

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

IN RE POLYMEDICA CORP. SECURITIES LITIGATION

Civil Action No. 00-12426-WGY
AND ALL RELATED ACTIONS

NOTICE OF PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING

If you purchased or otherwise acquired the common stock of PolyMedica Corporation ("PolyMedica") between October 26, 1998 and December 31, 2000, inclusive, then you could get a payment from a class action settlement.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The settlement will provide a \$5,500,000 settlement fund for the benefit of investors who bought shares of PolyMedica common stock during the period between October 26, 1998 and December 31, 2000 (the "Class Period").
- The settlement resolves a lawsuit against PolyMedica, its subsidiary Liberty Medical Supply, Inc. ("Liberty") and certain of their officers and directors relating to statements made during the Class Period relating to PolyMedica and Liberty's then-current financial condition and compliance with Medicare regulations.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a payment. THE CLAIM DEADLINE IS OCTOBER 26, 2007
EXCLUDE YOURSELF	Get no payment from, and not be bound by, the settlement.
OBJECT	Write to the Court about why you do not like the settlement.
GO TO A HEARING	Ask to speak in Court about the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals, if any, are resolved.

SUMMARY OF NOTICE

Statement of Class Recovery

A Settlement Fund consisting of \$5,500,000 in cash, plus interest, will be established upon final approval of the Settlement by the Court. Plaintiffs estimate that the average recovery per damaged share of PolyMedica common stock under the settlement is \$0.73 before deduction of Court-awarded attorneys' fees and expenses. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim. Depending on the number of claims submitted, and the timing and prices of purchases and sales during the Class Period, an individual Class Member may receive more or less than this average amount. See the Plan of Allocation on page 13 for more information on your Recognized Claim.

Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include, among other things, whether PolyMedica or its subsidiary, Liberty, knowingly engaged in a fraudulent scheme to issue materially false and misleading statements regarding PolyMedica and Liberty's financial condition and compliance with Medicare regulations and whether such statements were made with fraudulent intent. The Defendants deny that they are liable to the plaintiffs or the Class and deny that the plaintiffs or the Class have suffered any damages.

Statement of Attorneys' Fees and Costs Sought

Lead Plaintiffs are moving the Court to award attorneys' fees of one-third (33⅓%) of the Gross Settlement Fund, for reimbursement of expenses incurred in connection with the prosecution of this Action in the approximate amount of \$480,000, and an award to Lead Plaintiffs of their reasonable costs (including lost earnings) directly relating to their representation of the Class not to exceed \$20,000.00. The requested fees and expenses would amount to an average of \$0.31 per damaged share in total. Plaintiffs' Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is

customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

Further Information

Further information regarding the Action and this Notice may be obtained by contacting Lead Counsel: Thomas G. Shapiro, Esq., Shapiro Haber & Urmy LLP, 53 State Street, Boston, MA 02109 or Jeffrey Nobel, Esq., Schatz Nobel Izzard P.C., 20 Church Street, Suite 1700, Hartford, CT 06103.

Reasons for the Settlement

The principal reason for the settlement is the monetary benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or otherwise acquired shares of PolyMedica common stock during the period between October 26, 1998 and December 31, 2000, inclusive.

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and after any objections or appeals are resolved, an administrator will make the payments that the settlement allows.

The people who sued are called Lead Plaintiffs, and the company and the individuals they sued, PolyMedica, Liberty and Steven J. Lee (former President and Chief Executive Officer of PolyMedica), Warren K. Trowbridge (former President of Liberty) and Eric G. Walters (former Chief Financial Officer of PolyMedica), are called the Defendants.

2. What is this lawsuit about?

PolyMedica is a direct-to-consumer provider of healthcare products and related services, primarily to senior citizens throughout the United States. Liberty, PolyMedica's largest division, provides blood glucose testing supplies and related products and services to senior citizens who have diabetes.

The lawsuit claimed that the Defendants engaged in a fraudulent scheme to falsify and materially overstate sales, revenue, accounts receivable and earnings, and that the Defendants issued materially false and misleading statements in press releases, newspaper articles, and SEC filings in order to inflate the price of PolyMedica's stock.

