

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

GUY RATZ, Individually and on behalf of	:	
all others similarly situated,	:	
	:	
Plaintiff,	:	
	:	CIVIL ACTION NO.: 2:13-cv-06808-PSD
vs.	:	
	:	
PHOTOMEDEX, INC., DENNIS M.	:	
MCGRATH and DOLEV RAFAELI,	:	
	:	
Defendants.	:	
<hr style="width:40%; margin-left:0"/>		January 9, 2015

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED THE SECURITIES OF PHOTOMEDEX, INC. BETWEEN NOVEMBER 6, 2012 AND NOVEMBER 5, 2013, INCLUSIVE, YOU COULD GET A PAYMENT FOR A CLASS ACTION SETTLEMENT.

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

Purpose of Notice: The purpose of this Notice is to inform you of: (a) the pendency of this Litigation; (b) the proposed settlement of the Litigation (the "Settlement"); and (c) the hearing to be held by the Court (the "Settlement Hearing") to consider: (i) whether the Settlement should be approved; (ii) the application of Plaintiff's Counsel for attorneys' fees and expenses; and (iii) certain other matters. This Notice describes important rights you may have and what steps you must take if you wish to participate in the Settlement or wish to be excluded from the Class.¹

Settlement Fund: The Settlement provides a total recovery of \$1,500,000 in cash. If you are in the Class, your recovery will depend on the number of securities you purchased and the timing of your purchases and any sales. Depending on the number of eligible shares or options that participate in the Settlement and when those shares or options were purchased and sold, the estimated average recovery per damaged share of common stock of Members of the Class will be approximately \$0.163 per share [.65² shekel³ per share], before deduction of Court-approved fees and expenses.

Reasons for Settlement: The Settlement resolves a lawsuit by Lead Plaintiff alleging that PhotoMedex, Inc. ("PhotoMedex") and certain of its officers, Dennis M. McGrath and Dolev Rafaeli (collectively, the "Defendants"), made certain false and misleading statements and omitted certain material information regarding the business status and prospects of PhotoMedex during the Class Period. The Defendants deny the allegations in the lawsuit. The Settlement provides a substantial recovery now and avoids the costs and risks associated with continued litigation, including the danger of no recovery for the Class.

If the Case Had Not Settled: Continuing with the case could have resulted in dismissal or loss at trial. The parties do not agree on the amount of money that could have been obtained if the Class prevailed at trial. Lead Plaintiff and Defendants disagree about: (1) the method for determining whether PhotoMedex's securities were

¹ All capitalized terms not otherwise defined in this Notice shall have the same meanings as provided in the Stipulation of Settlement, dated as of January 9, 2015 (the "Stipulation").

² Conversions from dollars to shekels used in this Notice are based on the exchange rate as of January 9, 2015. The date that will be used to calculate the exchange rate for the payment of claims will be the date of the Final Approval Order. Therefore, the amount of shekels paid could vary from the amounts used in this Notice due to currency fluctuations.

³ This refers to the New Israeli Shekel, the official currency of Israel.

artificially inflated during the relevant period; (2) the amount of any such inflation; (3) the extent that or if various alleged statements or omissions were materially false or misleading; (4) the extent that or if various alleged facts influenced the trading price of PhotoMedex securities during the relevant period; and (5) whether the facts alleged were material, false, misleading or otherwise actionable under the securities laws.

Attorneys’ Fees and Expenses: Court-appointed Lead Counsel have not received any payment for their work investigating the facts, conducting this Litigation and negotiating the Settlement on behalf of the Class. Lead Counsel will ask the Court for attorneys’ fees of up to one-third of the Settlement Fund and for reimbursement of out-of-pocket expenses not to exceed \$100,000 to be paid from the Settlement Fund, plus interest. In addition, Lead Plaintiff may request reimbursement for their expenses (including lost wages) incurred in representing the Class of up to \$1,500 to be paid from the Settlement Fund. If the above amounts are requested and approved by the Court, the average cost per damaged share of PhotoMedex common stock will be \$0.065 [.257 shekel].

