

U.S. PHYSICAL THERAPY, INC.
CODE OF BUSINESS CONDUCT AND ETHICS
FOR THE
CHIEF EXECUTIVE OFFICER,
CHIEF FINANCIAL OFFICER AND CHIEF ACCOUNTING OFFICER

This Code of Business Conduct and Ethics (“Code”) applies to the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer (collectively, the “Officers”) of U.S. Physical Therapy, Inc. and its subsidiaries and affiliated entities (collectively, the “Company”). Any Officer who also serves on the Company’s Board of Directors should also refer to the guidelines contained in the Code of Business Conduct and Ethics applicable to the Company’s Board of Directors.

The Code is subject to all applicable law.

Nothing in this Code is intended to require any action contrary to law. If the Code conflicts with any law, you must comply with the law. Nothing in the Code is intended or will be considered (i) to amend the Certificate of Incorporation or Bylaws of the Company, (ii) to change the legal duties imposed upon officers under state, federal and other applicable statutes, rules and regulations, (iii) to expand the liabilities of officers beyond applicable law, or (iv) to affect any rights available to officers under state and other applicable law or the Company’s Certificate of Incorporation or Bylaws. Officers shall also be entitled to the benefits of indemnification to the fullest extent permitted by law and the Company’s Certificate of Incorporation or Bylaws, and to exculpation as provided by state law and the Company’s Certificate of Incorporation or Bylaws.

The Code may be amended, modified or waived from time to time.

This Code may be amended, modified or waived by the Company’s Board of Directors. Waivers may also be granted by a committee of the Company’s Board of Directors. Any amendments, modifications or waivers of the Code will be promptly disclosed in accordance with applicable securities laws and the applicable rules of the Nasdaq Stock Market.

You should consult the appropriate persons if you have any questions about the Code.

Any questions regarding the Code should be directed to the Board of Directors or the Audit Committee of the Company.

You must comply with the policies and procedures of the Company, but if a policy or procedure conflicts with the Code, you should follow the Code.

This Code provides general guidelines. The Company has also adopted, and may from time to time adopt, policies and procedures, such as the employee manual, which are intended to supplement, but not replace, this Code. Therefore, if any policy or procedure of the Company conflicts with the Code, you must comply with the Code.

1. Ethical Conduct and Conflicts of Interest

Officers are required to conduct themselves honestly and ethically, including in connection with the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Conflicts of interest must be avoided unless prior approval has been obtained. A “conflict of interest” exists when an individual’s private interest interferes in any way – or even appears to interfere – with the interests of the Company. A conflict situation can arise when an individual has other duties, responsibilities or obligations that run counter to his or her duty to the Company or when an individual takes actions or has interests that may make it difficult to perform his or her company work objectively and effectively. Conflicts of interest also arise when an individual, or a member of his or her family, receives improper personal benefits as a result of the individual’s position in the Company, whether received from the Company or a third party.

Officers must disclose any conflicts of interest, including any material transaction or relationship involving a potential conflict of interest. An Officer should communicate directly to the Audit Committee if such Officer becomes aware of a conflict of interest or a potential conflict.

No Officer may work, including as a consultant or a board member, simultaneously for the Company and any competitor, customer or supplier of the Company. Officers are encouraged to avoid any direct or indirect business connections with the Company's competitors, customers or suppliers, except on behalf of the Company.

Officers and their family members are prohibited from accepting any personal loans from the Company or allowing the Company to guarantee any of their personal obligations, except as may be permitted under federal law.

2. Confidentiality

Officers of the Company must maintain the confidentiality of information entrusted to them by the Company or its customers, except when disclosure is authorized by the Company or is legally mandated. Officers should, whenever feasible, consult with the Compliance Officer/General Counsel if they believe they have a legal obligation to disclose confidential information. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

3. Full Disclosure

As a public company, it is of critical importance that the Company's public filings and disclosures be accurate and timely. Officers are responsible for ensuring the full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company. The Company expects Officers to take this responsibility very seriously and to provide prompt accurate answers to inquiries related to the Company's public disclosure requirements and other information necessary to assure that the Company's public reports are accurate and complete.

Officers are prohibited from taking any action to improperly influence, coerce, manipulate or mislead the Company's internal or outside auditors or to prevent such persons from performing a diligent audit of the Company's financial statements.

Officers are to comply with Regulation FD in discussions with analysts and investors, and to cause a corrective filing to be made in case the Officer becomes aware of an inadvertent violation of Regulation FD.

4. Compliance with Laws, Rules and Regulations (including insider trading laws)

Officers are required to comply with all of the laws, rules and regulations of the U. S. and other countries, and the states, counties, cities and other jurisdictions, in which the Company conducts its business or the laws, rules and regulations of which are applicable to the Company, including, without limitation, all prohibitions on "insider trading" and on trading while in possession of material non-public information applicable to the Company and its employees and officers. Any illegal action will be dealt with swiftly and violators reported to the authorities, as appropriate.

Officers must comply with the Company's insider trading policy. For more information on this policy, please see the Company's policy on this subject, which is available from the Company's Compliance Officer/General Counsel

Officers will propose investment bankers and other financial analysts to the Company's Board of Directors based upon the business qualifications of such persons and without regard to past negative coverage by analysts.

Various federal and state laws prohibit or limit the giving anything of value, directly or indirectly, to officials of governments or political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of federal rules would not only violate Company policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. The Company's Compliance Officer/General Counsel can provide guidance in this area.

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

This Code does not summarize all laws, rules and regulations applicable to the Company and to the Officers. Please consult the Company's Compliance Officer/General Counsel and the various guidelines which the Company prepares from time to time on specific laws, rules and regulations.

5. Reporting of Illegal or Unethical Behavior

Officers who are concerned that violations of this Code have occurred or may occur should promptly contact either the Board of Directors or the Audit Committee of the Company. If their concerns require confidentiality, including keeping their identity anonymous, the Company will make every effort to maintain such confidentiality, subject to applicable law, regulations or legal proceedings.

The Company will not direct or allow retaliation for reports made in good faith of actual or suspected violations of this Code or other illegal or unethical conduct. Disciplinary action will be taken against anyone who retaliates directly or indirectly against any employee or officer who reports actual or suspected violation of the Code.

Officers will comply with the Company's reporting policies in dealings with employees and the Company's Board of Directors and its committees.

6. Accountability for Adherence to the Code

The Board of Directors shall determine, or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of this Code. Disciplinary action, including, but not limited to, written notices or warnings, reprimands by the Board, demotion or reassignment, suspension with or without pay or benefits, or termination, may result for those Officers who fail to comply with this Code. In determining what action is appropriate in a particular case, the Board of Directors or its designee may, but will not be required to, take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violations in the past.

Any waiver of the code for any Officer may be made only by the Board of Directors or a committee of the Board.