

September 17, 2002

***Taxpayer funding used to support PolyMedica's stock promotion.***

According to PolyMedica Corporation's (NASDAQ Symbol: PLMD) (Price: \$24.71) most recently available Proxy Statement, approximately 7 million shares, or 56% of its outstanding shares, are held by just six so-called "institutional investors." This concentration of ownership by just six "investors" who are not involved in PolyMedica's affairs and who require liquidity creates an extremely unusual and irregular situation for any public company. It is even more questionable in the case of PolyMedica, a small telemarketing company operating in a highly regulated market and that is the subject of a federal criminal investigation. It gets much worse.

Some of these "institutional investors" have used their discretionary powers over public employees pension money entrusted to them to purchase 450,000 PolyMedica shares. PolyMedica stock has been placed in the accounts of the Oregon Public Employees Retirement System, Illinois Municipal Retirement System, San Diego California City Employee Retirement System, Omaha Nebraska Schools Employees Retirement System, Essex County Massachusetts Retirement System and the Minnesota State Board of Investment. These accounts are funded by deducting from taxpayer-paid salaries.

We believe it is wrong for any so-called "institutional investor" to use the discretionary authority given to them, under the assumption that they would act reasonably, to buy shares in such a questionable company with public employee pension funds. PolyMedica has been raided by 75 FBI agents, is the target of a FBI criminal investigation and is currently subject to a civil and criminal investigation by the U.S. Department of Justice for healthcare fraud, improper revenue recognition and obstruction of justice.

Asensio & Company, Inc. believes PolyMedica's results are not sustainable and that its stock is grossly overvalued. Our reports on PolyMedica are available at [www.asensio.com](http://www.asensio.com).