

May 30, 2002

More Concerns for PolyMedica's Oversight Chairman.

During the recent year-end conference call PolyMedica told investors that Herbert Denton was leading the company's response to the "investigation," which is a U.S. Department of Justice criminal investigation of PolyMedica and certain of its officers. Mr. Denton has experience in investor communications, is a PolyMedica director and has a long-standing personal relationship with Steven Lee, PolyMedica's Chairman and Chief Executive Officer. In addition, Mr. Denton has been appointed the Chairman of PolyMedica's Committee of Directors that allegedly "oversees" the company's handling of the criminal investigation.

We believe Mr. Denton has a duty to be independent and to provide accurate information concerning the large, very serious, and quite reasonably totally devastating, economic risks that PolyMedica's shareholders are facing. We do not believe Mr. Denton has fairly advised investors of this actual risk. In fact, we believe Mr. Denton's public statements improperly and wrongfully misled investors about these risks.

Here is our **May 28, 2002 letter to Chairman Denton**. Our earlier letter to Chairman Denton dated May 15, 2002 is available on our website by **clicking here**. We have not received any response from Chairman Denton.

Asensio & Company, Inc. believes PolyMedica's results are not sustainable and that its stock is grossly overvalued. It is Asensio & Company, Inc.'s opinion that PolyMedica's reported criminal conduct has grossly inflated its stated earnings and created liabilities that far exceed its highest-estimated asset value.

**ASENSIO
& COMPANY
INC.**

Investment Banking

767 Third Avenue
New York, NY 10017
212-702-8800
Fax 212-702-8807

VIA FACSIMILE (212) 888-3203

May 15, 2002

Herbert Denton
Chairman of the Oversight Committee
Board of Directors
PolyMedica Corporation
11 State Street
Woburn, MA 01801

Dear Chairman Denton:

We understand that it is your stated belief that the Securities and Exchange Commission ("SEC") has terminated its PolyMedica Corporation ("PLMD") inquiry and that this constitutes a favorable development. We further understand that it is also your stated belief that the Department of Justice's ("DOJ") criminal investigation of PLMD's Medicare billing practices can be resolved through a settlement that would not have a negative material effect on PLMD's financials or ongoing business. We have requested, and you have failed to provide, any support for your statement. It is our opinion, based upon our counsel's review of the ongoing SEC proceedings and the DOJ investigation, that your statements are unreasonable and wrong. Furthermore, we believe that your statements constitute inappropriate investor representations, particularly for an alleged independent director and the leader of an alleged "Oversight Committee."

Certain former employees in PLMD's document retrieval, billing, shipping and accounts receivable departments have reported that PLMD is billing Medicare for shipments of blood glucose home testing supplies without the required doctor's order ("DRX") and Authorization of Benefits ("AOB"). (PLMD must have an original properly executed DRX and AOB for every one of the approximately 100,000 monthly shipments that it uses to collect approximately \$17.6 million per month from Medicare.) Former employees report that during varying periods in each quarter no less than 10% and as much as 50% of PLMD's sales were not properly supported by a DRX or AOB at the time of shipment. These non-conforming shipments are not a legal basis for billing Medicare. Based upon PLMD's current estimated monthly Medicare billings and the 10% estimate, PLMD is reportedly obtaining no less than \$1.8 million per month illegally from Medicare. However, PLMD's past and ongoing illegal Medicare billings are only one part of the corporate behavior that has created PLMD's criminal liabilities.

PLMD's former employees report that PLMD's management has designed computer systems and shipping procedures that allow illegal Medicare billing. In fact, PLMD's former

ASENSIO
& COMPANY
INC.

Chairman Denton
May 15, 2002
Page 2 of 2

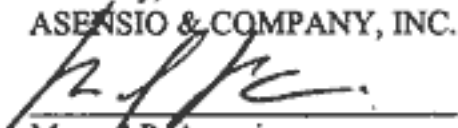
employees report that the illegal billings are accelerated at the end of each month to achieve sales quotas and that these practices have been in place since at least fiscal 1998.