Court Hearing on Fairness of Settlement: The Settlement Hearing will be on July 20, 2015. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement is fair, reasonable and adequate to Members of the Class; (2) whether the proposed plan to distribute the Settlement proceeds is fair, reasonable and adequate; (3) whether the application by Lead Counsel and Lead Plaintiff for an award of attorneys’ fees and expenses should be approved; (4) whether the Litigation should be dismissed and the Released Claims, as set forth in the Stipulation, should be provided to the Released Parties; (5) whether the Class should be finally certified for the purposes of the Settlement; (6) whether Lead Plaintiff should be finally certified as Class Representative for the Settlement Class; and (7) whether the law firm, Shepherd, Finkelman, Miller & Shah, LLP, should be finally appointed Class Counsel.

Contact the Parties Below to Obtain More Information About the Settlement:

<p>Claims Administrator: PhotoMedex Shareholder Litigation Claims Administrator c/o Strategic Claims Services 600 North Jackson Street, Suite 3 Media, PA 19063 Tel: 866-274-4004 Fax: 610-565-7985</p>	<p>Plaintiff’s Lead Counsel: Shepherd, Finkelman, Miller & Shah, LLP Attn: James C. Shah 35 East State Street Media, PA 19063 Tel: 877-891-9880 Fax: 866-300-7367</p>
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Your legal rights are affected whether you act or don’t 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 deadline for Submitting a claim is September 10, 2015.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the legal claims in this lawsuit. The deadline for requesting exclusion is June 18, 2015.
OBJECT	You may write to the Court if you don’t like this Settlement. The deadline for objection is June 18, 2015.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement.

Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have purchased PhotoMedex securities between November 6, 2012 and November 5, 2013, inclusive (the “Class Period”).

If this description applies to you or someone in your family, you received this Notice because you have a right to know about a proposed Settlement of this securities class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Eastern District of Pennsylvania, and the case is known as *Ratz v. PhotoMedex, Inc., et al.*, Case No. 2:13-cv-06808-PSD. The Person who sued is called the Lead Plaintiff, and the Company and the individuals they sued, PhotoMedex, Dennis McGrath and Dolev Rafaeli, are called the Defendants.

2. What Is This Lawsuit About?

This case was brought as a securities class action alleging that the Defendants falsely represented or omitted certain facts regarding PhotoMedex’s business status, performance and prospects. Lead Plaintiff asserts that these actions resulted in the artificial inflation of the price of PhotoMedex’s securities between November 6, 2012 and November 5, 2013, inclusive. On November 22, 2013, the case was filed in the United States District Court for the Eastern District of Pennsylvania. On February 12, 2014, the Court appointed Asbestos Workers, Local 14 Pension Fund (“Lead Plaintiff”) to serve as Lead Plaintiff, and appointed Shepherd, Finkelman, Miller & Shah, LLP to serve as lead counsel (“Lead Counsel”).

Lead Plaintiff filed its Consolidated Amended Class Action Complaint on April 14, 2014 (the “Complaint”), which alleged a Class Period of November 6, 2012 through November 5, 2013, inclusive. The Complaint alleged that, throughout the Class Period, Defendants misrepresented and omitted certain material information regarding the efficacy of the Company’s core product and the Company’s financial status, success and prospects in Japan. Defendants filed a Motion to Dismiss on June 13, 2014, which was denied by the Court on September 12, 2014. Pursuant to an agreement to participate in a mediation in an effort to reach a fair resolution of the Litigation, Lead Plaintiff and the Defendants attended a mediation before mediator Bruce A. Friedman of JAMS in San Francisco, California, on November 10, 2014. As a result of a series of full and frank discussions among the Settling Parties and the mediator, Lead Plaintiff and the Defendants reached an agreement-in-principle to settle the Litigation for the sum of \$1,500,000.

3. Why Is This A Class Action?

In a class action, one or more people called class representatives sue on behalf of people who have similar claims. In this instance, the Court-appointed Lead Plaintiff, Asbestos Workers, Local 14 Pension Fund, represents the Class. One court resolves the issues for all Class Members, except for those who exclude themselves, or “opt-out” from the Class. The Honorable Paul S. Diamond is the judge in charge of this class action.

4. Why Is There A Settlement?

The Court did not decide in favor of Lead Plaintiff or the Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost of a trial, and eligible Class Members who make a valid claim will get compensation. The Lead Plaintiff and its attorneys think the Settlement is a very good result for all Class Members. The Defendants deny liability and deny the Lead Plaintiff and Members of the Class suffered any damage. Further, assuming Lead Plaintiff prevailed at trial, any favorable verdict would have likely been the subject of appeal and the Class recovery would have remained uncertain and further delayed.

