



**FOR IMMEDIATE RELEASE**

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

**First Quarter Net Income Up 125% on 28% Increase in Revenues**

Houston, TX – May 2, 2001 - U.S. Physical Therapy, Inc. (Nasdaq National Market:USPH) today announced financial results for the first quarter ended March 31, 2001. (See attached tables).

Net income for the first quarter of 2001 rose 125% to \$1,512,000, or \$.18 per diluted share, compared to \$671,000, or \$.10 per diluted share, in the comparable period of the prior year. Weighted average shares outstanding for the quarter were reduced by the Company's repurchase of 1,130,000 shares of its common stock in August 2000. Earnings per share and share amounts have been adjusted for the two-for-one stock split effected in the form of a 100% stock dividend distributed on January 5, 2001 to holders of record as of December 27, 2000.

Net revenues for the first quarter of 2001 increased 28% to \$18,930,000 from \$14,822,000 in the comparable period in 2000. The increase in revenues was due to a 25% increase in patient visits to 205,000 from the comparable period in the prior year and a 3.4% increase in net patient revenues per visit to \$89.36.

Clinic operating costs in the first quarter of 2001 were 68.7% of net revenues compared to 72.1% of net revenues in the first quarter of 2000. Of the 142 clinics operating at March 31, 2001, 16.9% were less than a year old and an additional 15.5% were under two years old. Operating costs as a percentage of net revenues have historically been higher at new clinics, but as new clinics mature into seasoned clinics, the patient and revenue base increases and thus profit contribution increases.

Corporate office costs as a percentage of net revenues in the 2001 first quarter were 11.2%, as compared to 13.6% in the corresponding period of 2000. Included in corporate office costs for the 2000 first quarter are expenses aggregating \$301,000 related to the Company's surgery center initiative, which was discontinued in

March 2000. The increase in corporate office costs for the quarter is due primarily to the increased level of expenses, including salary and travel expenses, necessary to support the larger number of clinics in operation.

Operating income for the 2001 first quarter was \$3,814,000, up 81.0% from \$2,108,000 in the same period last year. In the current first quarter, minority interests in subsidiary limited partnerships increased \$451,000 over the corresponding period last year, reflecting the higher profitability at those clinics in which the Company has partners.

The remaining \$900,000 of bank debt borrowed in 2000 to purchase Company common stock was repaid during the quarter. Additionally, in January 2001, \$4,200,000 of subordinated convertible debt was converted into 798,000 shares of common stock, leaving \$3,000,000 of convertible debt still unconverted.

Roy Spradlin, President and Chief Executive Officer, commented, "The Company's first quarter performance was the best in our history due to the combination of both increased patient visits from new and older clinics and increased net revenues per visit. Patient visits increased 25% from the same quarter last year and 13% from the fourth quarter. Although our net revenues per visit had been increasing gradually in previous quarters, this quarter's increase of 3.4% was more significant due to increases in the rates from managed care plans and increased Medicare reimbursement."

Mr. Spradlin continued, "Our outlook for the year continues to be very positive. We opened four new clinics in the first quarter, but our pipeline of new clinics is full and our target of 30 to 35 new clinics for the year is still realistic. One clinic was closed during the quarter, bringing the total number of clinics at quarter end to 142."

- continued -

U. S. Physical Therapy's management will host a conference call at 10:30 am Eastern Daylight Time, 9:30 am Central Daylight Time, on Monday, May 7th to discuss first quarter results. Interested parties may participate in the call by dialing 1-800-215-6513 approximately 10 minutes before the call is scheduled to begin. This conference call will also be distributed live over CCBN's Investor Distribution Network. Individual investors may listen to the call via [www.companyboardroom.com](http://www.companyboardroom.com). Institutional investors may access the call via [www.streetevents.com](http://www.streetevents.com). To listen to the live call please go to one of the websites 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 30 days at these websites.

This press release contains forward-looking statements (often using words such as "believes", "expects", "intends", "plans", "should" and similar words), which involve numerous risks and uncertainties. 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.

U.S. Physical Therapy and its partners currently operate 142 outpatient clinics in 30 states and manage seven PT facilities for physician practices.