The Plaintiffs further allege that investors purchased the common stock of PolyMedica during the Class Period at prices artificially inflated as a result of the Defendants' conduct in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 thereunder.

The Defendants deny that they did anything wrong, but desire to terminate the litigation in order to avoid the costs and uncertainty of litigation.

3. Why is this a class action?

In a class action, one or more people called Class Representatives (in this case Thomas Thuma), sue on behalf of people who have similar claims. All these people are Class Members. Bringing a case as a class action allows adjudication of many similar claims that might be economically too small to bring in individual actions. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

The litigation was commenced on November 27, 2000 with filing of the first complaint in the United States District Court for the District of Massachusetts. Another complaint was filed thereafter on behalf of different plaintiffs and each action was subsequently consolidated by the Court under the caption *In re PolyMedica Corp. Securities Litigation*, Civil Action No. 00-12426-WGY.

On July 30, 2001, the Court appointed Richard Bowe SEP-IRA, John B. Muha, Richard Roa, Thomas C. Thuma, and Trust Advisors Equity Plus LLC as Lead Plaintiffs. The Court also approved the law firms of Shapiro Haber & Urmy LLP ("Shapiro Haber") and Schatz Nobel Izzard P.C. as Co-Lead Counsel for the Class.

On October 9, 2001, Lead Plaintiffs filed a Consolidated Complaint (the "Complaint"). On December 10, 2001, the Defendants filed a motion to dismiss the Complaint, which was denied by the Court in its Order filed May 10, 2002. On June 20, 2002, the Defendants served their Answers to the Complaint in which they denied all substantive allegations of wrongdoing and asserted a number of affirmative defenses.

On September 7, 2004, the Court certified a class for the period October 26, 1998 through August 21, 2001 and certified Plaintiff Thomas Thuma as the Class Representative. The Court excluded from the class persons who engaged in any short-sale transactions of PolyMedica common stock during the class period.

On appeal before the First Circuit Court of Appeals, on December 13, 2005, the First Circuit vacated the Court's order certifying the class for the period January 1, 2001 through August 21, 2001 and remanded the matter for further proceedings.

On September 28, 2006, the Court denied the plaintiffs' motion to re-certify the class for the period January 1, 2001 through August 21, 2001.

On October 24, 2006, the parties reached an agreement in principle on the terms of a settlement. That way, they avoid the risks, costs and delays of a trial, and the people affected will receive compensation. The Class Representative and the attorneys think the settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

5. What if I am still not sure if I am included?

The Court directed, that for the purposes of the proposed settlement, that everyone who fits this description is a Class Member: *all persons who purchased or otherwise acquired the common stock of PolyMedica between October 26, 1998 and December 31, 2000, inclusive, and who did not engage in any short-sale transactions of PolyMedica common stock during that time period.*

Excluded from the Class are the Defendants, the officers and directors of PolyMedica and/or Liberty during the Class Period, members of their immediate families and their heirs, successors or assigns, and any entity in which an excluded person has or had a controlling interest at any time during the Class Period.

If you engaged in any short-sale transactions of PolyMedica common stock during the Class Period, you are excluded from the Class.

6. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call 1-800-556-9955 or visit www.frginfosys.com/polymedica for more information. Or you can fill out and return the Proof of Claim form described below, in question 9, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

7. What does the settlement provide?

In exchange for the Settlement and dismissal of the Action, the Defendants have agreed to create a \$5,500,000 fund to be divided, after fees and expenses, among all Class Members who send in a valid Proof of Claim form.

8. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Class Members send in, how many shares of PolyMedica stock you bought, acquired or sold, and the prices and timing of your transactions.

You can calculate your Recognized Claim in accordance with the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claims. See the Plan of Allocation on page 4 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT — SUBMITTING A PROOF OF CLAIM FORM

9. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form on or before October 26, 2007. A Proof of Claim form is included with this Notice. You may also get a Proof of Claim form on the Internet at www.frginfosys.com/polymedica.

10. When would I get my payment?

The Court will hold a hearing on **September 5, 2007**, to decide whether to approve the settlement. If the Court approves the settlement after that, there may be appeals. It also takes time for all the Proofs of Claim to be processed. Please be patient.

11. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that, upon the "Effective Date," you will release all "Settled Class Claims" (as defined below). "Settled Class Claims" means any and all direct, individual and/or class claims (including Unknown Class Claims, as defined in the Stipulation), debts, demands, rights and/or causes of action and/or liabilities whatsoever (including, but not limited to, any claims for compensatory damages, punitive damages, interest, attorneys' fees, expert and/or consulting fees, and/or any other costs, expenses, liability and/or relief, monetary, injunctive, or otherwise), whether based on federal, state, local, statutory and/or common law and/or any other law, rule or regulation, whether fixed and/or contingent, accrued and/or un-accrued, liquidated and/or un-liquidated, at law and/or in equity, matured and/or un-matured, whether class and/or individual in nature, including both known claims and/or unknown, pleaded and/or unpleaded, suspected and/or unsuspected claims, (i) that have been asserted in this Action by the Lead Plaintiffs, Class Members or any of them against any of the Released Parties and that relate to the purchase, sale and/or acquisition of shares of the common stock of PolyMedica by the Lead Plaintiffs, Class Members or any of them during the Class Period, (ii) that could have been, and/or could in the future be, asserted in any forum by the Lead Plaintiffs, Class Members or any of them against any of the Released Parties which arise out of and/or are based upon and/or relate in any way to the allegations, transactions, facts, matters and/or occurrences, representations and/or omissions involved, set forth, or referred to in the Complaint and/or that relate to the purchase, sale and/or acquisition of shares of the common stock of PolyMedica by the Lead Plaintiffs, Class Members or any of them during the Class Period, and/or (iii) that arise out of and/or relate in any way to the defense and/or settlement of this Action (except for claims to enforce this Settlement). Settled Class Claims do not include any claims that related to any periods of time other than the Class Period.

"Released Parties" means any and all of the Defendants, their past, present or future subsidiaries, parents, affiliates, predecessors, successors, assigns, acquirers, divisions, representatives, heirs, officers, directors, shareholders, agents, employees, attorneys, auditors, accountants, underwriters, advisers, insurers, co-insurers, and re-insurers, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, predecessors, successors in interest or assigns of the Defendants and/or any members of the immediate family of any Defendant.

The "Effective Date" will occur when an Order entered by the Court approving the Settlement becomes final and not subject to appeal.

If the Settlement is approved by the Court, the Action will be dismissed with prejudice as to all claims concerning the Class Period, and without prejudice as to any claims with respect to the uncertified period from January 1 to August 21, 2001. This means that all Settled Class Claims (defined above) which have or could have been asserted in the Complaint in the Action will be dismissed with prejudice as to all Lead Plaintiffs and Class Members. The Settlement also provides that the Defendants or Insurers may withdraw from and terminate the Settlement in the event that Class Members who purchased in excess of a certain number of shares of PolyMedica common stock on the open market during the Class Period exclude themselves from the Class.

If you remain a member of the Class, all of the Court's orders will apply to you and legally bind you.

IF YOU DO NOTHING

12. What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit about the Settled Class Claims ever again. To share in the Net Settlement Fund you must submit a Proof of Claim form (see question 9 above). To start, continue or be a part of any other lawsuit against PolyMedica and the other Released Parties about the Settled Class Claims in this case you must exclude yourself from this Class (see question 20 below).

If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is **August 22, 2007**.

THE LAWYERS REPRESENTING YOU

13. Do I have a lawyer in this case?

The Court ordered that the law firms of Shapiro Haber & Urmy LLP in Boston, Massachusetts and Schatz Nobel Izard P.C. in Hartford, Connecticut will represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will

determine the amount of Lead Counsel's fees and expenses, which will be paid from the Gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

14. How will the lawyers be paid?

Lead Counsel is moving the Court to award attorneys' fees from the Gross Settlement Fund in an amount of one-third (33 1/3%) of the Gross Settlement Fund and for reimbursement of their expenses not to exceed the amount of \$480,000, plus interest on such expenses at the same rate as earned by the Settlement Fund.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

15. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member you can object to the Settlement or any of its terms, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline identified, and according to the following procedures.

To object, you must send a signed letter stating that you object to the proposed settlement in the PolyMedica Securities Litigation. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of PolyMedica common stock you made during the Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and served on all the following counsel on or before **August 26, 2007** at the following addresses:

COURT

Elizabeth Smith
Deputy Clerk
United States District Court
United States Courthouse
1 Courthouse Way, Suite 2300
Boston, MA 02210

LEAD COUNSEL

Thomas G. Shapiro, Esq.
Shapiro Haber & Urmey LLP
Exchange Place
53 State Street
Boston, MA 02109

Jeffrey Nobel, Esq.
Schatz Nobel Izard P.C.
20 Church Street
Suite 1700
Hartford, CT 06103

DEFENDANTS' COUNSEL

James W. Prendergast, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
60 State Street
Boston, MA 02109

You do not need to go to the Settlement Fairness Hearing to have your written objection considered by the Court. At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class and who has complied with the procedures set out in this question 15-6 and question 19 below for filing with the Court and providing to the counsel for the Plaintiffs and the Defendants a statement of an intention to appear at the Settlement Fairness Hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the Settlement, the Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Hearing.

16. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, see below, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement. You may attend and you may ask to speak, but you do not have to.

17. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Fairness Hearing at 2:00 p.m. on September 5, 2007, at the United States District Court for the District of Massachusetts,

John Joseph Moakley United States Courthouse, 1 Courthouse Way, Boston, MA 02210. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. At the Settlement Fairness Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions at question 15. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. See question 19 for more information about speaking at the hearing. The Court may also decide how much to pay to Lead Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Fairness Hearing. Thus, if you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

18. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

19. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 15 above) a statement stating that it is your "Notice of Intention to Appear in *In re PolyMedica Corp. Securities Litigation*, Civil Action No. 00-12426-WGY." Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. You cannot speak at the hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Fairness Hearing by the deadline identified, and in accordance with the procedures described in questions 15 and 17 above.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep any right you may have to sue or continue to sue PolyMedica and the other Released Parties, on your own, about the Settled Class Claims, then you must take steps to get out. This is called excluding yourself - or is sometimes referred to as "opting out" of the Settlement Class.

20. How do I get out of the proposed settlement?

To exclude yourself from the Settlement Class, you must send a signed letter by mail stating that you "request exclusion from the Class in *In re PolyMedica Corp. Securities Litigation*, Civil Action No. 00-12426-WGY." Your letter should state the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of PolyMedica common stock during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than **August 22, 2007** to:

Shapiro Haber & Urmey LLP
53 State St.
Boston, MA 02109
Attn: PolyMedica Class Action

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

21. If I do not exclude myself, can I sue PolyMedica and the other Released Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue PolyMedica and the other Released Parties for any and all Settled Class Claims. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **August 22, 2007**.

22. If I exclude myself, can I get money from the proposed settlement?

No. If you exclude yourself, you are not entitled to any payment from the Settlement and you may not send in a Proof of Claim form to ask for any money.

GETTING MORE INFORMATION

23. Are there more details about the proposed settlement?

This notice summarizes the proposed settlement. More details are in a Stipulation and Agreement of Settlement dated May 9, 2007 (the "Stipulation"). You can get a copy of the Stipulation by writing to Thomas G. Shapiro, Esq., Shapiro Haber & Urmy LLP, 53 State Street, Boston MA 02109 or Jeffrey Nobel, Esq., Schatz Nobel Izard P.C., 20 Church Street, Suite 1700, Hartford, CT 06103. You also can call the Claims Administrator at 1-800-556-9955 toll free; write to

PolyMedica Securities Litigation
c/o FRG Information Systems Corp.
PO Box 460, Peck Slip Station
New York, NY 10272-0460;

or visit the website at www.frginfosys.com/polymedica, where you will find answers to common questions about the settlement, a Proof of Claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

24. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the District of Massachusetts, John Joseph Moakley United States Courthouse, 1 Courthouse Way, Suite 2300, Boston, MA 02210, during regular business hours.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The \$5.5 million settlement amount and the interest earned thereon will constitute the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") will be distributed to members of the Class who submit valid, timely Proof of Claim forms ("Authorized Claimants") in accordance with the Plan of Allocation described in this section. You will be eligible to participate in the distribution of the Net Settlement Fund only if you have a net loss relating to all purchases of PolyMedica common stock during the Class Period (October 26, 1998 - December 31, 2000).

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Class Counsel have consulted with their damages expert. The Plan of Allocation reflects an equitable allocation of the Net Settlement Fund among Authorized Claimants. Each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total of the Recognized Claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

Each Authorized Claimant's Recognized Claim will be calculated as follows:

1. For shares of PolyMedica common stock that were purchased between October 26, 1998 and November 17, 2000:
 - a. If sold before November 18, 2000 (the first disclosure of the problems which are the subject matter of the Litigation), the Recognized Claim is \$0; and
 - b. If held as of the close of trading on November 17, 2000, the Recognized Claim per share is (i) the purchase price minus the sales price if sold on or before June 20, 2001 (the date 90 days after the second disclosure of the problems which are the subject matter of the Litigation), or (ii) the purchase price minus \$29.33 (the average of the closing prices for the 90 days ending on June 20, 2001) for shares held at the close of trading on June 20, 2001.
2. For shares of PolyMedica common stock that were purchased between November 18, 2000 and December 31, 2000:
 - a. If sold before March 23, 2001 (the next disclosure after November 18, 2000 of the problems which are the subject matter of the Litigation), the Recognized Claim is \$0; and
 - b. If held as of the close of trading on March 22, 2001, the Recognized Claim per share is (i) the purchase price minus the sales price if sold on or before June 20, 2001 (the date 90 days after the disclosure on March 23, 2001 of problems which are the subject matter of the Litigation), or (ii) the purchase price minus \$29.33 (the average of the closing prices for the 90 days ending on June 20, 2001) for shares held at the close of trading on June 20, 2001.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Authorized Claimants who held shares at the beginning of the Class Period or who made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a Recognized Claim. Under the FIFO method, sales of shares during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period, and any remaining shares sold during the Class Period will then be matched, in chronological order, against shares purchased during the Class Period.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Fund only if the Authorized Claimant had a net loss, after all profits from transactions in PolyMedica common stock during the Class Period are subtracted from all losses. However, the proceeds from sales of stock which have been matched against stock held at the beginning of the Class Period will not be used in the calculation of such net loss.

Any Class Member who engaged in any short-sale transactions of PolyMedica common stock during the Class Period is excluded from the definition of the Class and will not receive any distribution from the Net Settlement Fund.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Authorized Claimant on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Class Counsel, the Claims Administrator, Defendants or Defendants' counsel based on distributions made substantially in accordance with the Settlement Agreement, the Plan of Allocation, or order(s) of the Court. All Authorized Claimants who fail to complete and file a valid and timely Proof of Claim form shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Settlement Agreement, including the terms of any judgment entered and the releases given.

Class Members who do not submit acceptable Proofs of Claim will not share in the Settlement proceeds. Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim form will nevertheless be bound by the Settlement, the Final Judgment of the Court dismissing the Class Action and the release.

Distributions will be made to Authorized Claimants after the Court has finally approved the Settlement and all claims have been processed.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or acquired common stock of PolyMedica during the period between October 26, 1998 and December 31, 2000, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired PolyMedica common stock during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of that PolyMedica common stock. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

PolyMedica Securities Litigation Settlement Fund
c/o FRG Information Systems Corp.
PO Box 460, Peck Slip Station
New York, NY 10272-0460
(800) 556-9955

All inquiries concerning this Notice or the Proof of Claim Form by Class Members should be made to the Claims Administrator. No inquiries should be directed to the Court or the Clerk's Office.

Dated: Boston, Massachusetts
May 21, 2007

By Order of the Court
CLERK OF THE COURT