



U.S. *Ph*YSICAL THERAPY, INC.

CONTACT:

U.S. Physical Therapy, Inc.
Roy W. Spradlin, Chairman, President and CEO
Larry McAfee, Chief Financial Officer
(713) 297-7000

Investors Relations:
DRG&E
Jack Lascar
(713) 529-6600

FOR IMMEDIATE RELEASE

U.S. Physical Therapy Announces First Quarter 2004 Results

Houston, TX, April 29, 2004 – U.S. Physical Therapy, Inc. (NasdaqNM: USPh), a national operator of physical and occupational therapy outpatient clinics, today reported results for the first quarter ended March 31, 2004.

First Quarter 2004 compared to First Quarter 2003

- Net revenues rose 13.2 percent to \$28.3 million, from \$25.0 million, due to a 9 percent increase in patient visits to 290,000 from 266,000 combined with a 3.6 percent increase from \$92.21 to \$95.49 in net patient revenue per visit.
- Earnings were \$0.13 per diluted share for the first quarter 2004 as compared to \$0.15 for the same prior year period. Net income for the first quarter 2004 was \$1.5 million versus \$1.8 million for the same period last year.
- Clinic operating costs increased to 74.2 percent of net revenues compared to 71 percent as average visits per day per clinic were 18.7 this quarter as compared to 20.5 in the first quarter last year.
- Corporate office cost as a percentage of net revenue was 12.8 percent for the first quarter 2004 compared to 12.7 percent for the same prior year period.
- Same store visits for all clinics open for one year or more were up approximately 1 percent. The net rate per visit for those clinics increased approximately 3 percent such that same store revenues increased 4 percent.

Roy Spradlin, U.S. Physical Therapy's Chief Executive Officer, stated, "Expected standards have been reinforced with our clinics and a facilities ranking system has been put in place utilizing key metrics. Average daily visits per clinic, which had declined over several quarters, appears to have bottomed out and was flat in the first quarter as compared to the fourth quarter. Patient cancellation and no show rates have been reduced. We have seen a positive response to several new marketing programs designed to increase referrals and patient visits. This year, from January to March, we experienced a 17% increase in average daily visits as compared to an 8% increase in the comparable three month period in 2003. We must maintain this momentum."

Mr. Spradlin went on to say that "Corporate cost as a percentage of revenue declined in the first quarter to 12.8% of revenue from 13.6% in the fourth quarter. There is still work to be done on getting clinic operating costs down, which will be a significant focus of our management team. A staff-to-volume plan is being implemented. Also we expect 8 to 12 new clinic openings in the second quarter and continue to project 45 to 50 new facilities for the year."

Larry McAfee, Chief Financial Officer, noted "Cash and investments grew in the first quarter by 10 percent from year end 2003 and as of March 31, 2004 stood at \$18.4 million or approximately \$1.50 per diluted share. Our current cash balance plus cash flow from operations should be more than sufficient to fund all new clinic development this year."

U.S. Physical Therapy's management will host a conference call at 10:30 am Eastern Time, 9:30 am Central Time on Thursday, April 29th to discuss the Company's first quarter 2004 results. Interested parties may participate in the call by dialing (888) 694-4676 or (973) 935-8511 approximately 10 minutes before the call is scheduled to begin. To listen to the live call via web-cast, go to the Company's website at www.usph.com at least 15 minutes early to register, download and install any necessary audio software. The conference call will also be archived and can be accessed for approximately 90 days after the conference call at this website.

Forward-Looking Statements

This press release contains forward-looking statements (often using words such as "believes," "expects," "intends," "plans," "appear," "should" and similar words), which involve numerous risks and uncertainties. Included among such statements are those relating to opening of new clinics, availability of personnel and reimbursement environment. The forward-looking statements are based on the Company's current views and assumptions and the Company's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain risks, uncertainties, and factors, which include, but are not limited to:

- revenue and earnings expectations;
- general economic, business, and regulatory conditions;
- competition;
- federal and state regulations;
- acquisitions;
- reimbursement rates from third party payors and deductibles and co-pays by patients;
- availability, terms, and use of capital;
- availability of qualified physical and occupational therapists; and
- weather.

Given these uncertainties, you should not place undue reliance on our forward-looking statements. Please see our other periodic reports filed with the Securities and Exchange Commission for more information on these factors. Management undertakes no obligation to update any forward-looking statement, whether as the result of actual results, changes in assumptions, new information, future events, or otherwise.

About U.S. Physical Therapy, Inc.

Founded in 1990, U.S. Physical Therapy, Inc. operates 244 outpatient physical and occupational therapy clinics in 35 states and manages five physical therapy facilities for third parties. The Company's clinics provide post-operative care for a variety of orthopedic-related disorders and sports-related injuries, treatment for neurologically-related injuries, rehabilitation of injured workers and preventative care. Named for three consecutive years in Forbes Magazine's Best 200 Small Companies List, U.S. Physical Therapy is included on the Russell 2000 and Russell 3000 Indexes.

More information about U.S. Physical Therapy, Inc. is available at www.usph.com. The information included on that website is not incorporated into this press release.

