

**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.	:	
_____	:	January 9, 2015

STIPULATION OF SETTLEMENT

This Stipulation of Settlement dated as of January 9, 2015 (together with its exhibits, the “Stipulation”), is made and entered into by and among: (i) Lead Plaintiff Asbestos Workers, Local 14 Pension Fund (“Lead Plaintiff”) on behalf of itself and the Class (as defined herein) (the “Class” and “Lead Plaintiff” are collectively herein referred to as “Plaintiffs” unless otherwise noted); and (iii) Defendants, PhotoMedex, Inc. (“PhotoMedex” or the “Company”), Dennis M. McGrath (“McGrath”) and Dolev Rafaeli (“Rafaeli”) (collectively, “Defendants”), by and through their counsel of record in this action (the “Litigation”). The Stipulation is intended by the Plaintiffs and Defendants (the “Settling Parties”) to fully, finally and forever resolve, discharge and settle the Released Claims and Released Defendants’ Claims (as defined herein), upon and subject to the terms and conditions hereof, and subject to the approval of the Court and Federal Rule of Civil Procedure 23.

I. THE LITIGATION

A. The Commencement and Progress of the Action

On November 22, 2013, the above captioned, putative federal securities class action complaint was filed in the United States District Court for the Eastern District of Pennsylvania. Following publication of notice of this action in accordance with the Private Securities Litigation Reform Act of 1995 (“PSLRA”), the Court heard motions for appointment of Lead Plaintiff and approval of Lead Plaintiff’s counsel. By Order dated February 12, 2014, the Court appointed the Asbestos Workers, Local 14 Pension Fund to serve as Lead Plaintiff, and appointed Shepherd, Finkelman, Miller & Shah, LLP to serve as lead counsel (“Lead Plaintiff’s 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 (the “Class Period”). Defendants filed a Motion to Dismiss on June 13, 2014, which was fully briefed and then 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, the Lead Plaintiff and Defendants attended a mediation before a 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, the Lead Plaintiff and Defendants reached an agreement to settle the Litigation for the sum of \$1,500,000 (the “Settlement”), subject to Court approval, and executed a Term Sheet containing the principal terms of the Settlement.¹

¹On or about July 29, 2014, Defendants received an application to certify a class action, which was filed in the Israel District Court for Tel Aviv (the “Israel Class Action”) against all Defendants. The allegations made in the Israel Class Action are similar to those made in the Litigation. Counsel for the proposed class in the Israel Class Action, Jacob Sabo, Esquire, participated in the mediation on November 10, 2014. Because the shares of the Company are

B. The Claims Asserted By Plaintiffs

In the Complaint, Lead Plaintiff, on behalf of itself and a putative class of those persons who purchased or otherwise acquired the publicly-traded securities of PhotoMedex during the Class Period, alleged that Defendants violated the Securities Exchange Act of 1934 (the “Exchange Act”). 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.²

II. DEFENDANTS’ DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiff. Defendants expressly deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation, including any violations of the federal securities laws or any other legal obligation or duty. Defendants believe that they have meritorious defenses to all claims asserted or that could have been asserted based on the allegations of the Complaint. Defendants also have denied, and continue to deny, *inter alia*, the allegations that the Lead Plaintiff and the Class have suffered damages, and that the price of PhotoMedex’s common stock was artificially inflated by reason of the purported misrepresentations, non-disclosures, and other conduct alleged in the Complaint. Nevertheless, Defendants have concluded that further conduct of the Litigation would be protracted and expensive and have taken into account the uncertainty

dual listed in the United States and Israel, the Settlement, if approved by the Court, would resolve the claims asserted in both the Litigation and the Israel Class Action.

²The Complaint alleges that the market reacted to partial, corrective disclosures on October 17, 2013 and November 6, 2013, respectively, in recognition of the materiality of the alleged false and misleading statements and omissions and that loss causation existed in recognition of that materiality. Defendants vigorously deny that Plaintiffs could establish loss causation.

and risks inherent in any litigation, especially in complex cases like this Litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

Nothing in this Stipulation shall in any way be construed as, or deemed to be evidence of, an admission on the part of Defendants with respect to any claim of any liability, fault, wrongdoing, or damage whatsoever, or any infirmity in any defense that Defendants have or could have asserted. Defendants are entering into this Stipulation to eliminate the burden, expense, uncertainty, distraction and risk of further litigation

III. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff believes that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. Additionally, Lead Plaintiff's Counsel in the Litigation have researched the applicable law with respect to the claims and believe they could successfully refute any defenses to the claims raised by Defendants. Notwithstanding the same, Lead Plaintiff and Lead Plaintiff's Counsel recognize and acknowledge that Defendants have significant arguments to contest the claims asserted by Lead Plaintiff on the merits and with respect to loss causation. In addition, in evaluating the merits of the Settlement, Lead Plaintiff and Lead Plaintiff's Counsel have considered the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. Lead Plaintiff and Lead Plaintiff's Counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. Lead Plaintiff's Counsel are particularly mindful of the inherent problems of proof of causation and damages, as well as Defendants' state

of mind, two of the elements required to establish the underlying federal securities law violations asserted in the Litigation. Lead Plaintiff and Lead Plaintiff's Counsel have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Settling Parties, subject to approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the Settling Parties from the Settlement set forth herein, that the Litigation, the Released Claims and the Released Defendants' Claims (as defined herein), shall be finally, fully and forever compromised, settled, released and discharged, and the Litigation shall be dismissed with prejudice, and without an assessment of costs against any party or counsel, as to all Parties, upon and subject to the terms and conditions of this Stipulation.

1. Definitions

As used in the Stipulation, the following terms have the meanings specified below.

1.1. "Authorized Claimant(s)" means any Class Member (or the duly authorized representative of any Class Member including, without limitation, his, her or its agents, administrators, executors, heirs, successors and assigns) whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

1.2. "Claimant" means any Class Member who files a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

1.3. "Claims Administrator" means the settlement administration firm, Strategic

Claims Services, retained to provide notices approved by the Court to Class Members who purchased on exchanges in either the United States or Israel (including translating the notices into Hebrew and publishing them in the appropriate Israeli publications), processing proofs of claim and administering the Settlement in both the United States and Israel.

