Acadia Healthcare Company, Inc.
Form 424B5
January 05, 2016
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-196611

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell, and we are not soliciting an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated January 5, 2016

PROSPECTUS SUPPLEMENT

(To prospectus dated June 9, 2014)

10,000,000 Shares

Acadia Healthcare Company, Inc.

Common Stock

We are selling 10,000,000 shares of our common stock.

Our shares trade on The NASDAQ Global Select Market under the symbol ACHC. On January 4, 2016, the last reported sale price of our common stock on The NASDAQ Global Select Market was $64.23 per share.

Investing in shares of our common stock involves substantial risks that are described in the Risk Factors sections beginning on page S-14 of this prospectus supplement and in our Annual Report on Form 10-K for the

year ended December 31, 2014, which we have filed with the Securities and Exchange Commission and which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also exercise their option to purchase up to an additional 1,500,000 shares of our common stock from us at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2016.

Joint Book-Running Managers

BofA Merrill Lynch **Jefferies**

The date of this prospectus supplement is , 2016.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, utilizing a shelf registration process. Under this shelf registration process, we may sell from time to time the securities described in the accompanying prospectus in one or more offerings such as this offering. This prospectus supplement provides you with specific information about our common stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us and other information you should know before investing. This prospectus supplement also adds to, updates and changes information contained in the accompanying prospectus. To the extent the information in this prospectus supplement is different from that in the accompanying prospectus, you should rely on the information in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described in the sections entitled Where You Can Find More Information and Incorporation of Certain Documents by Reference of this prospectus supplement, before investing in our common stock.

We have not, and the underwriters have not, authorized any person to provide you with any information other than that contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus or that is contained in any free writing prospectus issued by us. We and the underwriters take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may give to you. This prospectus supplement and the accompanying prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus supplement and the accompanying prospectus is complete and accurate as of the date on the front cover of this prospectus supplement, but the information and our business, cash flows, condition (financial and otherwise), prospects and results of operations may have changed since that date.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisers for legal, tax, business, financial and related advice regarding the purchase of shares of our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain and incorporate by reference forward-looking statements. Forward-looking statements include any statements that address future results or occurrences. In some cases you can identify forward-looking statements by terminology such as may, might, will, would, should, could or the negative thereof. Generally, the words anticipate, be continue, expect, intend, estimate, project, plan and similar expressions identify forward-looking statements. In particular, statements abo expectations, beliefs, plans, objectives, assumptions or future events or performance contain forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors, many of which are outside of our control, which could cause our actual results, performance or achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to:

- our ability to close our planned acquisition of Priory Group No. 1 Limited, or Priory, in a timely manner or at all;

- our ability to obtain the necessary financing for the planned acquisition of Priory on anticipated terms or at all;

our significant indebtedness, our ability to meet our debt obligations, and our ability to incur substantially more debt;

difficulties in successfully integrating the operations of acquired facilities, including those acquired in the Priory and CRC Health Group, Inc., or CRC, acquisitions, or realizing the potential benefits and synergies of these acquisitions;

our ability to implement our business strategies in the United Kingdom and adapt to the regulatory and business environment in the United Kingdom;

the impact of payments received from the government and third-party payors on our revenues and results of operations, including the significant dependence of the Priory and Partnerships in Care facilities on payments received from the National Health Service in the United Kingdom, or the NHS;

the occurrence of patient incidents, which could result in negative media coverage, adversely affect the price of our securities and result in incremental regulatory burdens and governmental investigations;

our future cash flow and earnings;

our restrictive covenants, which may restrict our business and financing activities;

our ability to make payments on our financing arrangements;

the impact of the economic and employment conditions in the United States and the United Kingdom on our business and future results of operations;

compliance with laws and government regulations;

the impact of claims brought against our facilities;

the impact of governmental investigations, regulatory actions and whistleblower lawsuits;

the impact of healthcare reform in the United States and abroad;

the impact of our highly competitive industry on patient volumes;

our ability to recruit and retain quality psychiatrists and other physicians;

the impact of competition for staffing on our labor costs and profitability;

our dependence on key management personnel, key executives and local facility management personnel;

our acquisition strategy, which exposes us to a variety of operational and financial risks, as well as legal and regulatory risks (e.g., exposure to the new regulatory regimes such as the United Kingdom for Priory and Partnerships in Care and various investigations relating to CRC);

the impact of state efforts to regulate the construction or expansion of healthcare facilities (including those from Priory, CRC and Partnerships in Care) on our ability to operate and expand our operations;

our potential inability to extend leases at expiration;

