

August 13, 2002

Why did Mr. Lee leave without notice?

On August 5, 2002 PolyMedica Corporation (NASDAQ: PLMD, \$27.41) announced that Steven Lee retired as its Chief Executive Officer effective immediately. In connection with Mr. Lee's retirement PolyMedica will continue to pay him his \$610,000 salary through July 2004 and may pay him a bonus for fiscal 2003. PolyMedica will also pay Mr. Lee for his unused vacation time, grant him ownership of the two computers he uses and pay for secretarial assistance to him for 18 months. PolyMedica also will pay the remainder of Mr. Lee's automobile lease payments and expenses and health and dental insurance coverage for 18 months and life insurance coverage for two years.

Mr. Lee's departure was unexpected. Mr. Lee is 56 years old and was not scheduled to retire. Mr. Lee has repeatedly stated during investor conference calls that he believes in PolyMedica's future. He did not announce any new business plans. In fact some of his departure package may be terminated if he finds a new job.

According to an August 5th Dow Jones News release, PolyMedica spokesman Alex Eule stated that "Lee's retirement has 'no connection whatsoever' with the FBI investigation." However, PolyMedica repeatedly denied knowledge of an FBI criminal investigation until shortly before the FBI raided its facilities. We do not know why Mr. Lee left, or if he was fired, but we have no reason to believe that Mr. Eule's reported statement is true.

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.