

October 25, 2001

***Safeco involved in questionable dealings with Polymedica, reports Asensio & Company.***

Thomas McGuire manages the SAFECO Growth Opportunities Fund ("Safeco"). Safeco is Polymedica Corporation's (NASDAQ: PLMD)(Price: \$17.40) largest single investor. In July Mr. McGuire was quoted in the New York Times and the Boston Globe saying PLMD was "beaten up because of unsubstantiated rumors and innuendoes." A month later 85 FBI agents raided eight PLMD offices and warehouses and the homes of two of PLMD's executives. Safeco still holds its large PLMD position.

Steven Lee is the CEO of PLMD. He is also the co-director of Athena Family Partners, Ltd. Athena and Safeco have participated in private placements for Novavax, Inc (NASDAQ: NVAX)(Price: \$14.04) and micro-cap Nastech Pharmaceutical Company, Inc (NASDAQ: NSTK)(Price: \$9.50). Novavax is engaged in the promotion of questionable clinical trials and is a spin-off of IGI (AMEX: IG)(Price: \$0.88), which committed accounting fraud. Safeco has not disclosed that it invested with PLMD's CEO in private placements, which could result in a conflict of interest.

Keith Trowbridge is currently the Vice President of PLMD. Before PLMD he was an officer of Transworld Healthcare, Inc. that was found guilty of medicare fraud. Trowbridge was also previously the Chairman and CEO of Medical Associates of America, which obtained funds privately from a mutual fund. The fund manager in charge of the investment was criticized for investing in Medical Associates without disclosing a conflict of interest. In 1994, after it adversely restated its earlier financial disclosures, the company declared bankruptcy.

Today, Asensio & Company, Inc. initiated coverage of PLMD shares with a strong-sell and short-sell recommendation. A report questioning the wisdom of PLMD's recent stock price recovery is available at [www.asensio.com](http://www.asensio.com).

Today PLMD announced results that showed cash declined by \$6.8 million despite a \$12.6 million increase in payables and that income before taxes dropped sequentially by over 40% despite a \$4.3 million increase in unexpensed advertising cost. Total unexpensed advertising cost reached \$47 million equal to 80% of PLMD's entire total cumulative all-time retained earnings. Based purely on fundamentals and irrespective of the likelihood that a federal indictment will result from PLMD's alleged criminal misconduct, we believe PLMD shares are worth less than \$1 per share.

Asensio & Company believes PLMD is grossly overvalued.