1.4. “Class” means all Persons (as defined herein) who purchased or otherwise acquired the common stock and/or other publicly-traded securities of PhotoMedex during the Class Period on any domestic or foreign exchange or otherwise. Excluded from the Class are Defendants and members of each Individual Defendant’s immediate family, any entity in which a Defendant has a controlling interest, and the legal representatives, heirs, successors, predecessors in interest or assigns, of any such excluded party, as well as the Judge(s) to whom this case is assigned and those persons who submit a valid request to be excluded from the Class pursuant to the Notice of Pendency and Proposed Settlement of Class Action.

1.5. “Class Member” or “Member of the Class” means any Person who falls within the definition of the Class (as set forth in ¶ 1.4 above) and who has not filed a valid request to be excluded from the Class.

1.6. “Court” means the United States District Court for the Eastern District of Pennsylvania.

1.7. “Defendants” means, individually and collectively, PhotoMedex, McGrath and Rafaeli. “Individual Defendants” means McGrath and Rafaeli.

1.8. “Defendants’ Counsel” means the law firm, Morgan, Lewis & Bockius, LLP.

1.9. “Effective Date” means the first date by which all of the events and conditions specified in ¶ 7.1 of this Stipulation have been met and occurred.

1.10. “Escrow Agent” means Huntington National Bank.

1.11. “Final” means the later of: (i) the date of final affirmance on an appeal of a Final Judgment and Order of Dismissal with Prejudice approving the Stipulation and substantially in the form of Exhibit “B” attached hereto (the “Judgment”), the expiration of the time for a petition for or a denial of a writ of certiorari to review the Judgment and, if certiorari is granted, the date of final affirmance of the Judgment following review pursuant to that grant; or (ii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on certiorari to review the Judgment; or (iii) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the Judgment, *i.e.*, thirty (30) days after entry of the Judgment. However, any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to any plan of allocation and/or application for attorneys’ fees, costs or expenses and/or application for a class representative award, shall not in any way delay or affect the time set forth above for the Judgment or Alternative Judgment (defined in ¶ 7.1(d) below) to become Final or otherwise preclude the Judgment from becoming Final.

1.12. “Judgment” means the proposed Final Judgment and Order of Dismissal With Prejudice to be entered by the Court, substantially in the form attached hereto as Exhibit “B.”

1.13. “Israel Class Action” means the class action proceeding instituted in the Israel District Court for Tel Aviv, which is captioned as, *Class Action 55869-07-14 Advancement Fund of the Employees of the Israel Electric Company v. PhotoMedex et al.*

1.14. “Israel Class Action Counsel” means Jacob Sabo, Esquire.

1.15. “Lead Plaintiff’s Counsel” means the law firm, Shepherd Finkelman Miller & Shah, LLP.

1.16. “Notice” means the proposed Notice of Pendency and Proposed Settlement of Class Action, which, subject to Court approval, is to be sent to Members of the Class substantially in the form attached hereto as Exhibit “A-1.”

1.17. “Party” or “Parties” or “Settling Parties” means Lead Plaintiff, the Class, and Defendants.

1.18. “Person” means an individual, corporation, firm, limited liability company, partnership, limited partnership, limited liability partnership, association, joint venture, joint stock company, estate, legal representative, trust, estate, unincorporated association, government or any political subdivision or agency thereof, governmental entity, or any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.19. “Plaintiffs’ Counsel” means counsel who have appeared for any plaintiff in the Litigation -- before or after filing of the Complaint, including Israel Class Action Counsel.

1.20. “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, taxes and tax expenses and such attorneys’ fees, costs, expenses and interest as may be awarded by the Court as proposed by Lead Plaintiff’s Counsel with the approval of Lead Plaintiff set forth in the Notice, or such other plan of allocation as the Court shall approve. Any Plan of Allocation is not part of the Stipulation, and Defendants shall have no responsibility or liability with respect thereto.

1.21. “Preliminary Approval Order” or “Notice Order” means the proposed Order Preliminarily Approving Settlement and Providing for Notice to the Class, substantially in the form attached hereto as Exhibit “A.”

1.22. “Proof of Claim” means the Proof of Claim and Release, which, subject to Court approval, is to be submitted by Claimants, substantially in the form attached as Exhibit “A-2.”

1.23. “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.

1.24. “Released Defendants’ Claims” collectively means all claims (including Unknown Claims), 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 any of the Defendants, or their heirs, agents, executors, administrators, trustees, beneficiaries, predecessors, successors or assigns of any of them, whether directly, indirectly, representatively, or in any other capacity against the Lead Plaintiff, the Class, Lead Plaintiff’s Counsel and Plaintiffs’ Counsel, or any of them, which arise out of, are based upon, involve or are related in any way, directly or indirectly, to the Litigation or its institution, prosecution, or Settlement (except for claims to enforce the Stipulation).

1.25. “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.

1.26. “Settled Claims” means all of the Released Claims and Released Defendants’ Claims against the Released Parties.

1.27. “Settlement Fund” means the principal amount of \$1,500,000 paid pursuant to ¶ 2.1 of the Stipulation and delivered to the Escrow Agent, plus any accrued interest.

1.28. “Summary Notice” means the Summary Notice to be published in the national edition of the *Investor’s Business Daily* and on the internet via PR Newswire or Business Wire, and translated into Hebrew and published in *Globes* (a Hebrew language daily financial newspaper), substantially in the form of Exhibit “A-3.”

1.29. “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 in 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.

