

June 30, 2003

PolyMedica's "advertising costs do not qualify for capitalization under the direct-response advertising exception."

Today PolyMedica disclosed in its form 10-K for its fiscal year ended March 31, 2003:

Note U. Subsequent Events:

"For several months, we have been discussing the appropriateness of this practice [capitalizing direct-response advertising costs] with the SEC. On June 20, 2003, the SEC informed us that it believes that our advertising costs do not qualify for capitalization under the direct-response advertising exception in SOP 93-7."

In a June 30, 2003 press release PolyMedica stated that if the company were to expense advertising costs as incurred "the company's guidance for its fiscal 2004 first quarter ending June 30, 2003 would be \$0.66-\$0.72", or \$0.18 lower than its previous guidance.