



**FOR IMMEDIATE RELEASE**

**U.S. PHYSICAL THERAPY REPORTS RECORD RESULTS FOR FIRST QUARTER**

**First Quarter Net Income Up 37.3% on 17.5% Increase in Revenues**

**Annual Meeting of Stockholders to Take Place in New York City on May 21<sup>st</sup>**

Houston, TX – May 1, 2002 - U.S. Physical Therapy, Inc. (Nasdaq National Market:USPH) today announced financial results for the first quarter ended March 31, 2002. (See attached tables).

**First Quarter 2002 vs. First Quarter 2001**

- Revenues rose 17.5% to \$22,250,000 primarily due to a 15% increase in patient visits to 237,000 combined with a 2.3% increase in patient revenues per visit to \$91.41.
- Net income rose 37.3% to \$2,076,000, or \$0.16 per diluted share, from \$1,512,000, or \$0.12 per diluted share. Earnings per share and share amounts for 2001 have been adjusted for the three-for-two stock split, effected in the form of a stock dividend, distributed on June 28, 2001.
- Clinic operating costs were 67.9% of net revenues compared to 68.7%.
- Corporate office costs as a percentage of net revenues were 11.3% compared to 11.2% in the prior year quarter.
- Same store sales related to clinics opened more than one year increased 6.6% for the quarter on an increase in same store visits of 3.7%.

Roy Spradlin, Chairman, President and Chief Executive Officer of U.S. Physical Therapy stated, "For the first quarter, visits, revenues and net income set new records, and the balance sheet is the strongest in the Company's history, with cash and shareholders' equity at all time highs. The contribution margin from the clinics increased to 32.1% in 2002 compared to 31.3% in the first quarter of last year due to higher patient revenues per visit. In the first quarter, six new clinics were opened. Presently, six new clinics are under construction; eleven are in the final phases of lease negotiations; and seven new clinic locations have been approved for which we are seeking real estate. With the 24 approved clinics in different stages of development, and over 30 other clinics in the development pipeline awaiting final approval, we feel confident that our target of 35-40 new facilities for 2002 will be achieved."

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Mr. Spradlin noted, "The growth in revenues and visits continued as anticipated during the first quarter. With the new clinics added over the last two quarters and the resulting increase in patient visits expected in future quarters, clinic personnel was added to accommodate the growth and caused a temporary increase in clinic expenses per visit. This has been resolved by the significant visit growth experienced in March and with the record number of visits for a single month in April. With the continued momentum of increased visits in the second quarter, clinic expenses per visit are expected to decrease."

### **Annual Meeting Set For May 21, 2002**

Separately, the Company announced that it will hold its Annual Meeting of Stockholders at 9:00 am on Tuesday, May 21<sup>st</sup> at New York City's Grand Hyatt Hotel. "We are conducting the meeting in New York to enable our shareholders, both individual and institutional, in the greater metropolitan area easy access to the event and in support of the economic recovery of New York."

### **Conference Call**

U.S. Physical Therapy's management will host a conference call at 10:30 am Eastern Time, 9:30 am Central Time on Wednesday, May 1<sup>st</sup> to discuss first quarter results. Interested parties may participate in the call by dialing **1-800-863-1575** approximately 10 minutes before the call is scheduled to begin. To listen to the live call, please go to the Company's website at [www.usphysicaltherapy.com](http://www.usphysicaltherapy.com) at least 15 minutes early to register, download and install any necessary audio software. The conference call will be archived and can be accessed for approximately 90 days at this website.

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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:

- general economic, business, and regulatory conditions;
- competition;
- federal and state regulations;
- availability, terms, and use of capital; and
- weather.

Please see the Company's filings 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 168 outpatient physical and/or occupational therapy clinics in 31 states and manages six PT 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. In addition to owning and operating clinics, the Company manages several physical therapy facilities for third parties, including physician groups. Named for two 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 is available at [www.usphysicaltherapy.com](http://www.usphysicaltherapy.com).