**CONTACT:**

U.S. Physical Therapy, Inc.  
J. Livingston Kosberg, Chairman  
Roy W. Spradlin, President and CEO  
(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>2001</b></u>	<u><b>2000</b></u>
Net patient revenues	\$ 18,332	\$ 14,228
Management contract revenues	565	561
Other revenues	<u>33</u>	<u>33</u>
Net revenues	18,930	14,822
Clinic operating costs	12,997	10,694
Corporate office costs	<u>2,119</u>	<u>2,020</u>
Operating income before non-operating expenses	3,814	2,108
Interest expense	84	181
Minority interests in subsidiary limited partnerships	<u>1,264</u>	<u>813</u>
Income before income taxes	2,466	1,114
Provision for income taxes	<u>954</u>	<u>443</u>
Net income	<u><u>\$ 1,512</u></u>	<u><u>\$ 671</u></u>
Basic earnings per common share (Note 2)	<u><u>\$ .23</u></u>	<u><u>\$ .10</u></u>
Diluted earnings per common share (Note 2)	<u><u>\$ .18</u></u>	<u><u>\$ .10</u></u>

Note 1: Certain prior period amounts have been reclassified for comparison purposes. The reclassifications had no effect on net income.

- continued -

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

Note 2: The following table sets forth the computation of basic and diluted earnings per share:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2001</u>	<u>2000</u>
Numerator:		
Net income	\$ 1,512	\$ 671
Numerator for basic earnings per share	\$ 1,512	\$ 671
Effect of dilutive securities:		
Interest on convertible subordinated notes payable	<u>46</u>	<u>119</u>
Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions	<u>\$ 1,558</u>	<u>\$ 790</u>
Denominator:		
Denominator for basic earnings per share --- weighted-average shares	6,463	6,572
Effect of dilutive securities:		
Stock options	1,380	126
Convertible subordinated notes payable	<u>692</u>	<u>1,544</u>
Dilutive potential common shares	<u>2,072</u>	<u>1,670</u>
Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions	<u>8,535</u>	<u>8,242</u>
Basic earnings per share	<u>\$ .23</u>	<u>\$ .10</u>
Diluted earnings per share	<u>\$ .18</u>	<u>\$ .10</u>

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

	<u>March 31,</u> <u>2001</u> (unaudited)	<u>December 31,</u> <u>2000</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,531	\$ 2,071
Patient accounts receivable, less allowance for doubtful accounts of \$3,042 and \$2,780, respectively	11,786	10,701
Accounts receivable - other	420	452
Other current assets	<u>606</u>	<u>519</u>
Total current assets	16,343	13,743
Fixed assets:		
Furniture and equipment	12,612	12,141
Leasehold improvements	<u>6,566</u>	<u>6,313</u>
	19,178	18,454
Less accumulated depreciation and amortization	<u>12,048</u>	<u>11,463</u>
	7,130	6,991
Goodwill, net of amortization of \$307 and \$291, respectively	882	897
Other assets, net of amortization of \$498 and \$483, respectively	<u>1,179</u>	<u>1,339</u>
	<u>\$ 25,534</u>	<u>\$ 22,970</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable - trade	\$ 244	\$ 434
Accrued expenses	2,603	1,622
Estimated third-party payor (Medicare) settlements	283	355
Notes payable	<u>10</u>	<u>912</u>
Total current liabilities	3,140	3,323
Notes payable – long-term portion	25	26
Convertible subordinated notes payable	3,000	7,200
Minority interests in subsidiary limited partnerships	3,298	2,858
Commitments and contingencies	---	---
Shareholders' equity:		
Preferred stock, \$.01 par value, 500,000 shares authorized, -0- shares outstanding	---	---
Common stock, \$.01 par value, 10,000,000 shares authorized, 6,632,067 and 5,698,916 shares issued at March 31, 2001 and December 31, 2000, respectively	66	57
Additional paid-in capital	8,491	3,504
Retained earnings	7,561	6,049
Treasury stock at cost, 9,800 shares held at March 31, 2001 and December 31, 2000	<u>(47)</u>	<u>(47)</u>
Total shareholders' equity	<u>16,071</u>	<u>9,563</u>
	<u>\$ 25,534</u>	<u>\$ 22,970</u>