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U.S. PHYSICAL THERAPY REPORTS THIRD QUARTER FINANCIAL RESULTS**Third Quarter Net Income Up 11% on 16% Increase in Revenues**

Houston, TX – November 8, 2002 - U.S. Physical Therapy, Inc. (Nasdaq National Market: USPH), a national operator of outpatient clinics, today reported results for the third quarter and nine months ended September 30, 2002.

Third Quarter 2002 vs. Third Quarter 2001

- Net income rose 11.1 percent to \$2.0 million, or \$0.16 per diluted share, from \$1.8 million, or \$0.14 per diluted share.
- Revenues rose 15.7 percent to \$23.8 million, from \$20.6 million, primarily due to a 14.3 percent increase in patient visits to 252,000, combined with a 1.9 percent increase in patient revenues per visit to \$92.12.
- Clinic operating costs were 68.0 percent of net revenues compared to 67.7 percent.
- Corporate office costs as a percentage of net revenues were 12.5 percent compared to 11.3 percent in the prior year quarter as the Company incurred additional staffing and related costs to support the higher number of clinics.
- Same store sales related to clinics opened more than one year increased 9.2 percent for the quarter on an increase in same store visits of 7.1 percent.

First Nine Months of 2002 vs. First Nine Months of 2001

- Net income rose 23.5 percent to \$6.4 million, or \$.50 per diluted share from \$5.1 million, or \$.40 per diluted share.
- Revenues rose 18.0 percent to \$70.1 million, from \$59.4 million, due to a 16.4 percent increase in patient visits to 745,000 and a 2.0 percent increase in patient revenues per visit to \$91.68.
- Clinic operating costs were 67.4 percent of net revenues compared to 67.8 percent in 2001.
- Corporate office costs were 11.9 percent of net revenues versus 11.2 percent one year earlier.
- Same store sales increased 13.8 percent for the year on an increase in same store visits of 11.7 percent.

"U.S. Physical Therapy's strong third quarter results reflect continued success in the execution of our organic growth strategy, as we continue to meet our long-term revenue growth goal," commented Roy Spradlin, the Company's Chairman, President and Chief Executive Officer. "We opened 14 new clinics in the third quarter, and have opened another 11 clinics since the end of the quarter, bringing the total opened for the year to 39, thus meeting our stated goal of opening 35 – 40 new clinics by year end.

"During the quarter we took advantage of the decline in the Company's stock price and purchased 550,000 shares of the Company's outstanding common stock at an average price per share of \$14.22. In October, we purchased an additional 100,000 shares at an average price of \$10.12. These purchases, combined with purchases completed late last year, brings total treasury stock purchases pursuant to the Company's stock purchase plan to 785,000 of the 1,000,000 shares originally authorized.

Spradlin continued, "Our patient revenue per visit increased to its highest level ever, \$92.12, while the number of patient visits declined 1.6 percent over the second quarter, as we indicated it would in September. As we wind down the year, we are pleased with our results as evidenced by our solid balance sheet, with over \$8.9 million in cash, \$41 million in total assets, and under \$2.5 million in long-term debt. We reconfirm our prior guidance given in September of earning \$0.64 to \$0.68 for fiscal year 2002, and look forward to a successful 2003."

U. S. Physical Therapy's management will host a conference call at 10:30 am Eastern Time, 9:30 am Central Time on Friday, November 8 to discuss second quarter 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, please go to the Company's website at 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.

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;
- availability of skilled physical therapists to become partners of the Company; 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 201 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.

(See Attached Tables)

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

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
	(unaudited)		(unaudited)	
Net patient revenues	\$ 23,232	\$ 19,943	\$ 68,317	\$ 57,531
Management contract revenues	552	586	1,710	1,728
Other revenues	27	53	85	119
Net revenues	<u>23,811</u>	<u>20,582</u>	<u>70,112</u>	<u>59,378</u>
Clinic operating costs:				
Salaries and related costs	10,490	9,046	30,828	25,966
Rent, clinic supplies and other	5,332	4,394	15,095	12,856
Provision for doubtful accounts	373	484	1,315	1,435
	<u>16,195</u>	<u>13,924</u>	<u>47,238</u>	<u>40,257</u>
Corporate office costs	<u>2,970</u>	<u>2,323</u>	<u>8,338</u>	<u>6,642</u>
Operating income before non-operating expenses	4,646	4,335	14,536	12,479
Interest expense	47	62	167	206
Minority interests in subsidiary limited partnerships	<u>1,315</u>	<u>1,308</u>	<u>3,946</u>	<u>3,942</u>
Income before income taxes	3,284	2,965	10,423	8,331
Provision for income taxes	<u>1,266</u>	<u>1,140</u>	<u>3,993</u>	<u>3,207</u>
Net income	<u>\$ 2,018</u>	<u>\$ 1,825</u>	<u>\$ 6,430</u>	<u>\$ 5,124</u>
Basic earnings per common share (Note 1)	<u>\$.18</u>	<u>\$.18</u>	<u>\$.58</u>	<u>\$.51</u>
Diluted earnings per common share (Note 1)	<u>\$.16</u>	<u>\$.14</u>	<u>\$.50</u>	<u>\$.40</u>

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

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	(unaudited)		(unaudited)	
Numerator:				
Net income	\$ 2,018	\$ 1,825	\$ 6,430	\$ 5,124
Numerator for basic earnings per share	\$ 2,018	\$ 1,825	\$ 6,430	\$ 5,124
Effect of dilutive securities:				
Interest on convertible subordinated notes payable	<u>31</u>	<u>40</u>	<u>108</u>	<u>125</u>
Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions	<u>\$ 2,049</u>	<u>\$ 1,865</u>	<u>\$ 6,538</u>	<u>\$ 5,249</u>
Denominator:				
Denominator for basic earnings per share --- weighted-average shares	11,178	10,270	10,990	9,997
Effect of dilutive securities:				
Stock options	1,002	2,017	1,308	2,087
Convertible subordinated notes payable	<u>700</u>	<u>900</u>	<u>748</u>	<u>945</u>
Dilutive potential common shares	<u>1,702</u>	<u>2,917</u>	<u>2,056</u>	<u>3,032</u>
Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions	<u>12,880</u>	<u>13,187</u>	<u>13,046</u>	<u>13,029</u>
Basic earnings per common share	<u>\$.18</u>	<u>\$.18</u>	<u>\$.58</u>	<u>\$.51</u>
Diluted earnings per common share	<u>\$.16</u>	<u>\$.14</u>	<u>\$.50</u>	<u>\$.40</u>

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

	<u>September 30,</u> <u>2002</u>	<u>December 31,</u> <u>2001</u>
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,977	\$ 8,121
Patient accounts receivable, less allowance for doubtful accounts of \$4,259 and \$3,805, respectively	13,169	12,769
Accounts receivable - other	572	878
Other current assets	<u>1,782</u>	<u>1,168</u>
Total current assets	24,500	22,936
Fixed assets:		
Furniture and equipment	16,754	14,214
Leasehold improvements	<u>8,660</u>	<u>7,389</u>
	25,414	21,603
Less accumulated depreciation and amortization	<u>15,887</u>	<u>13,798</u>
	9,527	7,805
Goodwill, net of amortization of \$335 and \$335, respectively	5,582	4,519
Other assets, net of amortization of \$504 and \$501, respectively	<u>1,821</u>	<u>1,482</u>
	<u>\$ 41,430</u>	<u>\$ 36,742</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade	\$ 518	\$ 539
Accrued expenses	2,611	2,453
Estimated third-party payor (Medicare) settlements	33	113
Notes payable	<u>4</u>	<u>701</u>
Total current liabilities	3,166	3,806
Notes payable – long-term portion	19	21
Convertible subordinated notes payable	2,333	3,000
Minority interests in subsidiary limited partnerships	3,328	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, 11,726,510 and 10,688,321 shares issued at September 30, 2002 and December 31, 2001, respectively	117	107
Additional paid-in capital	22,729	15,429
Retained earnings	19,550	13,120
Treasury stock at cost, 699,700 and 149,700 shares held at September 30, 2002 at December 31, 2001, respectively	<u>(9,812)</u>	<u>(1,990)</u>
Total shareholders' equity	<u>32,584</u>	<u>26,666</u>
	<u>\$ 41,430</u>	<u>\$ 36,742</u>

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