

PSYCHIATRIC SOLUTIONS, INC.

CODE OF ETHICS

This Code of Ethics sets out basic principles and standards of conduct to guide all directors, officers and employees of Psychiatric Solutions, Inc. and its subsidiaries (“PSI”). All of our directors, officers and employees must conduct themselves in accordance with these principles and standards.

Claims of violations of this Code will be investigated by appropriate personnel or PSI representatives. Those who violate the standards in this Code may be subject to disciplinary action, including dismissal. *If you are in a situation which you believe may violate or lead to a violation of this Code, you should consult your supervisor or manager or the Corporate Compliance Officer of PSI.*

1. Directors, Officers and Employees Should Act Honestly and Ethically.

PSI’s directors, officers and employees should act ethically and in good faith, with honesty and integrity, when acting on behalf of PSI or in connection with PSI’s business or operations or in the handling of actual or apparent conflicts of interest between personal and professional relationships.

2. Directors, Officers and Employees Must Avoid Conflicts of Interest.

Directors, officers and employees must avoid conflicts of interest involving PSI or its business. A “conflict of interest” occurs when an individual’s private interest interferes in any way, or even appears to interfere, with the interests of PSI as a whole. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her work for PSI objectively and effectively. Conflicts of interest also arise when a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in or with PSI. Loans to, or guarantees of obligations of, such persons are of special concern, and must comply with all laws and may be subject to approval by the Audit Committee of the Board of Directors. Any director, officer or employee who becomes aware of a conflict or potential conflict of interest or any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest should promptly bring it to the attention of a supervisor, manager or the Corporate Compliance Officer. Conflicts of interest may not always be clear, so if you have a question, you should consult with the Corporate Compliance Officer of PSI or other personnel or legal counsel designated by PSI from time to time.

3. Public Disclosure Should Be Full, Fair, Accurate, Timely and Understandable.

Directors, officers and employees who are involved in the preparation of reports and documents that PSI files with or submits to the Securities and Exchange Commission or that are otherwise public communications have a responsibility to promote full, fair, accurate, timely and understandable disclosure in such reports, documents and communications.

4. Directors, Officers and Employees Must Comply with Laws, Rules and Regulations.

PSI is committed to ethical business practices and to operating in accordance with applicable federal, state and local laws, rules and regulations. All directors, officers and employees of PSI must respect and obey the laws of the jurisdictions in which we operate. PSI has adopted an Insider Trading Policy that addresses federal securities laws and trading in PSI's securities which you should review and which is available from the Corporate Compliance Officer's office. Any director, officer or employee who is unsure about any aspect of these laws should seek advice from officers, supervisors, managers or other appropriate personnel.

5. Confidentiality of Company Information Must Be Maintained.

Directors, officers and employees of PSI must maintain the confidentiality of information entrusted or made available to them by PSI, PSI's partners or patients of PSI's owned, leased and managed inpatient behavioral health care facilities, except when disclosure is authorized by PSI or legally mandated, and must not use that information for improper personal advantage. Confidential information includes all financial, patient and other records and non-public information that, if disclosed, might be of use to competitors, or harmful to PSI, its partners or patients.

6. Directors, Officers and Employees Are Prohibited From Taking PSI's Corporate Opportunities.

Directors, officers and employees of PSI are prohibited from (a) taking for themselves opportunities that are discovered through the use of PSI's property, information or position, without the consent of a majority of the disinterested members of the Board of Directors, (b) using PSI's property, information or position for improper personal gain or (c) competing with PSI directly or indirectly. Directors, officers and employees owe a duty to PSI to advance its legitimate interests when the opportunity to do so arises.

7. Fair Dealing In All Activities Is Expected.

We seek to outperform our competition fairly and honestly. Each employee, officer and director should endeavor to deal fairly with PSI's partners, employees, competitors, customers and suppliers. A director, officer or employee should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice in connection with PSI's business.

8. Directors, Officers and Employees Should Protect and Properly Use PSI's Assets.

All directors, officers and employees should protect PSI's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on PSI's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. All company assets should be used for legitimate business purposes. Company assets should

not be used for non-PSI business, although incidental personal use may be permitted in some circumstances.

9. Waivers of this Code Must Be Approved and Disclosed.

Any waiver of this Code for executive officers or directors of PSI may be made only by the Board of Directors and will be promptly disclosed as required by law or The Nasdaq Stock Market rules.

10. Directors, Officers and Employees Are Encouraged to Report Illegal or Unethical Behavior or Violations of this Code.

We must all work to ensure prompt and consistent action against violations of this Code. Employees are encouraged to contact PSI's Corporate Compliance Officer or to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior or violations of this Code and when in doubt about the best course of action in a particular situation. All violations of this Code should be reported to PSI's Corporate Compliance Officer. Any claim of a possible violation may be made anonymously if the claimant so desires, and all claimants shall be provided confidentiality in the handling of the potential violation. PSI will not permit any retaliation of any kind against employees for reports made in good faith about observed illegal or unethical behavior or violations of this Code. Directors, officers and employees are expected to cooperate in internal investigations of misconduct.

11. The Corporate Compliance Officer Will Administer this Code.

This Code shall be administered by PSI's Corporate Compliance Officer. PSI employees are encouraged to seek guidance regarding the application or interpretation of this Code from the Corporate Compliance Officer and are expected to cooperate fully in any investigation of any potential violation of this Code.