

PSYCHIATRIC SOLUTIONS, INC.

Corporate Governance Standards

The Board of Directors of Psychiatric Solutions, Inc. has adopted the following standards of corporate governance. These standards, together with the charters of the committees of the Board and other key practices of the Board, provide the basis for the governance of the Company.

The Board recognizes that there is an active, on-going public dialogue regarding corporate governance best practices. The Board believes that this dialogue will result in a better understanding of corporate governance and will reinforce the key practices of the Board. The Board will review the following standards and other aspects the Company's governance annually or more often if deemed necessary.

General Standards

The business of the Company is conducted by its employees and officers under the direction of the Company's Chief Executive Officer (or CEO). The Board is elected by the stockholders of the Company to, among other things, oversee the CEO, assist in defining the direction and goals of the Company and to provide effective corporate governance to the Company.

The Board is the ultimate decision-making body of the Company, except for those matters reserved to or shared with the stockholders. The Board selects the CEO, who is charged with overseeing and directing the day-to-day business of the Company. The Board recognizes that the selection of the Company's CEO is among the most important decisions that it makes. Skill, experience and integrity are important factors in the selection of the Company's CEO.

The core responsibility of Directors is to exercise their business judgment in what they reasonably believe to be in the best interests of the Company. Directors are expected to fulfill their responsibilities in a manner consistent with their fiduciary duties to the stockholders and applicable law. In the exercise of these responsibilities, the Board may weigh and consider the interests of other constituencies of the Company, including employees, psychiatrists and healthcare providers at our facilities, the communities in which our facilities are located, the patients and family members who receive care at our facilities, and the public at large.

Ethics and Conflicts of Interest

The Board expects its members, as well as the Company's officers and employees, to act ethically at all times in accordance with the policies comprising the Company's Code of Ethics. In accordance with law and rules adopted by the Nasdaq Stock Market, Inc. ("Nasdaq"), any waiver of the Code of Ethics for the Chief Executive Officer, senior financial officers or with respect to any executive officer or Director may not be made without the unanimous approval of the independent Directors. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman of the Board. If a significant conflict exists and cannot be resolved, the Director shall resign. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving a Director or the CEO, and the CEO shall resolve any conflict of interest issue involving any other officer of the Company.

Reporting of Accounting or Auditing Concerns

The Audit Committee of the Board is responsible for overseeing the Company's financial reporting process, financial reports and other financial information, the Company's systems of internal accounting and financial controls and the annual independent audit of the Company's financial statements. As part of its responsibility to ensure that the Company's financial reporting, accounting, internal accounting controls and audit meet the high standards expected, the Audit Committee of the Board has established the following procedures to deal with any concerns about the Company's financial reporting, accounting, internal accounting controls, or auditing matters. Anyone who has a concern about the Company's financial reporting, accounting, internal accounting controls, or auditing matters is encouraged to communicate that concern to the Company. Such communications may be made by calling the Company's toll-free compliance hotline, which is administered by a third party. Information received through the hotline will be conveyed directly to the Company's Compliance Officer. Complaints relating to accounting, internal accounting controls or auditing matters will be directed to the Chairman of the Audit Committee. Any complaint may be made anonymously if the claimant so desires, and all claimants will be provided confidentiality in the handling of the complaint.

Annual Meeting of Stockholders and Meetings of the Board

Members of the Board are expected to attend all meetings of the Board, the annual meeting of the stockholders and all meetings of the committees on which they serve. Further, members of the Board are expected to devote the time and effort necessary to fulfill their responsibilities.

The Board will hold regularly scheduled meetings at least four times a year. The Chairman of the Board will set the agenda for Board meetings, but any Director may suggest items for inclusion on the agenda of any meeting. Board agendas may be supplemented and issues not listed on a meeting agenda may be raised, at any time, by any member of the Board.

The Board will review the Company's long-term strategic plans and the most significant business, financial, accounting and risk management issues and policies facing the Company at least annually.

Regular Meetings of the Independent Directors

The independent Directors shall meet in executive session without members of the Company's management present not less frequently than semi-annually. Executive sessions of the independent directors may be called at any time.

Committees of the Board

The Board currently has the following standing committees: Audit; Compensation; and Nominating and Corporate Governance. All of the members of these committees currently are independent directors under the criteria established by the Securities and Exchange Commission. The Board of the Company may, from time to time, establish or maintain additional committees as necessary or appropriate.

Each of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee has its own charter. The committee charters set forth the responsibilities of each committee, the qualifications and procedures of the committee and how the committee will report to the Board. The Chairman of each committee will determine the frequency of committee meetings, consistent with the committee's charter and the Company's needs.

