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**SPAN-AMERICA REPORTS HIGHER SALES AND NET INCOME  
FOR FIRST QUARTER OF FISCAL 2000**

*Declares Quarterly Dividend*

GREENVILLE, S.C. (January 25, 2000) Span-America Medical Systems, Inc. (Nasdaq/NM:SPAN) today reported sales increased 6% to \$5.5 million and net income rose 215% to \$150,800, or 6 cents a diluted share, compared with the first quarter of last year. The Company also announced a regular cash dividend of \$0.025 per share, payable on March 3, 2000, to shareholders of record on February 15, 2000.

First Quarter Results

"First quarter sales showed solid gains in our medical and custom products segments," stated Jim Ferguson, president and chief executive officer of Span-America Medical Systems, Inc. "Our profitability also jumped due to our higher sales base, improved product mix and good expense controls. We are optimistic about improved results in fiscal 2000 due to a more positive outlook for the medical market and new contracts in our custom products segment compared with last year."

Net sales for the first quarter increased 6% to \$5.5 million compared with \$5.2 million in the first quarter of fiscal 1999. Medical product sales rose 4% to \$3.74 million compared with \$3.61 million in the first quarter of the prior year. Medical sales benefited from solid performance in Span-America's Geo-Mattress® and positioner product lines. Sales of custom products rose 13% to \$1.77 million on the strength of a significant sales increase in consumer bedding products related to the contract with Louisville Bedding Company that was signed in the second quarter of fiscal 1999.

"We continue to focus on building our revenue base," continued Mr. Ferguson. "We plan to introduce two new mattress systems over the next few quarters. The market for therapeutic mattresses continues as one of our strongest product lines in the medical segment, and we are committed to building this business."

Gross margin rose to 30.5% in the first quarter of fiscal 2000 compared with 29.0% in the first quarter of fiscal 1999. The margin improvement was due to the higher sales volume and improved manufacturing cost controls.

Gross profit for the first quarter of fiscal 2000 was \$1,679,500 compared with \$1,500,200 for the first quarter of fiscal 1999. Net income was \$150,800, or 6 cents per diluted share, compared with net income of \$47,900, or 2 cents per diluted share, in the first quarter of fiscal 1999.

"We remain committed to building the Company through product introductions, expanded marketing agreements and potential acquisitions and joint ventures that can add value to Span-America. We also are revamping our company's web site to include better product information and strengthen our e-commerce capabilities," concluded Mr. Ferguson.

Span-America manufactures and markets a comprehensive selection of pressure management products for the medical market, including Geo-Matt®, PressureGuard®, Geo-Mattress®, Span+Aids®, and Isch-Dish® products. The Company also supplies custom foam and packaging products to the consumer and industrial markets. Span-America's stock is traded on The Nasdaq Stock Market's National Market under the symbol SPAN.

*The Company has made forward-looking statements in this release, regarding management's expectations for future sales and earnings performance. Management wishes to caution the reader that these statements are only predictions. Actual events or results may differ materially as a result of risks and uncertainties facing the Company including: (a) the loss of a major distributor of the Company's medical or custom products, (b) inability to achieve anticipated sales volumes of medical or custom products, (c) changes in relationships with large customers, (d) the impact of competitive products and pricing, (e) government reimbursement changes in the medical market, (f) F.D.A. regulation of medical device manufacturing, (g) raw material cost increases, and (h) other risks referenced in the Company's Securities and Exchange Commission filings. The Company disclaims any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.*

**SPAN-AMERICA MEDICAL SYSTEMS, INC.**  
**Financial Highlights**

	<u>Three Months Ended</u>	
	<u>January 1, 2000</u>	<u>January 2, 1999</u>
Net sales	\$5,511,800	\$ 5,176,400
Gross profit	1,679,500	1,500,200
Operating income	117,500	(16,700)
Net income	150,800	47,900
Net income per share:		
Basic	0.06	0.02
Diluted	0.06	0.02
Weighted average number of common shares outstanding:		
Basic	2,495,400	2,696,152
Diluted	2,495,400	2,744,483

**SELECTED BALANCE SHEET DATA**

	<u>Jan. 1, 2000</u>	<u>Oct. 2, 1999</u>
Cash and securities	\$ 4,759,600	\$4,193,600
Current assets	10,208,000	10,112,700
Total assets	17,740,300	17,678,600
Current liabilities	2,233,700	2,255,200
Total liabilities	3,471,700	3,498,400
Shareholders' equity	14,268,600	14,180,200
Number shares outstanding at quarter end	2,495,400	2,495,400

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