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SPAN-AMERICA REPORTS RESULTS FOR FOURTH QUARTER OF FISCAL 1999

Declares Quarterly Dividend

GREENVILLE, S.C. (October 28, 1999) Span-America Medical Systems, Inc. (Nasdaq/NM:SPAN) today reported fourth quarter sales of \$5.8 million and net income of \$104,900, or 4 cents a diluted share. The Company also announced a regular cash dividend of \$0.025 per share, payable on December 3, 1999, to shareholders of record on November 16, 1999.

Fourth Quarter Results

"Our fourth quarter results were below last year mostly because of lower sales in our custom products segment, resulting from two consumer lines that were discontinued last year," stated Jim Ferguson, president and chief executive officer of Span-America Medical Systems, Inc. "We also had a decline in medical sales as a result of lower demand for overlays and general weakness in our part of the medical market. Demand in parts of the medical market has been chilled by Medicare budget cuts and the implementation of the prospective payment system for long-term care providers. Although fourth quarter medical sales were below last year, we experienced growth compared with the third quarter of this year as a result of expanding our customer base. We have recently announced a new supply contract with Marriott Senior Living Services, and we are pleased to have just been named as a "Best Value" supplier to Source Medical Corporation, Canada's largest medical products distributor."

Total net sales for the fourth quarter declined 20% to \$5.8 million compared with \$7.2 million in the fourth quarter of fiscal 1998. The majority of the sales decline was attributable to lower volume in the custom products segment where sales were down 29% to \$2.1 million compared with \$2.9 million in the fourth quarter of fiscal 1998. Most of the custom products sales decline was due to two consumer product lines that were discontinued last year because of low product-line profitability. Excluding sales of the discontinued lines, consumer foam sales rose 53% compared with the fourth quarter of last year on the strength of sales to Louisville Bedding Company, Span-America's new marketing partner for consumer foam products. Industrial sales, which are part of the custom products segment, were down 17% in the fourth quarter to \$913,000 resulting from lower demand from existing customers and quarter to quarter timing differences in the completion of several supply contracts.

Sales in the medical segment declined 14% to \$3.7 million in the fourth quarter compared with \$4.3 million in the year-earlier period. Medical sales were down because of lower demand for overlay products which reflects a market trend to use therapeutic mattresses instead of overlays. Sales of mattresses rose 7% compared with the fourth quarter of last year and have shown solid performance during the year.

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"Our gross profit margin improved during the quarter as a result of cost-cutting programs implemented earlier in the year," continued Mr. Ferguson. "Gross margin rose to 28.0% in the fourth quarter of fiscal 1999 compared with 25.7% in the fourth quarter of fiscal 1998. Manufacturing costs were down 22% and SG&A expenses declined 4% compared with fourth quarter last year. We remain focused on growing sales through new marketing partners and expanded sales programs to improve future profitability."

Gross profit for the fourth quarter of fiscal 1999 was \$1,612,500 compared with \$1,857,000 for the fourth quarter of fiscal 1998. Net income was \$104,900, or 4 cents per diluted share, compared with net income of \$214,100, or 8 cents per diluted share, in the fourth quarter of fiscal 1998. The fourth quarter results for 1998 included a one-time after-tax charge of \$120,000, or 4 cents per diluted share, from retail markdown allowances and other expenses associated with exiting part of the Company's consumer convoluted foam business.

"Although our sales and earnings were below those of last year, we are pleased to see notable fourth quarter improvements in our business compared with earlier quarters. Our financial condition remains excellent, and we look forward to improved results in fiscal 2000," concluded Mr. Ferguson.

Year-End Results

Total sales declined 19% to \$23.1 million in fiscal 1999 compared with \$28.3 million in fiscal 1998. The majority of the sales decline was due to the discontinued consumer product lines. The Company's medical sales were down 7% to \$14.9 million as a result of lower overlay sales. Sales of custom products were down 33% to \$8.1 million compared with fiscal 1998.

Income from continuing operations in fiscal 1999 declined to \$132,300 from \$1.4 million last year mainly as a result of lower sales volume during the year. Earnings per diluted share from continuing operations were 5 cents compared with 47 cents in fiscal 1998. Income from discontinued operations in fiscal 1999 was \$365,300, or 14 cents per diluted share, compared with \$153,500, or 5 cents per diluted share, in fiscal 1998.

Span-America manufactures and markets a comprehensive selection of pressure management products for the medical market, including Geo-Matt®, PressureGuard®, 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 consumer 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

	Three Months Ended		Twelve Months Ended	
	Oct. 2, 1999	Oct. 3, 1998	Oct. 2, 1999	Oct. 3, 1998
From Continuing Operations⁽¹⁾:				
Net sales	\$ 5,766,700	\$ 7,215,500	\$ 23,062,900	\$ 28,345,800
Gross profit	1,612,500	1,857,100	6,344,400	8,498,800
Operating income (loss)	39,900	219,800	(166,300)	1,804,700
Income	104,900	214,100	132,300	1,412,000
Income per share:				
Basic	0.04	0.08	0.05	0.48
Diluted	0.04	0.07	0.05	0.47
From Discontinued Operations:				
Income	--	--	365,300	153,500
Income per share:				
Basic	--	--	0.14	0.05
Diluted	--	--	0.14	0.05
Total:				
Net income	104,900	214,100	497,600	1,565,500
Net income per share:				
Basic	0.04	0.08	0.19	0.53
Diluted	0.04	0.07	0.19	0.52
Weighted Average Number of Common Shares Outstanding:				
Basic	2,495,400	2,813,294	2,580,986	2,931,362
Diluted	2,496,250	2,894,465	2,601,429	3,038,350

SELECTED BALANCE SHEET DATA

	Oct. 2, 1999	Oct. 3, 1998
Cash and securities	\$ 4,193,600	\$ 3,723,500
Current assets	10,112,700	11,363,800
Total assets	17,678,600	19,412,300
Current liabilities	2,255,200	2,615,200
Total liabilities	3,498,400	3,715,900
Shareholders' equity	14,180,200	15,696,400
Number shares outstanding at quarter end	2,495,400	2,820,029

¹ Span-America sold its contract packaging business effective February 27, 1998. All periods shown have been restated to reflect the contract packaging business as a discontinued operation.