2. The Settlement

a. The Settlement Fund

2.1. In full settlement of the claims asserted in the Litigation against Defendants and in consideration of the releases specified in §§ 4.2 and 4.3 below, by no later than twenty-one (21) business days after both: (i) the entry of the Preliminary Approval Order and (ii) Lead Counsel has provided to Defendants' Counsel all information necessary to effectuate a transfer of funds, including, but not limited to, a complete and signed W-9 form for the Settlement Fund that reflects a valid taxpayer identification number, account name, payee street address and contact person to whom any check may be addressed, Defendants will pay or cause to be paid the sum of \$1,500,000 in cash into an interest-bearing escrow account, which will be held for the benefit of Lead Plaintiff and the Class, pending disbursement, in an escrow account ("Escrow Account") to be designated by the Escrow Agent. The amount deposited in the Escrow Account and any interest earned thereon shall be the "Settlement Fund." With the sole exception of Defendants' obligation to secure payment into the Escrow Account as provided for in this paragraph, Defendants and Defendants' Counsel shall have no responsibility or liability with respect to the Escrow Account or the monies maintained in the Escrow Account, including, without limitation, any responsibility or liability related to any fees, taxes, investment decisions, maintenance, supervision or distributions of any portion of the Settlement Fund.

b. Handling and Disbursement of Funds by the Escrow Agent

2.2. The Escrow Agent shall invest the Settlement Fund, deposited pursuant to ¶ 2.1, in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then current market rates. The Escrow Agent shall bear all risks related to investment of the Settlement Fund.

2.3. The Escrow Agent shall not disburse the Settlement Fund except as provided in the Stipulation, by an Order of the Court, or with the written agreement of Defendants' Counsel and Lead Plaintiff's Counsel. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys' fees and expenses awarded by the Court; (iv) to pay any Court-awarded fees and expenses; and (v) to pay the claims of Authorized Claimants.

2.4. Subject to further orders and/or directions as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the Class Members as are consistent with the terms of the Stipulation.

2.5. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court. Except as otherwise provided herein, the Settlement Fund shall remain in escrow pending: (i) final Court approval of the Settlement; (ii) the expiration of all rights of appeal of the Judgment or Alternative Judgment; and (iii) the final denial of any and all appeals or objections or collateral attacks or challenges to the Settlement.

2.6. Prior to the Effective Date, the Escrow Agent may pay from the Settlement Fund

up to \$150,000.00, without further approval from Defendants or the Court, for the costs and expenses reasonably and actually incurred in connection with providing notice to the Class, locating Class Members, soliciting Class claims, assisting with the filing of claims, processing Proof of Claim and Release forms and paying escrow fees and costs (“Notice and Administration Expenses”). Such costs and expenses shall include, without limitation, the actual costs of publication, printing and mailing the Notice and Summary Notice, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, and the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice and processing the submitted claims. Taxes and fees related to the Escrow Account and investment of the Settlement Fund may be paid as incurred, without further approval of the Settling Defendants or further order of the Court. To the extent that the Notice and Administration Expenses exceed \$150,000.00, after the Effective Date, Lead Plaintiff’s Counsel or the Escrow Agent may withdraw such amounts from the Settlement Fund as may be necessary to pay any additional Notice and Administration Expenses without further order of the Court.

c. Tax Expenses

2.7. (a) Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. § 1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this ¶ 2.7, including the “relation-back election” (as defined in Treas. Reg. § 1.468B-1)(j)(2)) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for

signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of § 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. § 1.468B-2(k)). Such returns (as well as the election described in ¶ 2.7(a) hereof) shall be consistent with this ¶ 2.7 and in all events shall reflect that all taxes (including any estimated taxes, interest or penalties) on the income earned by the cash portion of the Settlement Fund shall be paid out of the Settlement Fund (“Taxes”) as provided in ¶ 2.7(c) hereof.

(c) Defendants, their attorneys and their insurer(s) shall have no liability or responsibility for any Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Defendants, their counsel or their insurer(s) with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes. All (a) Taxes and (b) expenses and costs incurred in connection with the operation and implementation of this ¶ 2.7 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶ 2.7) (“Tax Expenses”), shall be paid out of the Settlement Fund; in all events Defendants, their counsel and their insurer(s) shall have no liability or responsibility for the Taxes or Tax Expenses. The Escrow Agent shall indemnify and hold each of Defendants, Defendants’

Counsel, Defendants' insurer(s) and Person(s) and/or entities paying monies into the Settlement Fund harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court, and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1)(2)); neither Defendants, Defendants' Counsel, nor Defendants' insurer(s) are responsible, nor shall they have any liability therefor. The Parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this ¶ 2.7.

d. Termination of Settlement

2.8. Lead Plaintiff, on behalf of the Class, or Defendants, and any of them, shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so ("Termination Notice") to all other Parties hereto within thirty (30) calendar days of: (i) the Court's declining to enter the Preliminary Approval Order in any material respect; (ii) the Court's refusal to approve this Stipulation or any material part of it; (iii) the Court's declining to enter the Judgment in any material respect (including the Court's entering of an Alternative Judgment in a form not consented to by one or more of the Parties); (iv) the date upon which the Judgment is modified or reversed in any material respect by the United States

Court of Appeals for the Third Circuit or the United States Supreme Court; (v) the date upon which an Alternative Judgment is modified or reversed in any material respect by the United States Court of Appeals for the Third Circuit or the United States Supreme Court; (vi) Defendants' failure to produce adequate and agreed-upon discovery supporting certain representations made to Lead Plaintiff and Lead Plaintiff's Counsel upon which the Settlement is predicated (which discovery shall be completed in all respects before implementation of the Notice); and (vii) Defendants' election to rescind pursuant to the Parties' Supplemental Agreement, described in ¶ 5.3(d) below. For the avoidance of doubt, the Plan of Allocation and award of attorneys' fees and expenses are not material for purposes of this provision ¶ 2.8.

e. The Settlement Class

2.9 For purposes of this Settlement only, Lead Plaintiff and Defendants agree to: (i) certification of the Litigation as a class action, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), on behalf of the Class as defined in ¶ 1.4; (ii) the certification of Lead Plaintiff as Class Representatives for the Class; and (iii) the appointment of Lead Plaintiff's Counsel as Class Counsel for the Class.