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- the impact of controls designed to reduce inpatient services on our revenues;
- the impact of different interpretations of accounting principles on our results of operations or financial condition;
- the impact of environmental, health and safety laws and regulations, especially in states where we have concentrated operations;
- the impact of an increase in uninsured and underinsured patients or the deterioration in the collectability of the accounts of such patients on our results of operations;
- the risk of a cyber-security incident and any resulting violation of laws and regulations regarding information privacy or other negative impact;
- the impact of laws and regulations relating to privacy and security of patient health information and standards for electronic transactions;
- the impact of a change in the mix of our earnings, and changes in tax rates and laws generally;
- failure to maintain effective internal control over financial reporting;
- the impact of fluctuations in our operating results, quarter to quarter earnings and other factors on the price of our securities;
- the impact of our equity sponsor s rights over certain company matters;
- the impact of the trend for insurance companies and managed care organizations to enter into sole source contracts on our ability to obtain patients;
- the impact of fluctuations in foreign exchange rates; and
- the other risks described under the heading Risk Factors in this prospectus supplement and the accompanying prospectus and in similarly titled sections in our other reports that we file with the SEC that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

This list of risks and uncertainties, however, is only a summary of some of the most important factors and is not intended to be exhaustive. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. These risks and uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. These forward-looking statements are made only as of the date of this prospectus supplement. Except as otherwise required by applicable law, we do not undertake and expressly disclaim any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments. All subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

CAUTIONARY NOTE REGARDING FINANCIAL INFORMATION

The audited consolidated financial statements as of and for the financial years ended December 31, 2013, 2012 and 2011 and the unaudited consolidated financial statements as of and for the six months ended June 30, 2014 relating to Partnerships in Care that are included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus have been prepared in accordance with United

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Kingdom Accounting Standards, or U.K. GAAP. U.K. GAAP differs in certain respects from generally accepted accounting principles in the United States, or U.S. GAAP. The audited consolidated financial statements as of and for the financial years ended December 31, 2014, 2013 and 2012, and the unaudited consolidated financial statements as of and for the nine months ended September 30, 2015 and 2014 relating to Priory that are included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. IFRS differs in certain respects from U.S. GAAP. Neither Priory nor Partnerships in Care has prepared or intends to prepare its financial statements in accordance with U.S. GAAP. A reconciliation to U.S. GAAP is included in the Partnerships in Care financial statements. Acadia completed the acquisition of Partnerships in Care on July 1, 2014 and all results of operations of Partnerships in Care subsequent to such date are reflected in Acadia s financial statements. Unless otherwise noted, all references to GAAP in this prospectus supplement and the accompanying prospectus refer to U.S. GAAP.

This prospectus supplement contains certain unaudited information, including revenue and operating statistics based on revenue, that is presented on a pro forma basis assuming that the Priory, CRC and Partnerships in Care acquisitions, as well as certain other immaterial acquisitions, occurred as of January 1, 2014. The unaudited pro forma financial information has been prepared using the acquisition method of accounting for business combinations under GAAP. The unaudited pro forma financial information is for illustrative purposes only and does not purport to represent what our financial condition or results of operations actually would have been had the events in fact occurred on the assumed date or to project our financial condition or results of operations for any future date or future period. The unaudited pro forma financial information should be read in conjunction with the consolidated financial statements and notes thereto elsewhere in this prospectus supplement and the financial statements of Acadia in other reports that we have filed with the SEC and incorporated by reference herein. In addition, prospective investors should take note that this offering is being conducted in advance of, and is not conditioned upon, closing of the Priory acquisition. Accordingly, the pro forma financial information may not be representative of future results.

MARKET AND INDUSTRY DATA

We obtained the market and competitive position data used throughout this prospectus supplement and in the documents incorporated by reference herein from our own research, surveys or studies conducted by third parties and industry or general publications. Such surveys, studies and publications generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, we have not independently verified the information, and we have not ascertained the underlying economic assumptions relied upon therein, and we do not make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources. Our estimates involve risks and uncertainties, and are subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus supplement and in similarly titled sections in our other reports that we file with the SEC.

TRADEMARKS AND TRADE NAMES

This prospectus supplement includes our trademarks, which are protected under applicable intellectual property laws and are the property of Acadia Healthcare Company, Inc. or its subsidiaries. This prospectus supplement also contains trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus supplement may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and trade names.