#### **CONTACT:**

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

**-or-**

#### **USPH's INVESTOR RELATIONS:**

The Equity Group Inc.  
Linda Latman (212) 836-9609  
Robert Goldstein (212) 371-8660

(See Attached Tables)

**U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
 (in thousands, except per share data)  
 (unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u><b>2002</b></u>	<u><b>2001</b></u>
Net patient revenues	\$ 21,636	\$ 18,332
Management contract revenues	588	565
Other revenues	<u>26</u>	<u>33</u>
Net revenues	22,250	18,930
Clinic operating costs	15,102	12,997
Corporate office costs	<u>2,505</u>	<u>2,119</u>
Operating income before non-operating expenses	4,643	3,814
Interest expense	59	84
Minority interests in subsidiary limited partnerships	<u>1,231</u>	<u>1,264</u>
Income before income taxes	3,353	2,466
Provision for income taxes	<u>1,277</u>	<u>954</u>
Net income	<u>\$ 2,076</u>	<u>\$ 1,512</u>
Basic earnings per common share (Note 1)	<u>\$ .19</u>	<u>\$ .15</u>
Diluted earnings per common share (Note 1)	<u>\$ .16</u>	<u>\$ .12</u>

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**U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
 (in thousands, except per share data)  
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Note 1: The following table sets forth the computation of basic and diluted earnings per share:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2002</u>	<u>2001</u>
Numerator:		
Net income	\$ 2,076	\$ 1,512
Numerator for basic earnings per share	\$ 2,076	\$ 1,512
Effect of dilutive securities:		
Interest on convertible subordinated notes payable	<u>39</u>	<u>46</u>
Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions	<u>\$ 2,115</u>	<u>\$ 1,558</u>
Denominator:		
Denominator for basic earnings per share --- weighted-average shares	10,654	9,695
Effect of dilutive securities:		
Stock options	1,626	2,070
Convertible subordinated notes payable	<u>900</u>	<u>1,038</u>
Dilutive potential common shares	<u>2,526</u>	<u>3,108</u>
Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions	<u>13,180</u>	<u>12,803</u>
Basic earnings per common share	<u>\$ .19</u>	<u>\$ .15</u>
Diluted earnings per common share	<u>\$ .16</u>	<u>\$ .12</u>

**U.S. PHYSICAL THERAPY, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
 (in thousands, except share amounts)

	<u>March 31,</u> <u>2002</u> (unaudited)	<u>December 31,</u> <u>2001</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,267	\$ 8,121
Patient accounts receivable, less allowance for doubtful accounts of \$3,935 and \$3,805, respectively	13,800	12,769
Accounts receivable - other	759	878
Other current assets	<u>653</u>	<u>646</u>
Total current assets	25,479	22,414
Fixed assets:		
Furniture and equipment	14,777	14,214
Leasehold improvements	<u>7,823</u>	<u>7,389</u>
	22,600	21,603
Less accumulated depreciation and amortization	<u>14,490</u>	<u>13,798</u>
	8,110	7,805
Goodwill, net of amortization of \$335 and \$335, respectively	4,978	4,519
Other assets, net of amortization of \$502 and \$501, respectively	<u>1,550</u>	<u>1,482</u>
	<u>\$ 40,117</u>	<u>\$ 36,220</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable - trade	\$ 328	\$ 539
Accrued expenses	1,166	1,931
Estimated third-party payor (Medicare) settlements	33	113
Notes payable	<u>4</u>	<u>701</u>
Total current liabilities	1,531	3,284
Notes payable – long-term portion	21	21
Convertible subordinated notes payable	3,000	3,000
Minority interests in subsidiary limited partnerships	3,435	3,249
Commitments and contingencies	---	---
Shareholders' equity:		
Preferred stock, \$.01 par value, 500,000 shares authorized, -0- shares outstanding	---	---
Common stock, \$.01 par value, 20,000,000 shares authorized, 11,137,457 and 10,688,321 shares issued at March 31, 2002 and December 31, 2001, respectively	111	107
Additional paid-in capital	18,813	15,429
Retained earnings	15,196	13,120
Treasury stock at cost, 149,700 shares held at March 31, 2002 and December 31, 2001	<u>(1,990)</u>	<u>(1,990)</u>
Total shareholders' equity	<u>32,130</u>	<u>26,666</u>
	<u>\$ 40,117</u>	<u>\$ 36,220</u>