



FOR IMMEDIATE RELEASE

U.S. PHYSICAL THERAPY REPORTS RECORD FOURTH QUARTER AND 2001 RESULTS

Fourth Quarter Net Income Up 84% on 31% Increase in Revenues

Houston, TX – February 28, 2002 - U.S. Physical Therapy, Inc. (Nasdaq National Market:USPH) today reported record results for the quarter and year ended December 31, 2001. The fourth quarter of 2001 was also U.S. Physical Therapy's best ever in terms of net revenues, net income and earnings per share.

Fourth Quarter 2001 vs. Fourth Quarter 2000

- ?? Revenues rose 31% to \$21,570,000 primarily due to a 27% increase in patient visits to 230,000, combined with a 3.8% increase in patient revenue per visit.
- ?? Net income rose 84% to \$1,947,000, or \$0.15 per diluted share, from \$1,059,000, or \$0.10 per diluted share. Earnings per share and share amounts for all periods have been adjusted for the two-for-one and three-for-two stock splits, both effected in the form of stock dividends, distributed on January 5, 2001 and June 28, 2001, respectively.
- ?? Clinic operating costs were 67.8% of net revenues compared to 71.6%.
- ?? Corporate office costs as a percentage of net revenues were 11.5% for both the current and prior year's fourth quarter.
- ?? Same store sales related to clinics opened more than one year, increased 19.6% for the quarter on an increase in same store visits of 15.2%.

2001 Highlights

- ?? Revenues rose 28% and net income by 89% to \$80,948,000 and \$7,071,000, respectively.
- ?? Earnings per share increased 62% to \$0.55 per diluted share from \$0.34 in the prior year.
- ?? Clinic operating costs were 67.8% of net revenues compared to 71.5% in 2000.
- ?? Corporate office costs were 11.3% of net revenues versus 12.0% one year earlier.
- ?? 30 new clinics were opened for a year-end total of 162, the largest number of openings in one year.
- ?? Patient visits increased 25% for the year to 871,000.
- ?? Same store sales increased 23.2% for the year on an increase in same store visits of 18.9%.

Roy Spradlin, Chairman, President and Chief Executive Officer of U.S. Physical Therapy stated, "In terms of growth and profitability, 2001 was our most successful. Revenues, contribution margin and net income achieved new highs. The contribution margin from the clinics increased to 32.2% for 2001 compared to 28.5% last year due to the combined effect of an increase in patient revenues per visit and a decrease in clinic expenses per visit."

Spradlin continued, "As new clinics mature, their patient and revenue bases increase, as does their contribution, which is evidenced by the Company's growth in same store sales and visits. The fact that 31.5% of our clinics are under two years old suggests continued strong growth in same store sales. Once achieved, the Company's target of 35 to 40 new clinic openings for 2002 will be one of the factors in sustaining our growth."

On December 31, 2001, U.S. Physical Therapy purchased the 35% minority interest in the four Michigan clinics held by its former partner, Peter Gennrich, in a transaction involving cash and U.S. Physical Therapy stock. Mr. Spradlin noted, "The transaction is a win-win for Pete and for us. Pete will continue as President of Saginaw Valley Physical Therapy, and as a U.S. Physical Therapy shareholder, his interests are tied to those of our public shareholders."

It was announced that U.S. Physical Therapy co-founder and director, J. Livingston Kosberg, has resigned from the Board of Directors effective February 28, 2002. Mr. Spradlin noted, "Livingston led U.S. Physical Therapy as Chief Executive during its formative years until 1995 when I assumed that title. Livingston also served as Chairman of our Board from 1992 to 2001, and continued as an active Board member after he stepped down as Chairman last May. Livingston will remain involved with the Company as a consultant."

U. S. Physical Therapy's management will host a conference call at 10:30 am Eastern Time, 9:30 am Central Time on Thursday, February 28th to discuss fourth quarter results. Interested parties may participate in the call by dialing 1-800-938-0653 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; 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 162 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.