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NON-GAAP FINANCIAL MEASURES

We have included certain financial measures in this prospectus supplement, including EBITDA, adjusted EBITDA, pro forma EBITDA and pro forma adjusted EBITDA, which are non-GAAP financial measures as defined under the rules and regulations promulgated by the SEC. We define EBITDA and pro forma EBITDA as net income adjusted for loss from discontinued operations or pro forma net income adjusted for loss from discontinued operations (as applicable), net of income taxes, net interest expense, income tax provision (benefit) and depreciation and amortization. We define adjusted EBITDA and pro forma adjusted EBITDA as EBITDA or pro forma EBITDA (as applicable) adjusted for equity-based compensation expense, cost savings synergies, debt extinguishment costs and certain other items. For a reconciliation of net income to adjusted EBITDA and pro forma net income to pro forma adjusted EBITDA, see Prospectus Supplement Summary Summary Historical Condensed Consolidated Financial Data and Unaudited Pro Forma Condensed Combined Financial Data.

EBITDA, adjusted EBITDA, pro forma EBITDA and pro forma adjusted EBITDA, as presented in this prospectus supplement, are supplemental measures of our performance and are not required by, or presented in accordance with, GAAP. EBITDA, adjusted EBITDA, pro forma EBITDA and pro forma adjusted EBITDA are not measures of our financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as measures of our liquidity. Our measurements of EBITDA, adjusted EBITDA, pro forma EBITDA and pro forma adjusted EBITDA may not be calculated similarly to, and therefore may not be comparable to, similarly titled measures of other companies and are not measures of performance calculated in accordance with GAAP. We have included information concerning EBITDA, adjusted EBITDA, pro forma EBITDA and pro forma adjusted EBITDA in this prospectus supplement because we believe that such information is used by certain investors as measures of a company s historical performance and by securities analysts, investors and other interested parties in the evaluation of issuers of equity securities, many of which present EBITDA and adjusted EBITDA when reporting their results. Our presentation of EBITDA, adjusted EBITDA, pro forma EBITDA and pro forma adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

We also have included in this prospectus supplement certain non-IFRS measures used historically by Priory, including EBITDA, Adjusted EBITDA, EBITDAR, and Adjusted EBITDAR, which are not required by, or presented in accordance with IFRS. Priory defines (a) EBITDA as operating profit (which does not include interest or taxes) before depreciation of tangible fixed assets and amortization, (b) EBITDAR as EBITDA before rent expense, (c) Adjusted EBITDA as EBITDA as adjusted to remove the effects of certain exceptional items as described in the notes to Priory s consolidated financial statements incorporated by reference into this prospectus supplement and (d) Adjusted EBITDAR as EBITDAR as adjusted to remove the effects of certain exceptional items as described in the notes to Priory s consolidated financial statements incorporated by reference into this prospectus supplement. Priory has presented Adjusted EBITDA as a useful indicator of its ability to incur and service its indebtedness and to assist certain investors, security analysts and other interested parties in evaluating the company. EBITDAR is a common measure in Priory s industry because it allows comparability across the sector for operations regardless of whether a business leases or owns its properties. Adjusted EBITDA and Adjusted EBITDAR are believed to be relevant measures for assessing performance because they are adjusted for certain items which are not indicative of underlying operating performance and thus aid in an understanding of EBITDA and EBITDAR, respectively.

EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations include (a) they do not reflect cash expenditures or future requirements for capital expenditures or contractual commitments; (b) they do not reflect changes in, or cash requirements for, working capital needs; (c) they do not reflect the significant interest

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expense, or the cash requirements necessary, to service interest or principal payments on debts; (d) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR do not reflect any cash requirements that would be required for such replacements; (d) some of the exceptional items that Priory eliminates in calculating EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR reflect cash payments that were made, or will in the future be made; and (e) the fact that other companies in Priory s industry may calculate EBITDA, EBITDAR, Adjusted EBITDA and Adjusted EBITDAR differently than Priory does, which limits their usefulness as comparative measures.

CURRENCY EXCHANGE RATE

This prospectus supplement contains translations of amounts denominated in British Pounds Sterling into U.S. dollars at specific rates solely for the convenience of the potential investor. Unless otherwise noted, all translations from British pounds to U.S. dollars and from U.S. dollars to British pounds in this prospectus supplement were made at an assumed rate of (£0.68) British Pound Sterling for one ($1.00) U.S. Dollar or U.S. $1.48 for one (£1) British Pound Sterling, the exchange rate assumption used for certain purposes in the unaudited pro forma condensed combined financial statements in this prospectus supplement, or, for certain historical periods, the respective exchange rate listed in the notes to such pro forma financial statements. Certain financial information for Priory and Partnerships in Care presented herein is translated to U.S. dollars based on the historical exchange rates set forth in the financial statements of Priory and Partnerships in Care appearing in this prospectus supplement or incorporated by reference herein. We make no representation that any amounts denominated in either British Pounds Sterling or U.S. dollars could have been, or could be, converted into either British Pounds Sterling or U.S. dollars, as applicable, at any particular rate, at the rates stated above, or at all.