WHO IS IN THE SETTLEMENT

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

5. How Do I Know If I Am Part Of The Settlement?

The Class includes all Persons who purchased PhotoMedex securities (*i.e.*, common stock or options) between November 6, 2012 and November 5, 2013, inclusive, on any domestic or foreign exchange or otherwise.

6. What Are The Exceptions To Being Included?

You are not a Class Member if you are a Defendant, a member of the immediate family of one of the Individual Defendants listed in question 1, an entity in which any Defendant has a controlling interest and the legal representatives, heirs, successors, predecessors in interest or assigns, of any excluded party, as well as the Judge(s) assigned to this case. Also excluded from the Class is anyone who submits a valid and timely request for exclusion in accordance with the procedures set forth in Question 13 below.

7. I'm 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 Strategic Claims Services at (866) 274-4004 or email info@strategicclaims.net for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS - WHAT YOU GET

8. What Does The Settlement Provide?

Defendants have agreed to pay \$1.5 million in cash to be divided among eligible Class Members who send in valid claim forms and are found by the Court to be entitled to a distribution ("Authorized Claimant(s)"), after payment of Court-approved attorneys' fees and expenses, reimbursement of expenses (including lost wages) of Lead Plaintiff and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund").

PLAN OF ALLOCATION

9. How Much Will My Payment Be?

If you are an Authorized Claimant, your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in and how many PhotoMedex securities shares you purchased during the Class Period and when you bought and sold them. Noted below are the maximum amounts you could receive for each share of PhotoMedex securities purchased at the below listed times. However, your actual recovery per share will depend upon the total number of securities participating in the Settlement.

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Parties, or another plan of allocation, without further notice to Settlement Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Claims Administrator's website, www.strategicclaims.net.

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund

based upon each Authorized Claimant's Recognized Claim. Please Note: The Recognized Claim formula, set forth below, is not intended to be an estimate of the amount of what a Settlement Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total Recognized Claims of all Authorized Claimants (*i.e.*, "pro rata share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No distribution will be made on a claim where the potential distribution amount is less than \$10.00 in cash (or 39.7 shekels).

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, provided that such distributions to any late, post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 (or 39.7 shekels) minimum check amount set forth in the Notice; (ii) second, to pay any additional Notice and Administration Costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 (or 39.7 shekels) from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible.

THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM:

Each Authorized Claimant shall be allocated a pro rata share of the Net Settlement Fund based on his, her or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. Recognized Claims will be calculated for those shares of PhotoMedex common stock and options purchased or otherwise acquired during the Class Period (November 6, 2012 through November 5, 2013, inclusive). The Plan of Allocation is based upon the evaluation of Class Counsel, in consultation with experts, regarding the relative strength and weaknesses of the claims of Members of the Class. The Plan of Allocation treats transactions in securities on the exchanges in the United States and Israel as equivalent on the basis that the shares at issue were dual listed and in recognition of the fact that, although investors in the Tel Aviv Stock Exchange ("TASE") conceivably could claim larger relative damage awards, such investors could face greater risks in establishing liability, causation and damages because of numerous issues, including jurisdictional, venue and choice-of-law challenges, as well as potential challenges to the efficiency of the TASE market. In addition, the Plan of Allocation does not provide a recovery for those Class Members who completed transactions in the securities at issue before a pertinent adverse disclosure in recognition of the fact that an award of damages to such Class Members arguably is inconsistent with Lead Plaintiff's core liability theories in the Litigation. If you have questions about the Plan of Allocation, you should contact Class Counsel.

A claimant's Recognized Claim will be calculated as follows:

1. For shares of common stock purchased on NASDAQ between November 6, 2012 and October 16, 2013, inclusive, and on TASE between November 6, 2012 and October 19, 2013,⁴ inclusive:
 - A. For shares retained at the end of trading on November 5, 2013, the Recognized Claim shall be the lesser of: (1) \$1.68 per share or 6.67 shekels per share;⁵ or (2) the difference between the purchase price per share and \$12.95⁶ per share or 37.36⁷ shekels per share;
 - B. For shares sold on NASDAQ between November 6, 2012 and October 16, 2013, inclusive, and on TASE between November 6, 2012 and October 19, 2013, inclusive, the Recognized Claim shall be zero; and
 - C. For shares sold on NASDAQ between October 17, 2013 and November 5, 2013, inclusive, and on TASE between October 20, 2013 and November 5, 2013, inclusive, the Recognized Claim shall be the lesser of: (1) \$.57 per share or 2.26 shekels per share; or (2) the difference between the purchase price per share and the sales price per share for each share sold.
2. For shares of common stock purchased on NASDAQ between October 17, 2013 and November 5, 2013, inclusive, and on TASE between October 20, 2013 and November 5, 2013, inclusive:
 - A. For shares retained at the end of trading on November 5, 2013, the Recognized Claim shall be the lesser of: (1) \$1.11 per share or 4.41 shekels per share; or (2) the difference between the purchase price per share and \$12.95 per share or 37.36 shekels per share; and
 - B. For shares sold on NASDAQ between October 17, 2013 and November 5, 2013, inclusive, and on TASE between October 20, 2013 and November 5, 2013, inclusive, the Recognized Claim shall be zero.
3. For common stock call options:
 - A. The Recognized Claim for each call option contract on PhotoMedex common stock purchased or otherwise acquired during the Class Period shall be twenty-five percent (25%) of the lesser of (x) the common stock inflation per share for all shares covered by the call option contract on the date the call option was purchased, less, if sold, the common stock inflation per share for all shares covered by the call option contract on the date the call option was sold, or (y) the difference between: (a) the amount paid per call option contract and, (b) the sale price received per option contract when said call options were subsequently sold (if the option expired worthless, the sales price shall be deemed to be zero);
 - B. Shares of PhotoMedex common stock acquired during the Class Period through the exercise of a call option shall be treated as a purchase on the date of exercise for the exercise price plus the cost of the call option, and any Recognized Claim arising from such transaction

⁴ The date of the first corrective disclosure on TASE was one business day later in Israel due to different time zones.

⁵ Pricing information of trades on NASDAQ should be in dollars and trades on TASE should be in shekels.

⁶ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated." \$12.95 was the mean (average) daily closing trading price of PhotoMedex common stock during the 90-day period beginning on November 6, 2013 and ending on February 3, 2014.

⁷ This represents PhotoMedex's November 6, 2013 closing price on TASE.

shall be computed as provided for other purchases of PhotoMedex common stock as set forth herein; and

C. No Recognized Claim shall be calculated based upon the sale or writing of any call option that was subsequently repurchased.

4. For common stock put options:

A. The Recognized Claim for each put option contract on PhotoMedex common stock sold or written during the cCass Period shall be twenty-five percent (25%) of the lesser of (x) the common stock inflation per share for all shares covered by the put option contract on the date the claimant sold or wrote the put contract, or (y) difference between: (a) the amount received per put option contract, and (b) the purchase price paid per put option contract when said put options were subsequently repurchased at any time (including after the Class Period). For put options sold or written during the Class Period that expired worthless and unexercised, the Recognized Claim shall be Zero;

B. For PhotoMedex put options that were sold or written during the Class Period, that were “put” to the Authorized Claimant (*i.e.*, exercised) at any time, the Recognized Claim shall be calculated as a purchase of PhotoMedex common stock as shown herein, and as if the sale of the put option were instead a purchase of PhotoMedex common stock on the date of the sale or writing of the put option, and the “purchase price paid” shall be the strike price of the put option less the proceeds received from the sale of the put option; and

C. No Recognized Claim shall be calculated based upon the sale of any put option that was previously purchased.

To the extent a claimant had a trading gain or “broke even” from his, her or its overall transactions in PhotoMedex securities during the Class Period, the value of the Recognized Claim will be zero and the claimant will not be entitled to a share of the Net Settlement Fund. To the extent that a claimant suffered a trading loss on his, her or its overall transactions in PhotoMedex securities during the Class Period, but that trading loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the claimant’s actual trading loss.

For purposes of calculating your Recognized Claim, the date of purchase, acquisition or sale is the “contract” or “trade” date and not the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of PhotoMedex securities shall not be deemed a purchase, acquisition or sale of PhotoMedex securities for the calculation of an Authorized Claimant’s Recognized Claim. The covering purchase of a short sale is not an eligible purchase.