Qualifications of Directors

We endeavor to have a Board representing diverse experience at policy-making levels in business, finance and healthcare, and in other areas that are relevant to the Company's activities. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the stockholders of the Company. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Further, Directors should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Company.

The Nominating and Corporate Governance Committee shall review all nominees for the Board. This assessment will include a review of the nominee's judgment, experience, independence, understanding of the Company's business or related industries, and such other factors as the Committee concludes are pertinent in light of the current needs of the Board. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the board for an extended period of time. The Nominating and Corporate Governance Committee will select qualified nominees and propose its recommendations to the Board.

Director Access to Officers, Employees and Information

Directors have full and free access to the Company's officers, employees and its books and records. Independent Directors are encouraged to contact senior officers or senior managers of the Company for any information concerning the Company.

The Board expects the regular attendance at Board meetings of non-Board members who are in the most senior management positions in the Company. The Chairman of the Board shall extend such invitations. Any Director may request the attendance at a Board meeting of any member of the Company's management.

Director Independence

A substantial majority of the Board shall be composed of independent Directors. No Director will be deemed independent unless the Board affirmatively determines that the Director has no material relationship with the Company, directly or as an officer, stockholder or partner of an organization that has a material relationship with the Company, and meets the independence requirements set forth in applicable law and by Nasdaq or any other securities exchange on which the Company's shares are traded.

Chairman of the Board

The Board recognizes the current debate relating to the separation of roles of the Chairman of the Board and Chief Executive Officer. The Board has considered this matter and has determined that having the same person occupy the offices of Chairman of the Board and Chief Executive Officer has served the Company well to date. The Board will continue to monitor this issue and may reconsider this matter in the future.

Officers of the Company

The Board believes that the CEO should have the authority to select and supervise the senior officers of the Company. The Board will, however, provide counsel and oversight with respect to the selection, evaluation, development and compensation of the Company's senior officers. As in the

selection of the CEO, the Board expects that professional skill, experience and integrity, as well as the ability to work effectively as a team-member, will be important factors in the selection of the Company's senior officers.

Compensation of Independent Directors

The Compensation Committee shall consider and propose to the Board compensation and benefits for independent Directors. In discharging this duty, the Compensation Committee shall be guided by three goals: (1) compensation should fairly pay Directors for work required given the size and scope of the Company and its business; (2) compensation should align Directors' interests with the long-term interests of stockholders; and (3) the structure of the compensation should be simple, transparent and easy for stockholders to understand.

Access to Independent Advisors

The Board and its committees shall have the right at any time to retain independent outside financial, legal or other advisors at the Company's expense.

Director Orientation and Continuing Education

The Company shall provide new Directors with such materials and information about the Company as a new Director might need to perform his or her duties. In addition, the Company shall provide any materials or information reasonably requested by a new Director. This information may be conveyed through presentations by senior management intended to familiarize new Directors with the Company's business and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics, its principal officers, and its internal and independent auditors. All sitting Directors shall be given notice of and may attend any such presentations.

In addition, the Company will arrange opportunities for the Directors to participate in continuing education programs designed to enhance appropriate corporate governance.

Insider Transactions

The Company has established an Insider Trading Policy that is intended to avoid even the appearance of the illegal use of material, non-public information on the part of anyone employed by or associated with the Company, including members of the Board of Directors. Under the Insider Trading Policy, members of the Board of Directors, as well as executive officers and other key employees, must request pre-clearance of transactions involving the Company's securities and must agree to abide by prescribed blackout periods when trading in the Company's securities generally is not allowed. Short sales, margin purchases and trading in puts or calls with respect to the Company's securities are not permitted.

Stockholder Communication with the Board

All stockholder communications with the Board of Directors should be directed to the Company's Secretary, 6640 Carothers Parkway, Suite 500, Franklin, TN 37067, Attention: Christopher L. Howard, Esq., and should prominently indicate on the outside of the envelope that it is intended for the Board of Directors or for an individual director. Each communication intended for an individual director and received by Mr. Howard will be promptly forwarded unopened to such director. Each communication intended for the Board of Directors and received by Mr. Howard will be promptly forwarded to all of the members of the Board.

Annual Board and Committee Performance Evaluations

The Nominating and Corporate Governance Committee will lead an annual evaluation of the Board. In addition, each committee of the Board will conduct annual evaluations of itself in accordance with its charter. These annual evaluations will be designed to determine whether the Board and its committees are functioning effectively and meeting the high standards expected. The evaluations will focus on the contributions made to the Company by the Board and its committees and specifically focus on areas in which improvements could be made.

Adopted: November 1, 2005