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PROSPECTUS SUPPLEMENT SUMMARY

The information below is a summary of the more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read carefully the following summary together with the more detailed information contained in this prospectus supplement, the accompanying prospectus and the information incorporated by reference into those documents, including the Risk Factors section of this prospectus supplement and the Risk Factors section in the accompanying prospectus, in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our other reports that we file with the SEC. This summary is not complete and does not contain all of the information you should consider when making your investment decision.

In this prospectus supplement, unless the context requires otherwise, references to Acadia, the Company, we, us or our refer to Acadia Healthcare Company, Inc., together with its consolidated subsidiaries. When we refer to our operations or results on a pro forma basis, unless the context otherwise requires, we mean the statement is made as if the Priory acquisition and/or other acquisitions described herein or in the pro forma financial statements set forth under the heading Unaudited Pro Forma Condensed Combined Financial Information had been completed as of the date stated or as of the beginning of the period referenced.

Our Company

We are the leading publicly traded pure-play provider of behavioral healthcare services, with operations in the United States and the United Kingdom. As of September 30, 2015, we operated 233 behavioral healthcare facilities with over 9,600 beds in 37 states, the United Kingdom and Puerto Rico. We believe that our primary focus on the provision of behavioral healthcare services allows us to operate more efficiently and provide higher quality care than our competitors. For the year ended December 31, 2014, we generated revenue of $1.0 billion. On a pro forma basis for the nine months ended September 30, 2015 and the year ended December 31, 2014, giving effect to the acquisitions of Priory and CRC and several immaterial acquisitions, we would have generated pro forma revenue of approximately $2.1 billion and approximately $2.7 billion, respectively, pro forma income from continuing operations of approximately $136.5 million and approximately $172.6 million, respectively, and pro forma adjusted EBITDA of approximately $498.3 million and approximately $660.7 million, respectively. A reconciliation of pro forma net income to pro forma adjusted EBITDA appears under the heading Summary Historical Condensed Consolidated Financial Data and Unaudited Pro Forma Condensed Financial Data in this prospectus supplement.

Our inpatient facilities offer a wide range of inpatient behavioral healthcare services for children, adolescents and adults. We offer these services through a combination of acute inpatient psychiatric and specialty facilities and residential treatment centers, or RTCs. Our acute inpatient psychiatric and specialty facilities provide the most intensive level of care, including 24-hour skilled nursing observation and care, daily interventions and oversight by a psychiatrist and intensive, highly coordinated treatment by a physician-led team of mental health professionals. Our RTCs offer longer-term treatment programs primarily for children and adolescents with long-standing chronic behavioral health problems. Our RTCs provide physician-led, multi-disciplinary treatments that address the overall medical, psychiatric, social and academic needs of the patient. During the year ended December 31, 2014, we acquired 27 facilities and added 378 new beds to our existing facilities. During the nine months ended September 30, 2015, we acquired 152 facilities and added 521 new beds, including 311 to existing facilities and 210 in two de novo facilities. For the year ending December 31, 2015, we expect to add approximately 500 total beds to facilities we owned as of December 31, 2014.

Our outpatient community-based services provide therapeutic treatment to children and adolescents who have a clinically defined emotional, psychiatric or chemical dependency disorder while enabling patients to remain at home and within their community. Many patients who participate in community-based programs have transitioned out of a residential facility or have a disorder that does not require placement in a facility that provides 24-hour care.

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Acquisition of Priory

We are conducting this offering of common stock in connection with the acquisition of Priory which we refer to in this prospectus supplement as the Acquisition.

Overview. On December 31, 2015, Whitewell UK Investments 1 Limited, a subsidiary of Acadia, or the Purchaser, agreed to acquire the entire issued share capital of Priory Group No. 1 Limited, a company incorporated in England and Wales, pursuant to a sale and purchase deed, or the Purchase Agreement, by and among the Purchaser, Acadia, Priory and the shareholders of Priory listed on Schedule 1 thereto. Investment funds affiliated with Advent International Corporation, or Advent, own approximately 88% of Priory. Acadia joined the Purchase Agreement for the purpose of guarantying the Purchaser s obligations arising under the Purchase Agreement. Under the terms of the Purchase Agreement, (i) the Purchaser will pay cash consideration of approximately £1.275 billion, which includes approximately £925 million to be used to repay the outstanding balances of the debt facilities of the target companies, and (ii) an aggregate of 5,363,000 shares of our common stock, $0.01 par value per share, will be issued to Advent, which we refer to as the equity consideration. There may be minor adjustments to the split of cash consideration referred to above prior to closing as a result of accruals of preference dividend and interest on the Priory preference shares and shareholder debt. However, these accruals of preference dividend and interest will not result in an increase in the aggregate consideration payable by Acadia. The aggregate amount of equity consideration is subject to adjustment under certain circumstances set forth in the Purchase Agreement, including being subject to increase upon any decrease in stock price prior to, and including, pricing of this offering from an agreed upon price in the Purchase Agreement, or subject to decrease if we cash settle all or a portion of the equity consideration. See The Acquisition and Financing Transactions.