3. Preliminary Approval Order and Settlement Hearing

3.1. Promptly after execution of the Stipulation, Lead Plaintiff's Counsel shall submit the Stipulation, together with its Exhibits, to the Court and shall apply for entry of the Preliminary Approval Order, substantially in the form of Exhibit "A" attached hereto, requesting, *inter alia*, the certification of the Class for settlement purposes only, preliminary approval of the Settlement set forth in the Stipulation, and approval for the mailing of the Notice and publication of the Summary Notice, substantially in the form of Exhibits "A-1" and "A-3" attached hereto.

The Notice shall include the general terms of the Settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application as defined in ¶ 6.1 below and the date of the Settlement Hearing, as defined below.

3.2. Lead Plaintiff's Counsel shall request that after notice is given, the Court hold a hearing (the "Settlement Hearing") and approve the Settlement as set forth herein. At or after the Settlement Hearing, Lead Plaintiff's Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

4. Releases and Released Claims

4.1. The obligations incurred pursuant to this Stipulation shall, subject to approval by the Court and such approval becoming Final, be a full and final disposition of the Litigation, any and all Released Claims and any and all Released Defendants' Claims as against all Released Parties.

4.2. Upon the Effective Date, Lead Plaintiff and the Class, on behalf of themselves, and each of their respective heirs, agents, subsidiaries, affiliates, executors, trustees, administrators, predecessors, successors, and assigns, any trust of which any Lead Plaintiff or Class Member is the settlor or is for the benefit of a member of their immediate family, and any entity acting on behalf of a Lead Plaintiff or Class Member shall: (i) be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, fully, finally, and forever released, relinquished, discharged and dismissed each and every one of the Released Claims as against Defendants, and each of them, and each and every one of the Released Parties; (ii) be barred and enjoined from commencing, instituting, prosecuting or maintaining any of the Released Claims against any of the Released Parties; and (iii) be deemed to have covenanted not

to sue any Released Party on the basis of any Released Claims or, unless compelled by operation of law, to assist any person in commencing or maintaining any suit relating to any Released Claim against any Released Party. The foregoing release is given regardless of whether such Lead Plaintiff or Class Members have: (i) executed and delivered a Proof of Claim; (ii) received the Notice; (iii) participated in the Settlement Fund; (iv) filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Counsel for attorneys' fees and expenses; or (v) had their claims approved or allowed. Nothing contained herein shall, however, bar any action or claim to enforce the terms of this Stipulation or the Judgment or Alternative Judgment. Any member of the Class who does not submit a valid Proof of Claim will not be entitled to receive any of the proceeds from the Settlement Fund but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against the Released Parties concerning the Released Claims, whether or not such Class Member has filed an objection to the Settlement, the proposed Plan of Allocation, or any Fee and Expense Application by Plaintiffs' Counsel.

4.3. Upon the Effective Date, Defendants shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Defendants' Claims against Lead Plaintiff, all Class Members, and the Released Parties.

4.4. The Parties agree to entry of a Final Judgment providing that Lead Plaintiff, Members of the Class and Defendants, on behalf of themselves, their heirs, executors,

administrators, successors and assigns, shall, with respect to each and every Released Claim, be enjoined from instituting, commencing, prosecuting, or cooperating with, either directly or indirectly, representatively, or in any other capacity, any and all Released Claims against any of the Released Parties, whether or not such Class Member executes and delivers the Proof of Claim and Release, or otherwise shares in the Settlement Fund.

4.5. The Parties agree to an entry of a Judgment providing that, to the full extent provided by Section 21D(f)(7) of the Exchange Act, 15 U.S.C. § 78u-4(f)(7), and the common law of the United States Court of Appeals for the Third Circuit, all claims, including, but not limited to, claims for contribution, or equitable indemnification brought by any Party, any Class Member (who has not filed a proper Request for Exclusion) or any third party so permitted by law related, directly or indirectly, to the facts of this action shall be barred (the “Bar Order”).

5. Administration and Calculation of Claims, Final Awards, and Supervision and Distribution of Settlement Fund

5.1. The Claims Administrator, subject to such supervision and direction of the Court or Lead Plaintiff’s Counsel, as may be necessary or as circumstances may require, shall administer and calculate the claims submitted by Class Members and shall oversee distribution of the Net Settlement Fund (as defined below) to Authorized Claimants. Defendants and Defendants’ Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no liability to the Class in connection with such administration. The Claims Administrator shall also provide notice of the Settlement as required by the Class Action Fairness Act, subject to reimbursement by Defendants for all reasonable expenses incurred.

5.2. The Settlement Fund shall be applied as follows:

- (a) To pay the Taxes and Tax Expenses described in ¶ 2.7 hereof;
- (b) To pay the Notice and Administration Expenses;
- (c) To pay Plaintiffs' Counsel's attorneys' fees, expenses and costs with

interest thereon (the "Fee and Expense Award"), and to pay Lead Plaintiff's Expenses incurred in representing the Class, if and to the extent allowed by the Court; and

- (d) To distribute the balance of the Settlement Fund (the "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

5.3. Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court, as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following:

- (a) Any Person falling within the definition of the Class may be excluded from the Class by submitting to the Claims Administrator a request for exclusion ("Request for Exclusion"), which complies with the requirements set forth in the Preliminary Approval Order, Exhibit "A" hereto, and is timely postmarked pursuant to the terms of the Preliminary Approval Order. All Persons who submit valid and timely Requests for Exclusion shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the Judgment. However, a Class Member may submit to the Claims Administrator a written revocation of a Request for Exclusion up until the Bar Date (defined below) and receive payments pursuant to this Stipulation provided the Class Member

also submits a valid Proof of Claim, as set forth in subparagraph 5.3(b), below, prior to the Bar Date (defined below);

(b) Within one hundred and eighty (180) days of the mailing of the Notice (or the first business day thereafter if the 180th day falls on a weekend day or a legal holiday as defined in Fed. R. Civ. P. 6(a)), or such other time as may be set by the Court (hereafter “Bar Date”), each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury and supported by such documents as specified in the Proof of Claim, or such other documents or proof, as are reasonably available to the Authorized Claimant, as Lead Plaintiff’s Counsel, in their discretion, may deem acceptable;

