

October 25, 2001

Wall Street's cynical greed on display at Polymedica.

Polymedica Corporation (NASDAQ: PLMD)(Price: \$16.61) and its officers are the subject of a Federal Bureau of Investigation ("FBI") criminal investigation. In November 2000 PLMD's accounting and Medicare compliance practices were questioned and the company's stock plunged. The stock stumbled again in July 2001 when the New York Stock Exchange rejected PLMD's listing application. Then in August PLMD shares plummeted twice, once when the market discovered that a grand jury subpoena had been issued to gather evidence concerning a criminal PLMD investigation and again when 85 FBI agents conducted a two-day raid of PLMD's Florida offices.

Since the September 11 terrorist attacks PLMD stock has risen as much as 78%. This meteoric rise is not supported by any positive developments. This trading may indicate that investors believe PLMD's criminal prosecution will be delayed as a result of the terrorist attacks. The FBI has confirmed that the PLMD criminal investigation was briefly delayed but is now proceeding. Federal prosecutors have obtained sufficient proof related to PLMD's alleged criminal practices to procure search warrants and execute an FBI raid of eight PLMD offices and warehouses and the homes of two of its executives simultaneously. We found no reason to believe the PLMD criminal investigation is unwarranted or unduly delayed. On the contrary, we have spoken to former PLMD employees and found their story damaging to PLMD and see no reason not to accept that the U.S. Government will protect Medicare and its patients.

Asensio & Company believes PLMD is grossly overvalued.