM OF REQUEST FOR WAIVER

PRISON REALTY CORPORATION  
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

To: INVESTOR RELATIONS Prison Realty Corporation, 10 Burton Hills  
Boulevard, Suite 100, Nashville, TN 37215

Telephone: (615) 263-0200 Fax Number: (615)263-0212

This form is to be used only by Participants in the Prison Realty Corporation Dividend Reinvestment and Stock Purchase Plan (the "Plan") who are requesting authorization from Prison Realty Corporation to make an optional cash payment under the Plan in excess of the \$5,000 monthly maximum limit.

A new form must be completed each month the Participant wishes to make an optional cash payment in excess of the \$5,000 monthly maximum limit. This form will not be accepted by Prison Realty Corporation unless it is completed in its entirety.

The Participant submitting this form hereby certifies that (i) the information contained herein is true and correct as of the date of this form; (ii) the Participant has received a current copy of the Prospectus relating to the Plan; (iii) the optional cash payment is being made by and on behalf of the Participant for its own account; (iv) the Participant shall submit a copy of this Request for Waiver (approved by Prison Realty Corporation) to Boston Equiserve, L.P. via facsimile number \_\_\_\_\_, at the same time an Authorization Form or B&N Form and the optional cash payments are submitted by the Participant; and (v) immediately after the purchase of the shares to be acquired pursuant to this Request for Waiver the Participant will not own shares in excess of 9.8% (by number of value) of any class or series of the Company's outstanding capital stock.

Shares of common stock acquired through the Plan will be held in account with Boston Equiserve, L.P. as Plan Administrator. Participants wishing delivery of certificates representing the shares should contact, Boston Equiserve, L.P. at \_\_\_\_\_.

THE COMPANY RESERVES THE RIGHT TO MODIFY, SUSPEND OR TERMINATE PARTICIPATION IN THE PLAN BY OTHERWISE ELIGIBLE HOLDERS OF COMMON STOCK IN ORDER TO ELIMINATE PRACTICES WHICH ARE NOT CONSISTENT WITH THE PURPOSES OF THE PLAN.

-----	Social Security Number(s)	Date		
Participant's Signature	Address			
-----	City	State	Zip	
Participant's Signature				
-----	Phone	Fax		
Print name as it appears on stock certificates				
-----				
Optional Cash Investment Amount Requested				



## NOTICE OF WAIVER ACCEPTANCE

## PRISON REALTY CORPORATION

## Dividend Reinvestment and Stock Purchase Plan

DATE:

TO:

FIRM:

VIA FAX #

We are pleased to inform you that your waiver for participation in the Prison Realty Corporation Dividend Reinvestment and Stock Purchase Plan has been granted for the \_\_\_\_\_ investment period in the amount of \_\_\_\_\_. Please be advised that for this pricing period the discount rate is \_\_\_\_\_ and the threshold price is \_\_\_\_\_. The ten days of this pricing period are \_\_\_\_\_.

All monies must be wired to BankBoston, N.A. by 4 p.m. Central Time on \_\_\_\_\_ (the "Optional Cash Payment Due Date"). Please find the wiring instructions below:

Send funds to:                   BankBoston N.A.  
  [address]  
  [ABA]

For Credit to:                   Prison Realty Corporation  
  [Account \_\_\_]

Please be advised that any uninvested monies will be returned after the conclusion of the pricing period. Thank you for your participation. Please call me at (615) 263-0200 with any questions.

Sincerely,

Prison Realty Corporation Investor Relations

FORM OF DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN ENROLLMENT  
AND AUTHORIZATION FORM

PRISON REALTY CORPORATION

NOTE: This is not a Proxy

Please mark [X] the appropriate box to enroll or change your current Plan option. DO NOT RETURN THIS CARD UNLESS YOU HAVE SELECTED ONE OF THE FOLLOWING OPTIONS.

Full Dividend Reinvestment - I wish to reinvest all dividends for the account. I may also make optional cash payments of a minimum of \$50 to a maximum of \$5,000 per month.

Partial Dividend Reinvestment - I wish to receive cash dividends on \_\_\_\_\_ shares and to reinvest my cash dividends on the remainder of any shares for this account. I may also make optional cash payments.

Optional Cash Only - I wish to make only optional cash payments to the Plan. I will receive a dividend check for all shares so purchased.

If you have an address change, please mark the box to the right and indicate the change on the reverse side of this form [ ]

PLEASE READ CAREFULLY BEFORE SIGNING. TEAR ALONG PERFORATION AND RETURN THE TOP PORTION TO BOSTON EQUISERVE, L.P. IN THE ENVELOPE PROVIDED. KEEP THE BOTTOM PORTION FOR YOUR RECORDS.

Shareholder

Date

Shareholder

Date

Detach card here.

INVESTMENT OPTIONS FOR THE PRISON REALTY CORPORATION DIVIDEND REINVESTMENT AND  
STOCK PURCHASE PLAN

Full Dividend Reinvestment - The dividends on all Prison Realty Corporation shares for this account as well as dividends on shares credited to your account under the Plan will be invested to purchase additional shares. You may also invest by making optional cash payments of at least \$50 up to a maximum of \$5,000 per month.

Partial Dividend Reinvestment - The dividends on less than all Prison Realty Corporation shares that you own may be reinvested in the Plan. For example, if you own 300 shares and want to receive cash dividends on 100 shares, check off the "Partial Dividend Reinvestment" box and fill in 100 on the blank line. (The cash dividends you wish to receive must be on full shares.) Dividends on the remaining 200 shares will be reinvested to purchase additional shares. You may also invest by making optional cash payments of at least \$50 to a maximum of \$5,000 per month.

Optional Cash Only - You may make optional payments of at least \$50 to a maximum of \$5,000 per month without the reinvestment of dividends. Any shares purchased through optional payments will be credited to your account under the Plan. Dividends on all Prison Realty Corporation shares credited to your account under the Plan will be paid to you in cash automatically. Optional Payments must be received by the Agent one business day prior to the commencement of the related 'Pricing Period' as defined in the Plan Prospectus.

Your participation in the Plan is subject to the terms set forth in the accompanying Prospectus. You may terminate participation in the Plan at any time by written notice to BankBoston, N.A. \_\_\_\_\_.

Do not return this form unless you intend to participate in the Plan since this form authorized BankBoston, N.A. to enroll your account in the Plan. If this form is signed but no box checked, you will be enrolled in the Plan under the Full Dividend Reinvestment option.