(c) Except as otherwise ordered by the Court, all Class Members who fail to timely submit a Proof of Claim by the Bar Date, or such other period as may be ordered by the Court, or otherwise allowed, or who file a Proof of Claim that is rejected, shall be forever barred from receiving any payments pursuant to this Stipulation, but will in all other respects be subject to and bound by the provisions of this Stipulation, the releases contained herein, and the Judgment, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against the Released Parties concerning the Released Claims, whether or not such Class Member has filed an objection to the Settlement, the proposed Plan of Allocation, or any Fee and Expense Application by Lead Plaintiff’s Counsel. Notwithstanding the foregoing, Lead Plaintiff’s Counsel may, in their discretion, accept for processing late filed claims or waive what it seems to be *de minimus* or technical defects in any Proofs of Claim so long as the distribution of the Net Settlement Fund is not materially delayed; and

(d) Simultaneously herewith, Plaintiffs' Counsel and Defendants' Counsel are executing a "Supplemental Agreement" setting forth, among other things, certain conditions under which this Stipulation may be withdrawn or terminated by any of the Defendants including if, prior to the Settlement Hearing, Class Members, whose aggregate purchases or acquisition of shares of PhotoMedex common stock and/or other publicly-traded securities during the Class Period are more than an agreed upon percentage of the minimum average number of shares of PhotoMedex common stock outstanding during the Class Period ("Opt-Out Threshold") have submitted valid and timely Requests for Exclusion. For the purposes of determining whether the conditions set forth in the Supplemental Agreement have occurred, copies of all Requests for Exclusion timely received and any documentation accompanying them, together with copies of all written revocations of Requests for Exclusion, shall be delivered to Defendants' Counsel by email within three (3) business days of receipt by Lead Plaintiff's Counsel, but, in no event, later than ten (10) Court days before the Settlement Hearing. The Settling Parties agree to maintain the confidentiality of the Opt-Out Threshold in the Supplemental Agreement, which shall not be filed unless (i) required by the Court, (ii) a dispute arises regarding its terms, or (iii) Defendants exercise their rights thereunder. If the submission of the Supplemental Agreement is required for resolution of a dispute or is otherwise ordered by the Court, the Settling Parties will undertake to have the Opt-Out Threshold submitted to the Court *in camera*. In the event of a withdrawal from this Stipulation in accordance with the terms of the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect. Notwithstanding the foregoing, the Stipulation shall not become null and void as a result of the election by any of the Defendants to exercise their option to withdraw from the Stipulation pursuant to the Supplemental

Agreement until the conditions set forth in the Supplemental Agreement have been satisfied.

5.4. This is not a claims-made settlement. Defendants may not recoup any portion of the Settlement Fund in the event the Court enters the Judgment approving the Settlement, except as provided for in this Stipulation or the terms of the Supplemental Agreement executed herewith. The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with a Plan of Allocation described in the Notice and approved by the Court. However, if there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), the Claims Administrator shall reallocate such balance among Authorized Claimants in an equitable and economic fashion.

5.5. Defendants, their counsel and their insurers (except as provided in ¶ 7.4) shall have no responsibility for, interest in, or liability whatsoever with respect to the investment or distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, or any losses incurred in connection therewith. Defendants' Counsel shall cooperate in the administration of the Settlement to the extent reasonably necessary to effectuate its terms.

5.6. No Person shall have any claim against Plaintiffs' Counsel, the Claims Administrator, the Escrow Agent, or any other Person, based on the distributions made in good faith and substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court.

5.7. It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an

Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation, and any orders or proceedings relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the Settlement as set forth therein, or any other orders entered pursuant to the Stipulation.

6. Plaintiffs' Counsel's Attorneys' Fees and Reimbursement of Expenses

6.1. The Lead Plaintiff or Lead Plaintiff's Counsel will submit an application or applications (the "Fee and Expense Application") for distribution to Plaintiffs' Counsel from the Settlement Fund for: (a) an award of attorneys' fees payable from the Settlement Fund of up to one-third (1/3) of the Settlement Fund; plus (b) reimbursement of actual expenses, including the fees and expenses of any experts or consultants incurred in connection with prosecuting the Litigation of up to \$100,000.00, plus any interest on such attorneys' fees, costs and expenses, at the same rate and for the same periods as earned by the Settlement Fund (until paid) as may be awarded by the Court. Defendants will take no position with respect to the Fee and Expense Application, so long as it is in accordance with this Stipulation. The amount of attorneys' fees and expenses awarded is within the sole discretion of the Court.

6.2. The attorneys' fees, expenses and costs, including the fees and expenses of experts and consultants, as awarded by the Court, shall be paid to Lead Plaintiff's Counsel from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses, notwithstanding the existence of any timely-filed objections thereto, or potential appeal therefrom, or collateral attack on the Settlement or any part thereof. Lead

Plaintiff's Counsel may, at their discretion, allocate the attorneys' fees among Plaintiffs' Counsel in any manner in which they in good faith believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation. In the event attorneys' fees or expenses are awarded by the Court pursuant to ¶ 6.1 hereof and paid to Plaintiffs' Counsel from the Settlement Fund, all Plaintiffs' Counsel who receive any payment of attorneys' fees or expenses agree that they accept payment subject to the joint and several obligation of each and every Plaintiffs' Counsel (including their respective partners, shareholders and firms) receiving payments to make repayment to the Settlement Fund within ten (10) days from receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction, of the entire amount required by any court or appellate court to be repaid with accrued interest, in the event, for any reason, including, without limitation, appeal, further proceeding on remand or successful collateral attack, the attorneys' fees or expense award is reduced or reversed. Furthermore, Plaintiffs' Counsel (including their respective partners, shareholders and/or firms) agree that they remain subject to the continuing jurisdiction of the Court for the purpose of enforcing their joint and several obligation to repay required attorneys' fees and expenses to the Settlement Fund as provided in this paragraph, as well as with respect to any restrictions contained in the Supplemental Agreement, which is described, in part, in ¶ 5.3(d) above.

