



PHC, Inc. Announces \$2 Million Private Placement

December 20, 2006

Single Strategic Investor Commits to \$2 Million Placement to Provide Equity
Component for Build-out of Seven Hills Facility

PEABODY, Mass., Dec. 20 /PRNewswire-FirstCall/ -- PHC, Inc., d.b.a. Pioneer Behavioral Health (OTC Bulletin Board: PIHC), a leading provider of inpatient and outpatient behavioral health services and pharmaceutical research, today announced that it has completed a \$2 million private placement with one institutional investor. The private placement was based upon a small discount to the volume-weighted market price and exclusively comprised of unregistered common equity. There was no placement agent or placement fees in the transaction.

"This financing, which will be utilized as the equity component for our new Seven Hills Behavioral Hospital in Henderson, Nevada, will enable us to accomplish two objectives. We will open on schedule and with an expanded mission and opportunity to create value," commented Bruce Shear, Chief Executive Officer of PHC. "The incremental business to be realized from our recently announced milestone contract with BHO underscores the strategic significance of our commitment and investment in this regional market," Shear concluded.

This offering was completed with a single long-term institutional shareholder, Camden Partners, which has increased its ownership significantly through this transaction. The Company has agreed to register these shares through a registration statement to be filed with the Securities and Exchange Commission.

About Pioneer Behavioral Health

Pioneer Behavioral Health operates companies that provide inpatient and outpatient behavioral health care services, clinical research and Internet- and telephonic-based referral services. The companies contract with national insurance companies, government payers, and major transportation and gaming companies, among others, to provide such services. For more information, please visit www.phc-inc.com or www.haydenir.com.

Statement under the Private Securities Litigation Reform Act of 1995:

Statement under the Private Securities Litigation Reform Act of 1995: This press release may include "forward-looking statements" that are subject to risks and uncertainties. Forward-looking statements include information about possible or assumed future results of the operations or the performance of the company and its future plans and objectives. Various future events or factors may cause the actual results to vary materially from those expressed in any forward-looking statements made in this press release. For a discussion of these factors and risks, see the company's annual report on Form 10-K for the most recently ended fiscal year.

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