The entities to be acquired by Acadia owned and operated 322 inpatient behavioral health facilities with over 7,000 beds as of September 30, 2015. The facilities are located in England, Wales, Scotland and Northern Ireland. For the year ended December 31, 2014 and the nine months ended September 30, 2015, Priory generated revenue of £520.7 million (approximately $858.0 million) and £424.5 million (approximately $650.5 million), respectively, primarily through the operation and management of inpatient behavioral health facilities. See Priory Business elsewhere in this prospectus supplement.

The Purchase Agreement provides that the Acquisition will close on February 16, 2016. Closing of the Acquisition is subject to very limited conditions, including primarily the absence of certain regulatory or legal challenges to the Acquisition. Consummation of this offering is not conditioned upon the closing of the Acquisition or any of the other financing transactions for the Acquisition. We cannot assure you that the Acquisition will close as expected or at all. See Risk Factors Risks Relating to the Acquisition We may be unable to complete our planned acquisition of Priory on currently anticipated terms, or at all. Failure to consummate the Acquisition could negatively affect us.

Concurrently with the execution of the Purchase Agreement, we also entered into a Third Amended and Restated Registration Rights Agreement. See The Acquisition and Financing Transactions Third Amended and Restated Registration Rights Agreement.

Strategic Rationale. We expect to realize significant benefits from the Acquisition. Our rationale for the acquisition includes the following:

Expand our geographic presence in the United Kingdom market. The mental health market in the United Kingdom was roughly £14.4 billion in 2011. The independent mental health market accounted for roughly £1.1 billion of that amount, or approximately 8% market share. As a result of government budget constraints and an increased focus on quality, the independent mental health market

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has witnessed significant expansion in the last decade, making it one of the fastest growing sectors in the United Kingdom healthcare industry. Pro forma for the Acquisition, our United Kingdom mental health revenues would have been $1.1 billion in the year ended December 31, 2014.

Acquire a leading platform in the market. Priory is a leading independent provider of behavioral healthcare services in the United Kingdom, operating 322 inpatient behavioral health facilities with over 7,000 beds as of September 30, 2015. In addition, Priory is one of the few independent providers in the United Kingdom offering the full spectrum of mental health services, primarily focused on the treatment of patients with a variety of psychiatric conditions which are treated in both open and secure environments, as well as neuro-rehabilitation services. Priory also has an experienced management team with market knowledge and relationships within the industry and governmental bodies.

Financially attractive and accretive acquisition. Assuming the Acquisition is completed as planned on February 16, 2016 and Priory continues to perform as it has in the recent past, we expect the combined benefits of increased adjusted EBITDA and a reduced income tax rate will produce earnings accretion (not including the impact of any future acquisitions beyond the purchase of Priory or any transaction-related expenses).

Opportunities for future growth. Demand for independent behavioral health services has grown significantly in the United Kingdom as a result of the NHS reducing bed capacity and increasing hospitalization rates. Outsourcing demand is expected to increase further in light of additional bed closures and reduction in community capacity by the NHS. The behavioral healthcare market in the United Kingdom is highly competitive and fragmented with a variety of for-profit and not-for-profit providers, including the NHS. The NHS is both the principal provider and purchaser of such services. These factors present opportunities for growth by well capitalized, experienced operators. In addition, Acadia management sees meaningful opportunities to produce organic growth in Priory s existing facilities through the addition of new beds and service line expansions to meet areas of unmet need. Management also expects to pursue additional select acquisitions in the United Kingdom.

Financing of the Acquisition. We intend to fund the Acquisition in part through (i) this offering, (ii) borrowings under a new $955.0 million incremental term loan facility, or the TLB Facility, under our existing amended and restated senior credit agreement, or the Amended and Restated Senior Credit Facility, and (iii) $390.0 million of debt securities that we intend to issue prior to closing of the Acquisition, which we refer to as the New Senior Notes, or, if we do not issue the New Senior Notes, senior unsecured increasing rate bridge loans, or the Bridge Notes. To the extent that the exchange rate changes and is not fixed by us through the use of forward foreign currency contracts, and we need additional dollar proceeds to fund the purchase price, we anticipate utilizing our existing revolving line of credit. We will also issue 5,363,000 shares of our common stock, subject to adjustment as provided in the Purchase Agreement, to Advent in connection with the Acquisition. The number of shares to be issued to Advent is subject to increase depending upon the pricing of this offering from an agreed upon price in the Purchase Agreement.

