

## **CRC Health Corporation Announces Closures of Certain Facilities for the Fourth Quarter Ending December 31, 2008**

CUPERTINO, Calif.--(BUSINESS WIRE)--CRC Health Corporation ("CRC" or the "Company"), a leading provider of substance abuse treatment and youth services, announced the closure of certain of its facilities during the fourth quarter ending December 31, 2008.

The Company has three operating divisions: recovery division, youth division, and healthy living division. The recovery division provides substance abuse and behavioral disorder treatment services through residential treatment facilities and outpatient treatment clinics. The youth division provides educational programs for underachieving young people through residential schools and wilderness programs. The healthy living division provides adolescent and adult weight management programs and treatment services for eating disorders.

The closures, which followed a review by the Company of its facilities across its divisions, include one therapeutic boarding school, one eating disorder start-up, and three outpatient treatment clinics. In aggregate, the facilities that have been closed generated revenue and adjusted EBITDA for the twelve month period ended November 30, 2008 of \$1.8 million and losses of \$3.6 million, respectively. Restructuring charges in connection with the closures have not yet been fully determined but are estimated to be between \$2.0 million to \$4.0 million.

Including the results from the facilities closed during the fourth quarter, CRC's consolidated adjusted pro forma net revenue and adjusted pro forma earnings before interest, taxes, depreciation and amortization ("EBITDA") for the twelve month period ended November 30, 2008, was \$480.7 million and \$93.7 million, respectively. For the two month period ended November 30, 2008, CRC's consolidated net revenue was \$75.3 million and adjusted pro forma EBITDA was \$12.9 million.

Adjusted pro forma EBITDA takes into account certain adjustments which are excluded from EBITDA for purposes of various covenants in the indenture governing CRC's 10¼% senior subordinated notes due 2016 and its senior secured credit facility, as amended to date. CRC believes that the adjusted pro forma EBITDA information presented provides useful information to both management and investors concerning its ability to meet its future debt obligations and to comply with certain covenants in its borrowing arrangements that are tied to these measures. CRC also believes that including the effect of these items allows management and investors to better compare CRC's financial performance from period-to-period, and to better compare CRC's financial performance with that of its competitors. The unaudited adjusted pro forma revenue and EBITDA for the periods presented give effect to all acquisitions as if they had occurred on January 1, 2007. The pro forma adjustments are based upon available information and certain assumptions that CRC believes are reasonable. The pro forma adjusted EBITDA is for informational purposes only and does not purport to represent what CRC's result of operations or financial position would have been if the acquisitions in 2007 occurred at any date, nor does such information purport to project the results of operations for any future period. The information provided for the two month period ended November 30, 2008 does not include certain accruals, allocations and other adjustments that are made at quarter end. As a result, it is not practicable to calculate CRC's net income for the two month period and the results of operations for the two month period may not be comparable to results for the full fiscal quarter. The presentation of this additional information is not meant to be considered in isolation of, or as a substitute for, results prepared in accordance with GAAP.

## **Forward-Looking Statements**

This press release includes or may include "forward-looking statements." All statements included herein, other than statements of historical fact, may constitute forward-looking statements. Although CRC believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, among others, the following factors: changes in government reimbursement for CRC's services; CRC's substantial indebtedness; changes in applicable regulations or a government investigation or assertion that CRC has violated applicable regulations; attempts by local residents to force our closure or relocation; the potentially difficult, unsuccessful or costly integration of recently acquired operations and future acquisitions; the potentially difficult, unsuccessful or costly opening and operating of new treatment facilities; the possibility that commercial payors for CRC's services may undertake future cost containment initiatives; the limited number of national suppliers of methadone used in CRC's outpatient treatment clinics; the failure to maintain established relationships or cultivate new relationships with patient referral sources; shortages in qualified healthcare workers; natural disasters such as hurricanes, earthquakes and floods; competition that limits CRC's ability to grow; the potentially costly implementation of new information systems to comply with federal and state initiatives relating to patient privacy, security of medical information and electronic transactions; the potentially costly implementation of accounting and other management systems and resources in response to financial reporting and other requirements; the loss of key members of CRC's management; claims asserted against CRC or lack of adequate available insurance; and certain restrictive covenants in CRC's debt documents.

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