Pricing information of trades on NASDAQ should be in dollars and trades on TASE should be in shekels. Payments of claims can be in either dollars or shekels. The date used to calculate the exchange rate for payments will be the date of the Final Approval Order.

For purposes of calculating your Recognized Claim, all purchases, acquisitions and sales shall be matched on a First In First Out (“FIFO”) basis in chronological order.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Defendants, Defendants’ Counsel, Lead Plaintiff, Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant’s Claim Form. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund, shall be released and discharged from any

and all claims arising out of such involvement, and all Settlement Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

10. How Will I Get A Payment?

To qualify for payment, you must be an eligible Class Member and you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it to the Claims Administrator **postmarked no later than** September 10, 2015. If you did not receive a Proof of Claim form, you can obtain one on the internet at the website for the Claims Administrator: www.strategicclaims.net, or by calling the Claims Administrator at (866) 274-4004.

11. When Will I Get My Payment?

The Court will hold a hearing on July 20, 2015, to decide whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain how these appeals will be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim will be informed of the determination with respect to his, her or its claim. Please be patient.

12. 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 you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same legal issues that were or could have been raised in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. Specifically, you will release all "Released Claims" (defined below), including "Unknown Claims" (defined below) against the "Released Parties" (as defined below).

- **Released Claims** collectively means any and all claims (including "Unknown Claims" as defined herein), demands, rights, causes of action or liabilities, duties, controversies, obligations, actions, debts, sums of money, suits, contracts, agreements, promises, damages, losses, judgments, liabilities, allegations and arguments of every nature and description whatsoever, whether based in law or equity, whether arising under federal, state, local, foreign statutory or common law, or administrative law or any other law, rule or regulation, whether class or individual in nature, whether fixed or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether matured or unmatured, including both known claims and Unknown Claims, that have been or could have been asserted in any forum by Lead Plaintiff, Class Members, or any of them, or the successors or assigns of any of them, whether directly, indirectly, derivatively, representatively or in any other capacity against any of the Released Parties (as defined herein), that arise out of, or relate in any way, directly or indirectly, to or are in connection with the claims, allegations, transactions, facts, events, disclosures, statements, matters, occurrences, acts, representations or omissions or failures to act involved, set forth, referred to, or that could have been asserted in the Litigation, including, without limitation, claims for negligence, gross negligence, breach of duty of care, breach of duty of loyalty, breach of duty of candor, fraud, negligent misrepresentation, and breach of fiduciary duty, arising out of, based upon and that relate in any way to the purchase, acquisition, sale or disposition of PhotoMedex common stock or other publicly-traded securities by any Class Member during the Class Period.
- **Released Parties** means Lead Plaintiff, the Class, Lead Plaintiff's Counsel, Plaintiffs' Counsel, Defendants, Defendants' Counsel and their respective past or present affiliates, parents, subsidiaries, representatives, shareholders, creditors, partners, principals, officers, directors, employees, insurers, reinsurers, trustees, employers, controlling persons, advisors, professional

advisors, financial advisors, accountants, auditors, commercial bank lenders, investment bankers, creditors, administrators, estates, legal representatives, associates, general and limited partners and partnerships, divisions, joint ventures, general or limited partners or partnerships, limited liability companies, heirs, executors, administrators, attorneys, agents, predecessors, assigns, successors in interest (including, but not limited to a trustee appointed in a Chapter 7 or 11 proceeding, a receiver, an assignee for the benefit of creditors, or any similar successors other than securities broker dealers who were not named as parties in the Complaint), and any trust of which any Individual Defendant is the settlor or which is for the benefit of a member of their immediate family; and as to each of the foregoing, their respective current and former legal representatives, heirs, successors and assigns.