6.3. The procedure for and the allowance or disallowance by the Court of any applications by Lead Plaintiff's Counsel for attorneys' fees and expenses, including the fees and expenses of experts and consultants, to be paid out of the Settlement Fund, are not part of the Settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement

set forth in the Stipulation, and any order or proceedings relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the settlement of the Litigation set forth therein.

6.4. Defendants and their Released Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment to Lead Plaintiff's Counsel or any other counsel or Person who receives payment from the Settlement Fund.

6.5. Defendants and their Released Parties shall have no responsibility for, and no liability whatsoever with respect to the allocation among Plaintiffs' Counsel and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation, and Defendants and their respective Released Parties take no position with respect to such matters.

7. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

7.1. The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- (a) The Settlement Fund shall be deposited in the Escrow Account, as required in ¶ 2.1;
- (b) The Court has entered the Preliminary Approval Order, substantially in the form attached hereto as Exhibit "A";
- (c) The Court has approved the Settlement, following notice to the Class and a hearing, as provided in Rule 23 of the Federal Rules of Civil Procedure, and the Court has entered Judgment substantially in the form attached hereto as Exhibit "B"; and

(d) The Judgment has become Final, as defined in ¶ 1.11 above, or, in the event that the Court enters a judgment other than substantially in the form of Exhibit “B” hereto, but which form is consented to by the Parties (“Alternative Judgment”), when such Alternative Judgment becomes Final.

7.2. Upon the occurrence of all of the events referenced in ¶ 7.1 above, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished.

7.3. Upon the occurrence of all of the events referenced in ¶ 7.1 above, Israel Class Action Counsel shall take all necessary steps within ten (10) days to effectuate the dismissal with prejudice of the Israel Class Action. Defendants shall cooperate with Israel Class Action Counsel to take all necessary steps to preserve the procedural and substantive rights of the putative class in the Israel Class Action until such time of the occurrence of all of the events referenced in ¶ 7.1 above.

7.4. If some or all of the conditions specified in ¶ 7.1 above are not met, or in the event that this Stipulation is not approved by the Court, or the Settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, then this Stipulation shall be canceled and terminated subject to ¶ 7.7 below, unless Lead Plaintiff’s Counsel and Defendants’ Counsel mutually agree in writing to proceed with the Stipulation. None of the Settling Parties, or any of them, shall have any obligation whatsoever to proceed under any terms other than those provided for and agreed herein. If any Settling Party engages in a material breach of the terms hereof, any other party may terminate this Stipulation on notice to all of the Settling Parties.

7.5. Unless otherwise ordered by the Court, if this Stipulation is terminated or fails to become effective for the reasons set forth in §§ 7.1 and 7.4 above, the Settling Parties shall be restored to their respective positions in the Litigation as of November 10, 2014. In such event:

(a) Any Judgment or other order entered by the Court in accordance with the terms of this Stipulation, shall be treated as vacated, *nunc pro tunc*;

(b) The Parties shall proceed in all respects as if this Stipulation and any related orders had not been entered. The Settlement shall be without prejudice, and none of its terms, including, but not limited to, the certification of the Settlement Class, shall be effective or enforceable except as specifically provided herein. In the event of cancellation or termination, this Settlement Agreement and any aspect of the negotiations leading to this Settlement Agreement, shall not be admissible in this Action and shall not be used by any party in any court filings, depositions at trial or otherwise.

(c) Furthermore, the sum of (i) an amount equal to that portion of the Settlement Fund previously caused to be paid by Defendants pursuant to (i) § 2.1 and (ii) an amount equal to any interest or other income earned thereon; less the sum of (iii) an amount equal to any Taxes paid or due with respect to such income; and (iv) an amount equal to the Notice and Administration Expenses (as defined in Paragraph 2.6) actually incurred and paid or payable from the Settlement Fund, shall be paid from the Escrow Account to the entity that made the payment(s) to the Settlement Fund. Such repayment (except for any tax refund owed to the Settlement Fund) will be made within ten (10) business days after written notification of the termination is sent by the Court or Defendants' Counsel to Lead Plaintiff's Counsel. At the written request of Defendants' Counsel or Defendants' insurer's counsel, the Escrow Agent, or

its designee, shall apply for any tax refund owed to the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, to the entity that made the payment(s) to the Settlement Fund.

7.6. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, expenses and interest awarded by the Court to the Lead Plaintiff or to any of Plaintiffs' Counsel shall constitute grounds for cancellation or termination of the Stipulation, unless the Court otherwise orders.

7.7. If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, neither the Lead Plaintiff nor any of Plaintiffs' Counsel shall have any obligation to repay any amounts actually and reasonably disbursed for the items set forth in ¶ 7.5(b) for which proof is shown that such amounts have already been reasonably incurred as expenses, except for expert fees and expenses. In addition, any expenses set forth in ¶ 7.5(b) already reasonably incurred and chargeable at the time of such termination or cancellation, but which have not been paid, shall be paid by the Escrow Agent from the Settlement Fund in accordance with the terms of this Stipulation prior to the balance being refunded in accordance with ¶ 7.5(b) above.

8. Miscellaneous Provisions

8.1. The Settling Parties: (a) acknowledge that it is their intent to consummate this agreement; and (b) agree, subject to their fiduciary and other obligations, to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of this Stipulation, including that Defendants will provide shareholder transfer records

maintained by PhotoMedex's transfer agent at no cost to the Class within fifteen (15) business days after the date of entry of the Preliminary Approval Order. Lead Plaintiff's Counsel and Defendants' Counsel agree to cooperate with one another in seeking Court approval of the Preliminary Approval Order, the Stipulation, and the Settlement, and to promptly agree upon and execute all such other documentation as may be reasonably required to obtain final approval of the Settlement.