A U.S. Magistrate judge has found probable cause of PLMD's criminal conduct. There are reports of destruction of documents and deletion of computer records that substantiated PLMD's criminal activity. A search of PLMD's office was conducted by the Federal Bureau of Investigation to obtain evidence. The June 2000 blood glucose test strip report by the Department of Health and Human Services estimates that \$79 million of the \$220 million allowed for blood glucose test strips in 1997 was inappropriately paid. The U.S. Attorney's Office has a duty to enforce laws that protect the integrity of Medicare programs. It is in the interest of the government to prevent PLMD's illegal monthly Medicare billings and to obtain the highest possible recovery for the Centers for Medicare and Medicaid Services of all amounts that PLMD has illegally obtained from Medicare.

This is a very serious situation. As stated above, we believe that it is highly improper of you to make statements that the SEC investigation was closed and that investors can reasonably assume that the DOJ's investigation will not have a material adverse effect. First, the SEC has not approved any such statement. Second, the criminal evidence against PLMD has not yet been presented to a Federal Grand Jury, an indictment has not been obtained and a trial has not been conducted.

We have requested that PLMD release a corrective statement refuting your statement contained in the April 8, 2002 press release. You have not responded. We question your willingness to independently fulfill your alleged oversight leadership responsibilities. Please note our intent to publish this letter, which contains mostly the same information found in our earlier May 8, 2002 letter to you. We again welcome and request your comment.

Sincerely,
ASENSIO & COMPANY, INC.



Manuel P. Asensio
Chairman, President and
Chief Executive Officer

**ASENSIO
& COMPANY
INC.**

Investment Banking

767 Third Avenue
New York, NY 10017
212-702-8800
Fax 212-702-8807

VIA FACSIMILE # (212) 888-3203

May 28, 2002

Herbert Denton
Chairman of the Oversight Committee
Board of Directors
PolyMedica Corporation
11 State Street
Woburn, MA 01801

Dear Mr. Denton:

It has been reported to us that you are commenting on the short interest in PolyMedica's stock and the Federal Bureau of Investigation's ("FBI") search implying that there may have been improper communications between short sellers and the FBI. We have reviewed the short-interest in PolyMedica's stock. We also reviewed publicly-available information concerning the government's criminal investigation of PolyMedica. We believe this information, along with PolyMedica's high stock price, questionable management and poor quality of earnings, provide a very firm basis for PolyMedica's short position. We found no reasonable basis for your reported comments.

Your reported comments came shortly after a so-called "short seller" and several current and former FBI agents were indicted on charges of improper conduct. Earlier you made wrongful promotional claims concerning an SEC notice. The SEC notice did not exonerate PolyMedica and can not be used as a defense against any civil or criminal proceedings. PolyMedica is facing serious criminal liabilities that are independent of the controversies surrounding its questionable stock promotion.

As of May 15, 2002, short sellers had a reported \$201.7 million investment in PolyMedica's market. A large number of highly experienced institutional short sellers believe that PolyMedica has been and is currently engaging in Medicare fraud and irregular accounting that very reasonably make its stock entirely worthless. Short sellers' opinions vary on the event that will cause this highly probable outcome. Your comments in this instance and prior questionable behavior only add to the implied short seller thesis; which includes the beliefs that PolyMedica's management is not independent of the reported criminal conduct; is not providing fair and complete information to investors; and is engaged in a cover-up necessitated by the guilt and seriousness of their actions.

ASENSIO
& COMPANY
INC.

Mr. Denton
May 28, 2002
Page 2 of 2

Again, we request a response and express our willingness to speak with you at any time. We would publish your response. However, we reserve the right to publish this letter independently of your failure to respond.

Sincerely,
ASENSIO & COMPANY, INC.

Manuel P. Asensio /ocw
Manuel P. Asensio
Chairman, President and
Chief Executive Officer

cc: Guy Lewis
United States Attorney
Southern District of Florida
Facsimile: (305) 530-7087

Thomas Scully, Administrator
Centers for Medicare and Medicaid Services
Facsimile: (202) 690-6262

Gary Grasse, Branch Chief of Enforcement
U.S. Securities and Exchange Commission
Facsimile: (617) 424-5940