- **Unknown Claims** means any Released Claims that Lead Plaintiff or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties and any Released Defendants' Claims that any of the Released Parties does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, which, if known by him, her, or it, might have affected his, her or its decision with respect to the Settlement. Upon the Effective Date, the Settling Parties, and all other Persons and entities whose claims are being released, shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of § 1542 of the California Civil Code, which provides as follows: A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known by him or her, must have materially affected his or her settlement with the debtor.
- Lead Plaintiff, Defendants and the Released Parties have, and each of the Class Members shall be deemed to have, and -- by operation of the Judgment -- shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or Israel, or principle of common law, which is similar, comparable and equivalent to California Civil Code § 1542. Lead Plaintiff, Defendants and the Released Parties may hereafter discover facts in addition to or different from those which any of them or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims and/or the Released Defendants' Claims, but Lead Plaintiff and each Defendant shall expressly and each Class Member and each of the Released Parties, upon the Effective Date, shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, fully, finally, and forever settled and released any and all Released Claims and Released Defendants' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts, without regard to whether those facts were concealed or hidden. Lead Plaintiff and Defendants acknowledge, and the Class Members shall be deemed by operation of the Judgment or Alternative Judgment to have acknowledged, that the foregoing waiver of Unknown Claims was separately bargained for and a key element of the Settlement of which this release is a part.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don't want a payment from this Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same legal issues that were or could have been raised in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as "opting out" of the Class.

Please note: If you decide to exclude yourself, there is a risk that any lawsuit you may thereafter file to pursue claims alleged in the Litigation may be dismissed, including if such suit is not filed within the applicable time periods required for filing suit. Also, PhotoMedex may terminate the Settlement if Class Members who purchased in excess of a certain amount of its publicly traded common stock opt out.

13. How Do I Get Out Of The Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *Ratz v. PhotoMedex, Inc.*, Case No. 2:13-cv-06808-PSD. You must include your name, address, telephone number, your signature, and the number of PhotoMedex securities you owned at the beginning of this time period, and the dates, prices and numbers of securities purchased, acquired, or sold between November 6, 2012 and November 5, 2013, inclusive, as well as documentation, such as brokerage statements, showing your reported trading of PhotoMedex securities. You must mail your exclusion request postmarked no later than June 18, 2015 to:

PhotoMedex Shareholder Litigation
Claims Administrator
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063

Your exclusion request must comply with these requirements in order to be valid. You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you are not eligible to get any Settlement payment, you cannot object to the Settlement, and you will not be legally bound by anything that happens in this lawsuit.

14. If I Do Not Exclude Myself, Can I Sue The Defendants For The Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue the Defendants for the legal issues that were or could have been raised in this Litigation. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is June 18, 2015.

15. If I Exclude Myself, Can I Get Money From This Settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may sue, continue to sue, or be part of a different lawsuit against the Defendants and the Released Parties.

THE LAWYERS REPRESENTING YOU

16. Do I Have A Lawyer In This Case?

The Court appointed the law firm of Shepherd, Finkelman, Miller & Shah, LLP to represent all Members of the Class. These lawyers are called Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will The Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees of one-third of the Settlement Fund and for reimbursement of out-of-pocket expenses up to \$100,000 which were advanced in connection with the Litigation, plus interest on such amounts. In addition, Lead Plaintiff may seek compensation of up to \$1,500 for its expenses incurred (including lost wages) in representing the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees and expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel have not been paid for their services for conducting this Litigation on behalf of the Lead Plaintiff and the Class, nor for their substantial out-of-pocket expenses. The Court may award less than this amount.

OBJECTION TO THE SETTLEMENT

You can tell the Court that you don't agree with the Settlement or some part of it, with Lead Counsel's request for attorneys' fees and reimbursement of expenses, and/or with the Plan of Allocation.

18. How Do I Tell The Court That I Don't Like The Settlement, The Fee And Expense Request And/Or The Plan Of Allocation?

If you are a Class Member, you can object to the Settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement, the request for attorneys' fees and expenses, and/or the Plan of Allocation in *Ratz v. PhotoMedex, Inc.*, Case No. 2:13-cv-06808-PSD. You must include your name, address, telephone number, e-mail address, signature and the reasons you object to the Settlement, as well as the number of PhotoMedex securities you owned as of November 6, 2012, and the dates, prices and numbers of securities, purchased, acquired, or sold between November 6, 2012 and November 5, 2013, inclusive, and documentation, such as brokerage statements, showing your reported trading of PhotoMedex securities. Any objection to the Settlement must be mailed or delivered such that it is received by each of the following no later than June 18, 2015.