8.2. Each Defendant warrants as to himself, herself or itself that, at the time any of the payments provided for herein were made on behalf of himself, herself or itself pursuant to ¶ 2.1, he/she/it is not insolvent and such payment will not render him/her/it insolvent within the meaning of and/or for the purposes of the United States Bankruptcy Code, including, without limitation, 11 U.S.C. §§ 101 and 547 thereof. This warranty is made by each of Defendants and not by Defendants' Counsel.

8.3. If a case is commenced in respect to PhotoMedex (or any insurer contributing funds to the Settlement Fund on behalf of any Defendant) under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money to the Settlement Fund or any portion thereof on behalf of Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited into the Settlement Fund by or on behalf of other Defendants, then, at the election of Lead Plaintiff's Counsel, the Parties shall jointly move the Court to vacate and set aside the releases given and Judgment entered in favor of Defendants, which releases and Judgment shall be null and void, and the Parties shall be

restored to their respective positions in the Litigation immediately prior to the execution of this Stipulation and any cash amounts in the Settlement Fund shall be returned as provided in ¶ 7.4 above; provided, however, that if any portions of the Settlement Fund has been paid to Class Members, and such Class Members are permitted to retain those funds, than all Class Members will remain bound by the Settlement.

8.4. The Parties intend this Stipulation to be a final and complete resolution of all disputes between them with respect to the Litigation. The Settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Settling Parties agree that, other than disclosures required by law, any public comments from the Settling Parties regarding the Settlement will not substantially deviate from the words to the effect that the Settling Parties have reached a mutually acceptable resolution by way of a mediated settlement, and that both sides are satisfied with the Settlement. The Final Judgment will contain a statement that, during the course of the Litigation, the Parties and their respective counsel at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of the Settlement were negotiated at arms' length and in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties agree not to assert in any forum that the Litigation was brought by the Lead Plaintiff and the Class, or each or any of them, or defended by any of the Defendants, or each or any of them, in bad faith or without a reasonable basis. However, the Settling Parties, and each of them, reserve their right to rebut, in a manner that such Party or Parties determine(s) to be appropriate, any contention made in any public forum that the

Litigation was brought or defended in bad faith or without reasonable basis.

8.5. Whether or not the Effective Date occurs or this Stipulation is terminated, neither this Stipulation nor the Settlement contained herein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement:

(a) Is, may be deemed, or shall be used, offered or received against Defendants, or any of their Released Parties, or each or any of them, as an admission, concession or evidence of, the validity of any Released Claims, the truth of any fact alleged by Lead Plaintiff and the Class, or any of them, the deficiency of any defense that has been or could have been asserted in the Litigation, or of any alleged wrongdoing, liability, negligence, fault of Defendants or any of the Released Parties, or any of them;

(b) Is, may be deemed, or shall be used, offered or received against Defendants, or each or any of them, or their Released Parties, as an admission, concession or evidence of, any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant and by any of their Released Parties;

(c) Is, may be deemed, or shall be used, offered or received against Lead Plaintiff and the Class, or each or any of them, as an admission, concession or evidence of, the validity of any of the Released Defendants' Claims, the infirmity of any claims raised in the Litigation, the truth of any fact alleged by Defendants, or the availability of meritorious defenses to the claims raised in the Litigation;

(d) Is, may be deemed, or shall be used, offered or received against Lead Plaintiff and the Class, or each or any of them, or against Defendants, or any of the Released Parties, as an admission or concession with respect to any liability, negligence, fault or

wrongdoing as against any Parties to the Stipulation, in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal, other than in such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(e) Is, may be deemed, or shall be construed against Lead Plaintiff and the Class or against any of the Released Parties, as an admission or concession that the consideration to be given hereunder represents an amount equal to, less than, or greater than that amount which could have or would have been recovered after trial; and

(f) Is, may be deemed, or shall be construed as or received in evidence as an admission or concession against Lead Plaintiff and the Class, or each and any of them, that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the principal amount to be paid by Defendants' insurer into the Settlement Fund. Notwithstanding the provisions of this paragraph, if this Stipulation is approved by the Court, any Released Party may file this Stipulation and/or the Final Judgment and/or any Claim Form submitted by a Settlement Class Member in any action that may be brought against such Party or Parties in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate the liability protection granted to them under any applicable insurance policies.

8.6. The headings used herein are for convenience only and are not meant to have legal effect.

8.7. The waiver by one Party of any breach of this Stipulation by any other Party shall not be deemed as a waiver of any other prior or subsequent breaches of this Stipulation.

8.8. All of the Exhibits to this Stipulation, except any Plan of Allocation to the extent incorporated in those exhibits, are material and integral parts thereof and are fully incorporated herein by this reference.

8.9. This Stipulation may be amended or modified only by written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest and consented to in writing by Defendants' insurer(s).

8.10. This Stipulation and the Exhibits attached hereto and the Supplemental Agreement constitute the entire agreement among the Parties hereto and no representations, warranties or inducements have been made to any Party concerning the Stipulation or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided therein, each Party shall bear his/her/its own costs.

8.11. Lead Plaintiff's Counsel and Israel Class Counsel, on behalf of the Class, are expressly authorized by the Lead Plaintiff to take all appropriate action required or permitted to be taken by the Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modification or amendments to the Stipulation on behalf of the Class which they deem appropriate.

8.12. Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any Party hereto, hereby warrants that such Person has the full authority to do so.

8.13. This Stipulation may be executed in one or more counterparts. All executed counterparts, and each of them, shall be deemed to be one and the same instrument. Signatures sent by facsimile or in PDF format via email shall be deemed originals.

8.14. This Stipulation shall be binding upon, and inure to the benefit of, the successors

and assigns of the Parties hereto and the Released Parties.

8.15. The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all Parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

8.16. This Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the Commonwealth of Pennsylvania, and the rights and obligations of the Parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the Commonwealth of Pennsylvania without giving effect to any state's choice-of-law principles.

8.17. This Stipulation is deemed to have been prepared by counsel for all Parties, as a result of arm's-length negotiation among the Parties. Whereas all Parties have contributed substantially and materially to the preparation of this Stipulation, it shall not be construed more strictly against one Party than another.