(See Attached Tables)

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended	
	March 31,	
	<u>2004</u>	<u>2003</u>
	(unaudited)	
Net patient revenues	\$ 27,715	\$ 24,483
Management contract revenues	566	477
Other revenues	<u>36</u>	<u>46</u>
Net revenues	28,317	25,006
Clinic operating costs:		
Salaries and related costs	14,619	12,274
Rent, clinic supplies and other	6,002	5,141
Provision for doubtful accounts	<u>397</u>	<u>338</u>
	21,018	17,753
Corporate office costs	<u>3,623</u>	<u>3,178</u>
Operating income	3,676	4,075
Interest expense	36	46
Minority interests in subsidiary limited partnerships	<u>1,182</u>	<u>1,145</u>
Income before income taxes	2,458	2,884
Provision for income taxes	<u>926</u>	<u>1,097</u>
Net income	<u>\$ 1,532</u>	<u>\$ 1,787</u>
Basic earnings per common share (Note 1)	<u>\$ 0.13</u>	<u>\$ 0.16</u>
Diluted earnings per common share (Note 1)	<u>\$ 0.13</u>	<u>\$ 0.15</u>

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONSOLIDATED EARNINGS PER SHARE

(In thousands, except per share data)

Note 1: The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended	
	March 31,	
	<u>2004</u>	<u>2003</u>
	(unaudited)	
Numerator:		
Net income	\$ 1,532	\$ 1,787
Numerator for basic earnings per share	1,532	1,787
Effect of dilutive securities:		
Interest on convertible subordinated notes payable	<u>23</u>	<u>31</u>
Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions	<u>\$ 1,555</u>	<u>\$ 1,818</u>
Denominator:		
Denominator for basic earnings per share --- weighted-average shares	11,472	10,907
Effect of dilutive securities:		
Stock options	368	824
Convertible subordinated notes payable	<u>524</u>	<u>700</u>
Dilutive potential common shares	<u>892</u>	<u>1,524</u>
Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions	<u>12,364</u>	<u>12,431</u>
Basic earnings per common share	<u>\$ 0.13</u>	<u>\$ 0.16</u>
Diluted earnings per common share	<u>\$ 0.13</u>	<u>\$ 0.15</u>

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS, EXCEPT SHARE DATA)

	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 18,439	\$ 16,822
Patient accounts receivable, less allowance for doubtful accounts of \$3,339 and \$3,456, respectively.....	15,790	14,135
Accounts receivable -- other.....	356	266
Other current assets.....	<u>1,546</u>	<u>1,802</u>
Total current assets.....	36,131	33,025
Fixed assets:		
Furniture and equipment.....	20,990	20,598
Leasehold improvements.....	<u>10,900</u>	<u>10,760</u>
	31,890	31,358
Less accumulated depreciation and amortization.....	<u>20,402</u>	<u>19,550</u>
	11,488	11,808
Goodwill, net of amortization of \$335.....	5,685	5,685
Other assets, net of amortization of \$432.....	<u>2,011</u>	<u>1,955</u>
	<u>\$ 55,315</u>	<u>\$ 52,473</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable -- trade.....	\$ 631	\$ 498
Accrued expenses.....	3,429	2,549
Notes payable.....	37	39
Convertible subordinated notes payable.....	<u>1,666</u>	<u>2,333</u>
Total current liabilities.....	5,763	5,419
Notes payable -- long-term portion.....	83	83
Other long-term liabilities.....	<u>439</u>	<u>346</u>
Total liabilities.....	6,285	5,848
Minority interests in subsidiary limited partnerships.....	3,458	3,278
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par value, 500,000 shares authorized, no shares issued and outstanding.....	--	--
Common stock, \$.01 par value, 20,000,000 shares authorized, 12,443,514 and 12,242,577 shares issued at March 31, 2004 and December 31, 2003, respectively.....	124	122
Additional paid-in capital.....	27,499	26,808
Retained earnings.....	30,471	28,939
Treasury stock at cost, 947,100 shares held at March 31, 2004 and December 31, 2003.....	<u>(12,522)</u>	<u>(12,522)</u>
Total shareholders' equity.....	<u>45,572</u>	<u>43,347</u>
	<u>\$ 55,315</u>	<u>\$ 52,473</u>

U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Three Months Ended	
	March 31,	
	<u>2004</u>	<u>2003</u>
Operating activities		
Net income	\$ 1,532	\$ 1,787
Depreciation and amortization	905	841
Minority interest in earnings	1,182	1,145
Provision for doubtful accounts	397	338
Tax benefit from exercise of options	23	171
Deferred income taxes	226	--
Other	3	(34)
Changes in working capital	<u>(1,064)</u>	<u>288</u>
Net cash provided by operating activities	3,204	4,536
Investing activities		
Purchase of fixed assets	(591)	(1,470)
Other	<u>3</u>	<u>129</u>
Net cash used in investing activities	(588)	(1,341)
Financing activities		
Payment of notes payable	--	(1)
Repurchase of common stock	--	(20)
Proceeds from exercise of stock options	3	202
Distributions to minority investors	<u>(1,002)</u>	<u>(852)</u>
Net cash used in financing activities	(999)	(671)
Change in cash and cash equivalents	<u>\$ 1,617</u>	<u>\$ 2,524</u>

Note 2: Certain prior period amounts have been reclassified for comparison purposes.