Because this offering is not conditioned upon closing of the Acquisition, even if the Acquisition or other financing transactions for the Acquisition do not occur, the shares of our common stock sold in this offering will remain outstanding, and we will not have any obligation to offer to repurchase any or all of such shares.

We refer in this prospectus supplement to this offering of common stock, the New Senior Notes or the Bridge Notes, the TLB Facility and any borrowings under our existing revolving line of credit as the Financing Transactions. We refer to the Acquisition and the Financing Transactions collectively as the Transactions.

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Our Competitive Strengths

Management believes the following strengths differentiate us from other providers of behavioral healthcare services:

Premier operational management team with track record of success. Our management team has over 175 combined years of experience in acquiring, integrating and operating a variety of behavioral health facilities. Following the sale of Psychiatric Solutions, Inc., or PSI, to Universal Health Services, Inc. in November 2010, certain of PSI s key former executive officers joined Acadia in February 2011. The extensive national experience and operational expertise of our management team give us what management believes to be the premier leadership team in the behavioral healthcare industry. Our management team strives to use its years of experience operating behavioral health facilities to generate strong cash flow and grow a profitable business.

Favorable industry and legislative trends. According to a 2012 survey by Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services, or SAMHSA, 18.6% of adults in the United States aged 18 years or older suffer from a mental illness in a given year and about 4% suffer from a serious mental illness. According to the National Institute of Mental Health, over 20% of children have had a seriously debilitating mental disorder at some point during their life. Management believes the market for behavioral services will continue to grow due to increased awareness of mental health and substance abuse conditions and treatment options. According to a 2014 SAMHSA report, national expenditures at acute behavioral health hospitals and substance abuse centers are expected to reach $32.3 billion in 2020, up from $24.3 billion in 2009.

While the growing awareness of mental health and substance abuse conditions is expected to accelerate demand for services, recent healthcare reform in the United States is expected to increase access to industry services as more people obtain insurance coverage. A key aspect of reform legislation is the extension of mental health parity protections established into law by the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008, or the MHPAEA. The MHPAEA requires employers who provide behavioral health and addiction benefits to provide such coverage to the same extent as other medical conditions.

The mental health hospitals market in the United Kingdom was roughly £14.4 billion in 2011. As a result of government budget constraints and an increased focus on quality, the independent mental health hospitals market has witnessed significant expansion in the last decade, making it one of the fastest growing sectors in the United Kingdom healthcare industry. Demand for independent sector beds has grown significantly as a result of the NHS reducing its bed capacity and increasing hospitalization rates. Independent sector demand is expected to further increase in light of additional bed closures and reduction in community capacity by the NHS.

Leading platform in attractive healthcare niche. We are a leading behavioral healthcare platform in an industry that is undergoing consolidation in an effort to reduce costs and expand programs to better serve the growing need for inpatient behavioral healthcare services.

Diversified revenue and payor bases. At September 30, 2015, we operated 233 behavioral healthcare facilities with over 9,600 beds in 37 states, the United Kingdom and Puerto Rico. Our payor, patient and geographic diversity mitigates the potential risk associated with any single facility. For the year ended December 31, 2014, we received 38% from Medicaid, 15% from the NHS, 23% from commercial payors, 19% from Medicare and 5% from other payors. On a pro forma basis for the twelve months ended September 30, 2015, giving effect to the acquisition of Priory, CRC and several immaterial acquisitions, we would have received 22% of our revenue from Medicaid, 43% from the NHS (including local authorities in the United Kingdom), 15% from commercial payors, 8% from Medicare and 12% from other payors. As we receive Medicaid payments from 38 states, the District of Columbia and Puerto Rico, management does not believe that we are significantly affected by changes in reimbursement policies in any one state or territory. Substantially all of our Medicaid payments relate to the care of children and adolescents. Management believes that children and adolescents are a patient class that is less susceptible to reductions in reimbursement rates. No facility accounted for more than 2% of revenue for the twelve months ended September 30, 2015 on a pro forma basis giving effect to the acquisition of Priory, CRC and several immaterial acquisitions, and no state or U.S. territory accounted for more than 6% of revenue for the twelve months ended September 30, 2015. We believe that our increased geographic diversity will mitigate the impact of any financial or budgetary pressure that may arise in a particular state or market where we operate.

Strong cash flow generation and low capital requirements. We generate strong free cash flow by profitably operating our business and by actively managing our working capital. Moreover, as the behavioral healthcare business does not typically require the procurement and replacement of expensive medical equipment, our maintenance capital expenditure requirements are generally less than that of other facility-based healthcare providers. For the nine months ended September 30, 2015, our maintenance capital expenditures amounted to approximately 3% of our revenue. In addition, our accounts receivable management is less complex than medical/surgical hospital providers because behavioral healthcare facilities have fewer billing codes and generally are paid on a per diem basis.

Our Business Strategy

We are committed to providing the communities we serve with high quality, cost-effective behavioral healthcare services, while growing our business, increasing profitability and creating long-term value for our stockholders. To achieve these objectives, we have aligned our activities around the following growth strategies:

Increase margins by enhancing programs and improving performance at existing facilities. Management believes we can improve efficiencies and increase operating margins by utilizing our management s expertise and experience within existing programs and their expertise in improving performance at underperforming facilities. Management believes the efficiencies can be realized by investing in growth in strong markets, addressing capital-constrained facilities that have underperformed and improving management systems. Furthermore, our recent acquisitions of additional facilities give us an opportunity to develop a marketing strategy in many markets which should help us increase the geographic footprint from which our existing facilities attract patients and referrals.

Opportunistically pursue acquisitions. With the planned acquisition of Priory and the completed CRC and Partnerships in Care acquisitions, we are continuing to position our company as a leading provider of mental health services in the United States and the United Kingdom. The behavioral healthcare industry in the United States and the independent behavioral healthcare industry in the United Kingdom are highly fragmented, and we selectively seek opportunities to expand and diversify our base of operations by acquiring additional facilities.

Acadia management believes there are a number of acquisition candidates available at attractive valuations, and we have a number of potential acquisitions in various stages of development and consideration in the United States. In addition, management sees meaningful opportunities to pursue additional select acquisitions in the United Kingdom.

Management believes our focus on behavioral healthcare and history of completing acquisitions provides us with a strategic advantage in sourcing, evaluating and closing acquisitions. We leverage our management team s expertise to identify and integrate acquisitions based on a disciplined acquisition strategy that focuses on quality of service, return on investment and strategic benefits. We also have a comprehensive post-acquisition strategic plan to facilitate the integration of acquired facilities that includes improving facility operations, retaining and recruiting psychiatrists and other healthcare professionals and expanding the breadth of services offered by the facilities.

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Drive organic growth of existing facilities. We seek to increase revenue at our facilities by providing a broader range of services to new and existing patients and clients. In addition, management intends to increase bed counts in our existing facilities. During the year ended December 31, 2014, we acquired 27 facilities and added 378 new beds to our existing facilities. For the year ending December 31, 2015, we expect to add approximately 500 total beds to facilities we owned as of December 31, 2014. Furthermore, management believes that opportunities exist to leverage out-of-state referrals to increase volume and minimize payor concentration in the United States, especially with respect to our youth and adolescent focused services and our substance abuse services.

Recent Developments

On October 1, 2015, we completed the acquisition of Meadow View, an inpatient psychiatric facility with 28 beds located in England, for cash consideration of approximately $6.9 million.

On November 1, 2015, we completed the acquisitions of (i) Discovery House-Group, Inc., or Discovery House, for cash consideration of approximately $118.5 million, (ii) Duffy s Napa Valley Rehab, or Duffy s, for cash consideration of approximately $29.6 million and (iii) Cleveland House for approximately $10.2 million. Discovery House operates 19 comprehensive treatment centers located in four states. Duffy s is a substance abuse facility with 61 beds located in Calistoga, California. Cleveland House is an inpatient psychiatric facility with 32 beds located in England.

On November 1, 2015, we redeemed all of the outstanding $9.2 million principal amount of the 12.875% Senior Notes due 2018, or the 12.875% Senior Notes. As a result of this redemption, both the 12.875% Senior Notes and the indenture governing the 12.875% Senior Notes were satisfied and discharged in accordance with their terms.

On December 1, 2015, we completed the acquisition of certain facilities from MMO Behavioral Health Systems, including two acute inpatient behavioral health facilities with a total of 80 beds located in Jennings and Covington, Louisiana, for cash consideration of approximately $20.0 million.

We funded the approximately $194.4 million of cash used for these purposes from cash on hand and additional borrowings under our senior secured revolving line of credit.

Company Information

Acadia Healthcare Company, Inc. is a Delaware corporation. On May 13, 2011, we converted from a Delaware limited liability company (Acadia Healthcare Company, LLC) to a Delaware corporation (Acadia Healthcare Company, Inc.) in accordance with Delaware law. Our principal executive offices are located at 6100 Tower Circle, Suite 1000, Franklin, Tennessee 37067. Our telephone number is (615) 861-6000. Our website is *www.acadiahealthcare.com*. The information contained on our website is not part of this prospectus supplement or the accompanying prospectus and is not incorporated in this prospectus supplement, the accompanying prospectus or any other document that we file with the SEC by reference.

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The Offering

Common stock offered	10,000,000 shares
Underwriters option to purchase additional shares	1,500,000 shares
Common stock outstanding after this offering	81,689,268 shares (assuming no exercise of the underwriters option to purchase additional shares and not reflecting the issuance of 5,363,000 shares (subject to adjustment pursuant to the Purchase Agreement) issuable to Advent in connection with the Acquisition)
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $607.5 million, based on the assumed public offering price of $63.00 per share, which was a recent price of our common stock as reported on The NASDAQ Global Select Market. We plan to use the proceeds from this offering to pay a portion of the purchase price for the Acquisition and fees and expenses related to the Transactions, and otherwise for general corporate purposes. See Use of Proceeds elsewhere in this prospectus supplement. We anticipate using any proceeds from the underwriters exercise of their option to purchase additional shares to either reduce the equity consideration component of the Acquisition purchase price or reduce debt we would otherwise incur to finance the Acquisition.
Risk factors	You should carefully consider the risk factors set forth in the section entitled Risk Factors of this prospectus supplement, in the accompanying prospectus, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and in our other reports that we file with the SEC, which are incorporated by reference in this prospectus supplement, before making any decision to invest in our common stock.
Symbol for trading on The NASDAQ Global Select Market	ACHC

Unless otherwise indicated, all information in this prospectus supplement relating to the number of shares of our common stock outstanding immediately after the closing of this offering is based on 71,689,268 shares outstanding as of December 31, 2015, and:

- gives effect to the issuance of 10,000,000 shares of our common stock to be sold by us in this offering and the issuance of 5,363,000 shares to Advent under the Purchase Agreement (which number of shares is subject to adjustment under certain circumstances as set forth in the Purchase Agreement);

- assumes that the underwriters do not exercise their option to purchase up to 1,500,000 additional shares of our common stock from us; and

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excludes:

- 695,743 shares issuable upon exercise of stock options outstanding as of December 31, 2015 at a weighted average exercise price of $42.86 per share;

- 218,084 shares issuable upon the vesting of restricted units outstanding as of December 31, 2015; and

- an aggregate of 1,924,522 shares reserved for future grants under our Incentive Compensation Plan as of December 31, 2015.

For additional information regarding our common stock, see Description of Common Stock in the accompanying prospectus.

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Summary Historical Condensed Consolidated Financial Data and

Unaudited Pro Forma Condensed Combined Financial Data

The table below sets forth:

- our summary historical condensed consolidated financial data for the periods ended and at the dates indicated; and

- the unaudited pro forma condensed combined financial data for Acadia giving effect to Acadia s planned acquisition of Priory on February 16, 2016, other acquisitions completed by Acadia, including Acadia s acquisition of CRC and Partnerships in Care, this offering of common stock and the other Financing Transactions described in this prospectus supplement.

We have derived the historical condensed consolidated financial data for each of the three years in the period ended December 31, 2014 from our audited consolidated financial statements incorporated by reference in this prospectus supplement from our Annual Report on Form 10-K for the year ended December 31, 2014. We have derived the summary condensed consolidated financial data as of and for the nine months ended September 30, 2015 and 2014 from our unaudited interim condensed consolidated financial statements incorporated by reference in this prospectus supplement from our Quarterly Report on Form 10-Q for the nine months ended September 30, 2015 and 2014. The unaudited financial statements were prepared on a basis consistent with our audited financial statements and include, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for the fair statement of the financial information in those statements. The results for the nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the entire fiscal year.

The summary unaudited pro forma condensed combined financial information below for the year ended December 31, 2014, for the nine months ended September 30, 2015 and for the twelve months ended September 30, 2015 gives pro forma effect, in each case as if they occurred on January 1, 2014, to Acadia s planned acquisition of Priory, acquisitions completed by Acadia, including Acadia s acquisition of CRC and Partnerships in Care, the offering of common stock described in this prospectus supplement and the planned debt financing transactions. With respect to this offering, the unaudited pro forma condensed combined financial data is based on the assumption that we are offering 10,000,000 shares of common stock at an assumed public offering price of $63.00 per share, which was