8.18 Unless ordered by a Court or other tribunal, no Party, its insurers or reinsurers, or any of their respective counsel, shall disseminate, refer to, or otherwise distribute to any third party, any information or documents they obtained from another Party in connection with the Settlement or Litigation, including the mediation and negotiations resulting in this Stipulation, except as necessary in connection with this Settlement or Court approval of the Settlement, or as the Parties may otherwise agree, or as may be required by applicable law, including, without limitation, any freedom of information, open records or "sunshine" statute or similar regulation or common law. Any agreements made and orders entered during the course of the Litigation or Settlement relating to the confidentiality of information shall survive this Settlement Agreement.

8.19 Nothing in this Stipulation, the Settlement, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection, nor shall it constitute an agreement that such privilege or immunity exists or is applicable here.

8.20 This Settlement Agreement shall be binding when signed, but the Settlement shall only be effective on the condition that the Effective Date occurs.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Parties hereto have caused the Stipulation to be executed,
by their duly authorized attorneys, dated as of January 9, 2015.

/s/James E. Miller
James E. Miller
Laurie Rubinow
Karen Leser-Grenon
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Attorneys for Lead Plaintiff

ACCEPTED AND AGREED TO
UPON BEHALF OF THE
PROPOSED ISRAEL CLASS:

/s/Jacob Sabo
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Attorney for the Proposed Israel Class

/s/William P. Quinn, Jr.
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Attorneys for Defendants

EXHIBIT A

**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.	:	
_____	:	January 9, 2015

**[PROPOSED] ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR NOTICE**

WHEREAS, the above-captioned class action is pending before the Court;

WHEREAS, the Parties, having made application, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the settlement of this Litigation, in accordance with a Stipulation of Settlement dated as of January 9, 2015 (the “Stipulation”), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed Settlement of the Litigation and for dismissal of the Litigation with prejudice upon the terms and conditions set forth therein; and the Court, having read and considered the Stipulation and the Exhibits annexed thereto;

WHEREAS, all capitalized terms contained herein that are not otherwise defined shall have the same meanings as set forth in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Jurisdiction. The Court has jurisdiction over the subject matter of this Litigation and over the Parties.

2. Certification of the Class for Settlement Purposes. The Court hereby certifies a Class pursuant to Rule 23(a) and Rule 23(b)(3) of the Federal Rules of Civil Procedure consisting of all Persons who purchased or otherwise acquired the common stock and/or other publicly-traded securities of PhotoMedex, Inc. during the period November 6, 2012 through and including November 5, 2013 on any foreign or domestic exchange or otherwise, for settlement purposes only. Excluded from the Class are Defendants and members of each Individual Defendant's immediate family, any entity in which a Defendant has a controlling interest, and the legal representatives, heirs, successors, predecessors in interest or assigns, of any such excluded party, as well as the Judge(s) to whom this case is assigned; and those persons who submit a valid request to be excluded from the Class pursuant to the Notice of Pendency and Proposed Settlement of Class Action.

3. The Court finds and concludes that the prerequisites of class action certification under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure have been satisfied for the Class defined herein, in that:

- (a) the Members of the Class are so numerous that joinder of all Class Members is impracticable;
- (b) there are questions of law and fact common to Class Members;
- (c) Lead Plaintiff's claims are typical of the Class's claims;
- (d) Lead Plaintiff and its counsel have fairly and adequately represented and protected the interests of the Class;
- (e) the questions of law and fact common to the Class Members predominate over any individual questions; and
- (f) a class action is superior to other available methods for the fair and

efficient adjudication of the controversy, considering that the claims of Class Members in the Action are substantially similar and would, if tried, involve substantially identical proofs and may therefore be efficiently litigated and resolved on an aggregate basis as a class action; the amounts of the claims of many of the Class Members are too small to justify the expense of individual actions; and it does not appear that there is any intent among Class Members in individually controlling the litigation of their claims.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, Lead Plaintiff is certified as Class Representative for the Settlement Class.

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the law firm, Shepherd Finkelman Miller & Shah, LLP, is appointed Class Counsel.

6. Any Member of the Class may enter an appearance in the Litigation, individually or through counsel of their own choice, at their own expense. If they do not enter an appearance, they will be represented by Lead Counsel.

7. Preliminary Findings Concerning the Proposed Settlement. The Court does hereby preliminarily approve the Stipulation and the Settlement set forth therein, as: (i) the result of serious, extensive, arm's-length and non-collusive negotiations; (ii) falling within a range of reasonableness warranting final approval; (iii) having no obvious deficiencies; (iv) not improperly granting preferential treatment to the Lead Plaintiff; and (v) warranting notice of the proposed Settlement to the Class Members and further consideration and final approval of the Settlement at the Settlement Hearing described below.

8. Notice. The Court approves, as to form and content, the Notice of Pendency and

Proposed Settlement of Class Action (the “Notice”), the Proof of Claim and Release (the “Proof of Claim”), and the Summary Notice annexed as Exhibits A-1, A-2 and A-3, respectively, and finds that the procedures established for publication, mailing, and distribution of the Notices and Proof of Claim form substantially in the manner and form set forth in paragraphs 12-14 of this Order: (a) constitute the best notice to Class Members practicable under the circumstances; (b) are reasonably calculated, under the circumstances, to describe the terms and effect of the Stipulation and of the Settlement and to apprise Class Members of their right to object to the proposed Settlement or to exclude themselves from the Class; (c) are reasonable and constitute due, adequate, and sufficient notice to all persons entitled to receive such notice; and (d) satisfy all applicable requirements of the Federal Rules of Civil Procedure (including Rules 23(c) and (d)), the United States Constitution (including the Due Process Clause), Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (“PSLRA”), the Rules of this Court, and any other applicable law.

9. Settlement Hearing. A hearing (the “Settlement Hearing”) shall be held before this Court on _____, 2015, at __: __ .m., at the United States District Court for the Eastern District of Pennsylvania, U.S. Courthouse, Courtroom 6613, 601 Market Street, Philadelphia, