



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

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U.S. Physical Therapy Reports First Quarter 2005 Results

Earnings Increase 33% as Compared to First Quarter 2004

Houston, TX, April 28, 2005 – U.S. Physical Therapy, Inc. (NASDAQ: USPh), a national operator of physical and occupational therapy outpatient clinics, today reported results for the first quarter ended March 31, 2005.

U.S. Physical Therapy's reported net earnings for the first quarter of 2005 were \$2.0 million or \$0.17 per diluted share.

First Quarter 2005 compared to First Quarter 2004

- Net revenue rose 9.1% to \$30.9 million, from \$28.3 million, due to an 8.1% increase in patient visits from 290,000 to 314,000, combined with a 1.3% increase from \$95.49 to \$96.76 in net patient revenue per visit.
- Clinic operating costs decreased to 72.8% of net revenue compared to 74.3% with a resulting increase in gross margin from 25.7% to 27.2%.
- Corporate office cost as a percentage of net revenues rose from 12.8% in the first quarter 2004 to 13.1%. The largest component in the increase was for higher accounting fees and internal costs attributable to Sarbanes Oxley compliance.
- Net income for the quarter increased 32.7% from \$1.5 million to \$2.0 million. Reported earnings were \$0.17 per diluted share for the first quarter 2005 as compared to \$0.13 a year ago.
- Average visits per day per clinic were 18.4 as compared to 18.7 in the first quarter of last year. These averages include all of the Company's clinics including those opened during the periods.

- Same store visits for clinics open for one year or more increased 1.2%. The net rate per visit for those clinics also increased 1.4% resulting in a same store revenue increase of 2.6%.

Chris Reading, Chief Executive Officer, said, "We are pleased with the Company's first quarter results which generated revenue, margin and net income improvement. This confirms the effectiveness of the operating plan we initiated in the fall of 2004. Six clinics were opened in the first quarter and another three are to be opened this month. We have been very pleased with the quality of our new partners and the potential of these facilities. Our management team's primary focus is to enhance the beneficial aspects of our partnership platform to produce long term earnings growth."

Larry McAfee, Chief Financial Officer, noted, "During the first quarter of 2005 we repurchased approximately 240,000 shares of our common stock at an average cost of \$14.90 per share. Since September 2004, the Company has repurchased over 600,000 shares or approximately 5% of its previously outstanding shares. As of March 31, 2005, we had an additional 200,000 shares available for purchase under the Company's authorized share repurchase program. Even after using \$3.6 million during the first quarter for stock purchases, cash and cash equivalents totaled \$20.9 million, or approximately \$1.76 per common share outstanding, as of March 31, 2005."

U.S. Physical Therapy's management will host a conference call at 10:30 am Eastern Time, 9:30 am Central Time on April 28, 2005 to discuss the Company's first quarter 2005 results. Interested parties may participate in the call by dialing (800) 938-0653 or (973) 321-1100 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 be archived and can be accessed for approximately 90 days at this website.

Forward-Looking Statements

This press release contains statements that are considered to be forward-looking within the meaning under Section 21E of the Securities Exchange Act of 1934. These statements contain forward-looking information relating to the financial condition, results of operations, plans, objectives, future performance and business of our Company. These statements (often using words such as "believes", "expects", "intends", "plans", "appear", "should" and similar words) involve risks and uncertainties that could cause actual results to differ materially from those we project. Included among such statements are those relating to opening new clinics, availability of personnel and the reimbursement environment. The forward-looking statements are based on our current views and assumptions and 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 including federal and state regulations;
- availability of qualified physical and occupational therapists;
- the failure of our clinics to maintain their Medicare certification status or changes in Medicare guidelines;
- competitive and/or economic conditions in our markets which may require us to close certain clinics and thereby incur closure costs and losses including the possible write-off or write-down of goodwill;

- changes in reimbursement rates or methods from third party payors including government agencies and deductibles and co-pays owed by patients;
- maintaining adequate internal controls;
- availability, terms, and use of capital;
- future acquisitions; and
- weather.

Many factors are beyond our control. Given these uncertainties, you should not place undue reliance on our forward-looking statements. Please see periodic reports filed with the Securities and Exchange Commission (the "SEC") for more information on these factors. Our forward-looking statements represent our estimates and assumptions only as of the date of this report. Except as required by law, we are under no obligation to update any forward- looking statement, regardless of the reason the statement is no longer accurate.

About U.S. Physical Therapy, Inc.

Founded in 1990, U.S. Physical Therapy, Inc. operates 269 outpatient physical and/or occupational therapy clinics in 36 states. The Company's clinics provide preventative and post-operative care for a variety of orthopedic-related disorders and sports-related injuries, treatment for neurologically-related injuries and rehabilitation of injured workers. In addition to owning and operating clinics, the Company manages physical therapy facilities for third parties, including hospitals and physician groups. U.S. Physical Therapy, Inc. has been named for three consecutive years in Forbes Magazine's Best 200 Small Companies List.

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>2005</u>	<u>2004</u>
	(unaudited)	
Net patient revenues	\$ 30,352	\$ 27,715
Management contract revenues	503	566
Other revenues	<u>23</u>	<u>17</u>
Net revenues	30,878	28,298
 Clinic operating costs:		
Salaries and related costs	15,800	14,619
Rent, clinic supplies and other	6,336	6,002
Provision for doubtful accounts	<u>312</u>	<u>397</u>
	22,448	21,018
 Loss on sale or disposal of fixed assets	42	--
 Corporate office costs	<u>4,041</u>	<u>3,623</u>
 Operating income	4,347	3,657
Other (income) expense		
Interest (income) expense, net	(93)	17
Minority interests in subsidiary limited partnerships	<u>1,187</u>	<u>1,182</u>
	1,094	1,199
 Income before income taxes	3,253	2,458
Provision for income taxes	<u>1,224</u>	<u>926</u>
 Net income	<u>\$ 2,029</u>	<u>\$ 1,532</u>
 Basic earnings per common share (Note 1)	<u>\$ 0.17</u>	<u>\$ 0.13</u>
Diluted earnings per common share (Note 1)	<u>\$ 0.17</u>	<u>\$ 0.13</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,	
	2005	2004
	(unaudited)	
Numerator:		
Net income	\$ 2,029	\$ 1,532
Numerator for basic earnings per share	2,029	1,532
Effect of dilutive securities:		
Interest on convertible subordinated notes payable	--	23
Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions	\$ 2,029	\$ 1,555
Denominator:		
Denominator for basic earnings per share --- weighted-average shares	11,963	11,472
Effect of dilutive securities:		
Stock options	145	368
Convertible subordinated notes payable	--	524
Dilutive potential common shares	145	892
Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions	12,108	12,364
Basic earnings per common share	\$ 0.17	\$ 0.13
Diluted earnings per common share	\$ 0.17	\$ 0.13

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

	March 31, 2005	December 31, 2004
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 20,863	\$ 20,553
Patient accounts receivable, less allowance for doubtful accounts of \$2,111 and \$2,447, respectively.....	17,964	17,669
Accounts receivable -- other.....	710	549
Other current assets.....	<u>1,477</u>	<u>1,835</u>
Total current assets.....	41,014	40,606
Fixed assets:		
Furniture and equipment.....	22,668	22,781
Leasehold improvements.....	<u>13,966</u>	<u>13,912</u>
	36,634	36,693
Less accumulated depreciation and amortization.....	<u>23,473</u>	<u>23,043</u>
	13,161	13,650
Goodwill.....	6,640	6,127
Other assets.....	<u>1,407</u>	<u>1,225</u>
	<u>\$ 62,222</u>	<u>\$ 61,608</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable -- trade.....	\$ 1,155	\$ 1,181
Accrued expenses.....	6,523	4,367
Notes payable.....	<u>70</u>	<u>70</u>
Total current liabilities.....	7,748	5,618
Deferred rent.....	1,421	1,518
Other long-term liabilities.....	<u>1,024</u>	<u>982</u>
Total liabilities.....	10,193	8,118
Minority interests in subsidiary limited partnerships.....	3,282	3,311
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, 13,445,242 and 13,436,557 shares issued at March 31, 2005 and December 31, 2004, respectively.....	134	134
Additional paid-in capital.....	32,646	32,534
Retained earnings.....	37,646	35,617
Treasury stock at cost, 1,560,385 and 1,320,503 shares held at March 31, 2005 and December 31, 2004, respectively	<u>(21,679)</u>	<u>(18,106)</u>
Total shareholders' equity.....	<u>48,747</u>	<u>50,179</u>
	<u>\$ 62,222</u>	<u>\$ 61,608</u>

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

	Three Months Ended	
	March 31,	
	2005	2004
	(unaudited)	
Operating activities		
Net income	\$ 2,029	\$ 1,532
Depreciation and amortization	1,063	905
Minority interest in earnings	1,187	1,182
Provision for doubtful accounts	312	397
Loss on sale or abandonment of fixed assets	42	--
Tax benefit from exercise of options	16	23
Deferred rent	(97)	--
Deferred income taxes	(27)	226
Other	-	3
Changes in working capital	1,607	(1,064)
Net cash provided by operating activities	6,132	3,204
Investing activities		
Purchase of fixed assets	(629)	(591)
Purchase of goodwill, including minority interest	(513)	--
Other	13	3
Net cash used in investing activities	(1,129)	(588)
Financing activities		
Repurchase of common stock	(3,573)	--
Proceeds from exercise of stock options	96	3
Distributions to minority investors	(1,216)	(1,002)
Net cash used in financing activities	(4,693)	(999)
 Change in cash and cash equivalents	 \$ 310	 \$ 1,617

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