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)

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(unaudited)			
Net patient revenues	\$ 20,919	\$ 15,860	\$ 78,450	\$ 60,667
Management contract revenues	583	550	2,311	2,369
Other revenues	<u>68</u>	<u>36</u>	<u>187</u>	<u>186</u>
Net revenues	21,570	16,446	80,948	63,222
Clinic operating costs:				
Salaries and related costs	9,385	7,616	35,351	28,683
Rent, clinic supplies and other	4,743	3,776	17,599	14,952
Provision for doubtful accounts	<u>495</u>	<u>379</u>	<u>1,930</u>	<u>1,596</u>
	14,623	11,771	54,880	45,231
Corporate office costs	<u>2,478</u>	<u>1,897</u>	<u>9,120</u>	<u>7,607</u>
Operating income before non-operating expenses	4,469	2,778	16,948	10,384
Interest expense	60	211	266	780
Minority interests in subsidiary limited partnerships	<u>1,237</u>	<u>826</u>	<u>5,179</u>	<u>3,466</u>
Income before income taxes	3,172	1,741	11,503	6,138
Provision for income taxes	<u>1,225</u>	<u>682</u>	<u>4,432</u>	<u>2,403</u>
Net income	<u>\$ 1,947</u>	<u>\$ 1,059</u>	<u>\$ 7,071</u>	<u>\$ 3,735</u>
Basic earnings per common share (Note 2)	<u>\$.19</u>	<u>\$.13</u>	<u>\$.70</u>	<u>\$.40</u>
Diluted earnings per common share (Note 2)	<u>\$.15</u>	<u>\$.10</u>	<u>\$.55</u>	<u>\$.34</u>

Note 1: Share and per share calculations reflect 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 and the three-for-two stock split effected in the form of a 50% stock dividend distributed on June 28, 2001 to holders of record as of June 7, 2001.

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

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

	Three Months Ended December 31,		Year Ended December 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(unaudited)			
Numerator:				
Net income	\$ 1,947	\$ 1,059	\$ 7,071	\$ 3,735
Numerator for basic earnings per share	\$ 1,947	\$ 1,059	\$ 7,071	\$ 3,735
Effect of dilutive securities:				
Interest on convertible subordinated notes payable	<u>40</u>	<u>110</u>	<u>165</u>	<u>466</u>
Numerator for diluted earnings per share --- income available to common stockholders after assumed conversions	<u>\$ 1,987</u>	<u>\$ 1,169</u>	<u>\$ 7,236</u>	<u>\$ 4,201</u>
Denominator:				
Denominator for basic earnings per share --- weighted-average shares	10,443	8,321	10,109	9,230
Effect of dilutive securities:				
Stock options	1,843	1,552	2,025	717
Convertible subordinated notes payable	<u>900</u>	<u>2,184</u>	<u>934</u>	<u>2,282</u>
Dilutive potential common shares	<u>2,743</u>	<u>3,736</u>	<u>2,959</u>	<u>2,999</u>
Denominator for diluted earnings per share --- adjusted weighted-average shares and assumed conversions	<u>13,186</u>	<u>12,057</u>	<u>13,068</u>	<u>12,229</u>
Basic earnings per common share	<u>\$.19</u>	<u>\$.13</u>	<u>\$.70</u>	<u>\$.40</u>
Diluted earnings per common share	<u>\$.15</u>	<u>\$.10</u>	<u>\$.55</u>	<u>\$.34</u>

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

	<u>December 31,</u> <u>2001</u> (unaudited)	<u>December 31,</u> <u>2000</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,121	\$ 2,071
Patient accounts receivable, less allowance for doubtful accounts of \$3,805 and \$2,780, respectively	12,769	10,701
Accounts receivable - other	878	452
Other current assets	<u>646</u>	<u>519</u>
Total current assets	22,414	13,743
Fixed assets:		
Furniture and equipment	14,214	12,141
Leasehold improvements	<u>7,389</u>	<u>6,313</u>
	21,603	18,454
Less accumulated depreciation and amortization	<u>13,798</u>	<u>11,463</u>
	7,805	6,991
Goodwill, net of amortization of \$335 and \$291, respectively	4,519	897
Other assets, net of amortization of \$501 and \$483, respectively	<u>1,446</u>	<u>1,339</u>
	<u>\$ 36,184</u>	<u>\$ 22,970</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade	\$ 539	\$ 434
Accrued expenses	1,895	1,622
Estimated third-party payor (Medicare) settlements	113	355
Notes payable	<u>701</u>	<u>912</u>
Total current liabilities	3,248	3,323
Notes payable – long-term portion	21	26
Convertible subordinated notes payable	3,000	7,200
Minority interests in subsidiary limited partnerships	3,249	2,858
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, 10,688,321 and 8,548,374 shares issued at December 31, 2001 and 2000, respectively	107	85
Additional paid-in capital	15,429	3,476
Retained earnings	13,120	6,049
Treasury stock at cost, 149,700 and 14,700 shares held at December 31, 2001 and 2000, respectively	<u>(1,990)</u>	<u>(47)</u>
Total shareholders' equity	<u>26,666</u>	<u>9,563</u>
	<u>\$ 36,184</u>	<u>\$ 22,970</u>