<p><i>Court:</i></p> <p>CLERK OF THE COURT UNITED STATES DISTRICT COURT EASTERN DISTRICT OF PENNSYLVANIA U.S. Courthouse, Room 2609 601 Market Street Philadelphia, PA 19106-1797</p>	<p><i>Lead Counsel for Plaintiffs:</i></p> <p>James C. Shah Shepherd, Finkelman, Miller & Shah, LLP 35 East State Street Media, PA 19063</p>	<p><i>Counsel for the Defendants:</i></p> <p>William P. Quinn, Jr. Morgan, Lewis & Bockius LLP 1701 Market Street Philadelphia, PA 19103-2921</p>
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19. What's The Different Between Objecting And Excluding?
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Objecting is simply telling the Court that you don't like something about the Settlement. You can object *only if* you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

20. When And Where Will The Court Decide Whether To Approve The Settlement?
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The Court will hold a fairness hearing at 9:30 a.m., on July 20, 2015, at the United States District Court for the Eastern District of Pennsylvania, U.S. Courthouse, Courtroom 6613, 601 Market Street, Philadelphia, Pennsylvania. At this hearing, the Court will consider, among other things: (i) whether the Settlement is fair, reasonable, and adequate and should be finally approved; (ii) the proposed Plan of Allocation; and (iii) the application of Plaintiff's Counsel for an award of attorneys' fees and expenses. If there are objections, the Court will consider them. The Court will listen to people who have objected and asked to speak at the hearing in accordance with the procedures set forth in Questions 18 and 22. The Court may decide these issues at the hearing or take them under consideration. 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 Hearing without another notice being sent to you. If you want to attend the hearing, you should check with Lead Counsel beforehand to make sure the date and/or time has not changed.

21. Do I Have To Come To The Hearing?

No. Lead Counsel will answer questions from the Court, but you are welcome to attend at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you delivered your written objection on time, as described in question 18 above, the Court will consider it. You may also pay your own lawyer to attend, but your lawyer's attendance is not necessary.

22. May I Speak At The Hearing?

If you properly object to the Settlement in accordance with the procedure set forth in Question 18, you may also ask the Court for permission to speak at the fairness hearing. To do so, you must include with your objection (see Question 18) that it is your intention to appear in *Ratz v. PhotoMedex, Inc.*, Case No. 2:13-cv-06808-PSD. Persons who intend to object to the Settlement, the Plan of Allocation, or Plaintiff's Counsel's Fee and Expense Application and who desire to present evidence at the Settlement Hearing must also include with their objection (prepared and submitted in accordance with Question 18 above) the identity of any witness they may wish to call to testify and copies of any exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the hearing if you exclude yourself from the Class or if you have not provided written notice of your objection (in accordance with Question 18) and written notice of your intention to speak (in accordance with this Question 22). The notice of intention to appear must be received by the addresses mentioned in Question 18 no later than June 29, 2015.

IF YOU DO NOTHING

23. What Happens If I Do Nothing At All?

If you do nothing and you are a Member of the Class, you'll 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 against the Defendants about the same legal issues that were or could have been raised in this Litigation. To share in the Net Settlement Fund, you must submit a Proof of Claim form (see Question 10). To start, continue or be a part of any other lawsuit against Defendants and the other Released Defendant Parties concerning the Released Claims in this case, you must exclude yourself from the Settlement Class (see Question 13).

GETTING MORE INFORMATION

24. Are There More Details About The Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement dated as of January 9, 2015. You can get a copy of the Stipulation of Settlement by calling the Claims Administrator at 866-274-4004 or writing to PhotoMedex Shareholder Litigation, Claims Administrator, c/o Strategic Claims Services, 600 North Jackson Street, Suite 3, Media, PA 19063; or from the Clerk's office at the United States District Court for the Eastern District of Pennsylvania, 601 Market Street, Philadelphia, PA 19106-1797 during regular business hours; or by visiting the following website: www.strategicclaims.net.

25. How Do I Get More Information?

You can call 866-274-4004 or write PhotoMedex Shareholder Litigation, Claims Administrator, c/o Strategic Claims Services, 600 North Jackson Street, Suite 3, Media, PA 19063, or visit the website: www.strategicclaims.net.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICES TO NOMINEES

If you purchased any PhotoMedex securities between November 6, 2012 and November 5, 2013, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this notice and the claim form by first class mail to all such owners; or (2) provide a list of the names and addresses of such persons to the Claims Administrator:

PhotoMedex Shareholder Litigation
Claims Administrator
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim upon submission of appropriate documentation to the Claims Administrator.

DATED: MARCH 11, 2015

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA