

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Timberline Knolls, LLC		08/28/2012	LIMITED LIABILITY COMPANY: DELAWARE
RECEIVING PARTY DATA			
Name:	TK Behavioral, LLC		
Street Address:	830 Crescent Centre Drive		
Internal Address:	Suite 610		
City:	Franklin		
State/Country:	TENNESSEE		
Postal Code:	37067		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	3273796	TIMBERLINE KNOLLS	
CORRESPONDENCE DATA			
Fax Number:	6152446804		
	<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>		
Phone:	6158508741		
Email:	rfelber@wallerlaw.com		
Correspondent Name:	Robert P. Felber, Jr.		
Address Line 1:	c/o Waller Lansden Dortch & Davis, LLP		
Address Line 2:	511 Union Street, Suite 2700		
Address Line 4:	Nashville, TENNESSEE 37219		
ATTORNEY DOCKET NUMBER:	026219.14946 TIMBERLINE K		
NAME OF SUBMITTER:	Robert P. Felber, Jr.		

OP \$40.00 3273796

Signature:	/ROBERT P. FELBER, JR./
Date:	09/19/2012
Total Attachments: 7 source=Asset Purchase Agreement#page1.tif source=Asset Purchase Agreement#page2.tif source=Asset Purchase Agreement#page3.tif source=Asset Purchase Agreement#page4.tif source=Asset Purchase Agreement#page5.tif source=Asset Purchase Agreement#page6.tif source=Asset Purchase Agreement#page7.tif	

ASSET PURCHASE AGREEMENT

BY

AND

BETWEEN

TIMBERLINE KNOLLS, LLC,

AND

TK BEHAVIORAL, LLC

Dated as of August 28, 2012

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made and entered into as of August 28, 2012, by and among Timberline Knolls, LLC, a Delaware limited liability company ("Seller"), and TK Behavioral, LLC, a Delaware limited liability company ("Buyer").

WITNESSETH:

WHEREAS, Seller is engaged in the business of operating a behavioral health care facility known as Timberline Knolls Residential Treatment Center, located at 40 Timberline Drive, Lemont, IL 60439 (the "Business");

WHEREAS, Buyer desires to acquire substantially all of the assets of Seller used and/or useful in the Business, and Seller desires to sell such assets to Buyer, all as more fully set forth below;

WHEREAS, Buyer is a wholly-owned subsidiary of Acadia Healthcare Company, Inc., a Delaware corporation ("Buyer Parent"); and

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and inducement to Seller's willingness to enter into this Agreement, Buyer Parent is executing and delivering a guarantee for the benefit of Seller (the "Buyer Parent Guarantee"), providing, among other things, for Buyer Parent's absolute and unconditional guarantee of the payment and performance when due of Buyer's obligations under this Agreement.

NOW, THEREFORE, (or and in consideration of the premises, and the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and adequacy all of which are forever acknowledged and confessed, the parties hereto hereby agree as follows:

1. DEFINITIONS

1.1 Definitions. Capitalized terms used in this Agreement have the following meanings:

"Acquired Employees" has the meaning set forth in Section 9.2(a).

"Affiliate" means as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question and any successors or assigns of such Persons; and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by contract or otherwise.

"Agency Settlements" has the meaning set forth in Section 2.1.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Allocation" has the meaning set forth in Section 3.3.

"Allocation Objection Notice" has the meaning set forth in Section 3.3.

"Annual Financials" has the meaning set forth in Section 5.5(a).

"Assets" has the meaning set forth in Section 2.1.

"Assignment and Assumption Agreement" has the meaning set forth in Section 4.2.

"Assignment of Lease and Option" has the meaning set forth in Section 4.2.

"Federal Healthcare Program" means the Medicare, Medicaid and TRICARE programs.

"Federal Privacy Regulations" means the regulations contained in 45 C.F.R. Parts 160 and 164, as amended.

"Federal Transaction Regulations" means the regulations contained in 45 C.F.R. Parts 160 and 162, as amended.

"Financial Statements" has the meaning set forth in Section 5.5(a).

"GAAP" means generally accepted accounting principles in the United States.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, bureau, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof, any contractor of such governmental or quasi-governmental entity, and any tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization.

"Governmental Authorization" means any approval, certificate of authority, accreditation, license, registration, permit, franchise, right, or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any law.

"Gresham Escrowed Funds" means \$500,000.00 in cash to be deposited by Buyer with the Escrow Agent at the Closing pursuant to the Personal Goodwill Agreement and held in escrow pursuant to the Escrow Agreement.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Sections 1320d through d-8.

"Indemnify" has the meaning set forth in Section 10.5(a).

"Indemnitor" has the meaning set forth in Section 10.5(a).

"Independent Accounting Firm" has the meaning set forth in Section 3.3(a).

"Intellectual Property Assets" means all copyrights, trademarks, trade names, service marks, trade dress, domain names, trade secrets, patents, computer programs and other intellectual property and proprietary rights.

"Interim Financials" has the meaning set forth in Section 5.5(a).

"Interest Commencement Date" has the meaning set forth in Section 3.8.

"Knowledge of Seller" or "Seller's Knowledge" or any similar knowledge qualification means the actual knowledge of James Gresham after taking into account a reasonable inquiry by Mr. Gresham necessary to complete and deliver Seller's Schedules in accordance with this Agreement.

"Lease" has the meaning set forth in Section 5.7(a).

"Leased Real Property" has the meaning set forth in Section 5.7(a).

"Losses" has the meaning set forth in Section 10.1(a).

"Material Adverse Effect" means with respect to Seller or Buyer, as the case may be, any condition, change or effect that, individually or in the aggregate, would reasonably be expected to have a material adverse effect upon (a) the financial condition, business or results of operations of such party, taken as a whole or (b) the ability of such

5.10 Zoning. The present use of the Real Property is permitted, and it is a conforming structure under applicable zoning and building laws and ordinances. There are no pending or, to Seller's Knowledge, threatened requests, applications or proceedings to alter or restrict the zoning or other use restrictions applicable to the Business. No variance, special permit, special exceptions or other approval is required under the local zoning or planning laws from any Governmental Authority to operate the Business as a behavioral health care business.

5.11 Intellectual Property

(a) Schedule 5.11 sets forth in all material respects all of the Seller Intellectual Property Assets. Seller owns, is licensed or otherwise possesses legally enforceable rights to use in the manner and to the extent currently being used by Seller all of the Seller Intellectual Property Assets without (i) infringing or violating the valid and enforceable rights of other Persons, (ii) constituting breach of any agreement, obligation, promise or commitment by which Seller and its Affiliates may be bound or (iii) violating any laws in any applicable jurisdiction.

(b) No actions or proceedings (i) have been made or are currently pending or, to the Knowledge of Seller, threatened by any Person with respect to the Seller Intellectual Property Assets, including any actions or proceedings challenging the right of Seller to use, possess, transfer, convey or otherwise dispose of any Seller Intellectual Property Assets, or (ii) have been made or are currently pending or, to the Knowledge of Seller, threatened by any Person with respect to the Intellectual Property Assets of any third party (the "Third Party Intellectual Property Assets") to the extent arising out of any use, possession, transfer, reproduction, conveyance, distribution or other disposition of, or of products or methods covered by or otherwise relating to, such Third Party Intellectual Property Assets by or through Seller or any of its affiliates, except in the cases of clauses (i) and (ii), where such action or proceeding would not have an adverse effect on the Assets or the Business in any material respect.

(c) To the Knowledge of Seller, there is no unauthorized use, infringement, misappropriation or other violation of any of the Seller Intellectual Property Assets by any Person, including any employee, former employee, independent contractor or consultant of Seller or any of its affiliates.

(d) The Seller Intellectual Property Assets include all rights and interests necessary to conduct the business of Seller as it is currently conducted and such rights will not be adversely affected by Seller or any other Person claiming under or through Seller or otherwise in connection with or arising from the execution, delivery and performance of this Agreement or the consummation of any of the transactions contemplated hereby.

5.12 Insurance. Seller maintains in full force and effect, with no premium arrearages, insurance policies bearing the numbers, for the terms, with the companies, in the amounts and providing the coverage set forth on Schedule 5.12. True and correct copies of all such policies, and all endorsements thereto, have been delivered to Buyer. Except as set forth on Schedule 5.12, Seller has not been refused any insurance with respect to the Assets or the operations of the Business by any insurance carrier to which it has applied for any such insurance or with which it has carried insurance during the last three (3) years. Seller has given in a timely manner to its insurers all notices required to be given under such insurance policies with respect to all claims and actions covered by insurance, and no insurer has denied coverage of, or reserved its rights in respect of, any claim which remains open, or rejected any claim which remains open. Except as set forth on Schedule 5.12, Seller has not received notice or communication from any such insurance company canceling or materially and adversely amending any of such policies and, to the Knowledge of Seller, no such cancellation or amendment is threatened.

5.13 Litigation or Proceedings. Schedule 5.13 sets forth an accurate list and summary description of all litigation or proceedings with respect to the Business and the Assets to which Seller is a party. Except as set forth on Schedule 5.13, there are no claims, actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened against or affecting Seller with respect to the Business, at law or in equity, before or by any Governmental Authority wherever located and, to the Knowledge of Seller, no basis for any such action exists.

5.14 Governmental Authorizations, Compliance. Seller possesses all Governmental Authorizations that are required for the current conduct of the Business and the use of the Facility. Seller is in compliance in all material respects with all requirements of federal, state and local law, all applicable terms and requirements of each

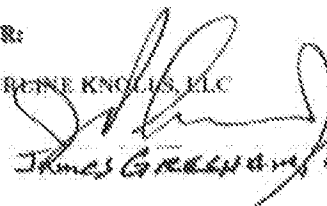
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in multiple originals by their authorized officers, all as of the date and year first above written.

SELLER:

TIMBERLINE KNOLL, LLC

By:

In:


James Grayson, Chief Executive Officer

BUYER:

TK BEHAVIORAL, LLC

By:

In:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in multiple originals by their authorized officers, all as of the date and year first above written.

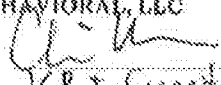
SELLER:

TIMBERLINE KNOLLS, LLC

By: _____
Its: _____

BUYER:

TK BEHAVIORAL, LLC

By:  _____
Its: *V.P. & Secretary* _____

**SCHEDULE 5.11
TO THE ASSET PURCHASE AGREEMENT
BY AND BETWEEN
TIMBERLINE KNOLLS, LLC AND
TK BEHAVIORAL, LLC**

In process of Federal Section 8 affidavit filing. "Timberline Knolls" Service Mark Registration #3273796, registration date August 7, 2007, classes 041,044

State of IL: "Timberline Knolls" Service Mark; Original date of registration October 19, 2005
Registration # 095-156

Software license agreements for the following applications:

90	CSUN0016	TRENDMICRO WORRY-FREE BUS SEC STD UPG-C 51-250U
2	DTAVAILVHAE	DOUBLE-TAKE AVAILABILITY ADVANCED EDITTON -1YR
2	DTAVAILVHAE-R	Double-Take Availability Virt Host Adv Mnt Rowl -1YR
1	FQC-02371	MS OLP WIN 7 PRO UPGRADE
1	FQC-02371	MS OLP WIN 7 PRO UPGRADE
1	FQC-02371	MS OLP WIN 7 PRO UPGRADE
6	GO2VXZFG-B11EA	SYMANTEC WHOLE DISK ENCRYPT W/ UNIV SVR V10.1- 1YR
9	GO2VXZFG-B11EA	SYMANTEC WHOLE DISK ENCRYPT W/ UNIV SVR V10.1- 1YR
1	MailStore	MailStore v6 -11 Users Includes 1 Year Update and Support Service
1	F72-04219	MS WINDOWS SERVER 2008 R2 ENT SERVER LICENSE
1	F73-04982	MS WIN SVR 2008 STD. LICENSE -R2
3	F73-04982	MS WIN SVR 2008 STD. LICENSE -R2
1	SSPCNSHV	APC POWERCHUTE NETWORK SHUTDOWN FOR HYPER-V
1	T5D-00295	MS OFFICE 2010 -HOME AND BUSINESS (PKC) SKYPE 3rd FLOOR
1	WG01.7898	WATCHGUARD PRO UPGRADE
		SalesForce
		Welligent
		Intuit QuickBooks Enterprise
		Tvalue
		Windows 7 Professional
		Windows XP
		Blackberry Enterprise Server
		Medisoft
		V55 Pro Scheduling Software
		Recipe Analyzer software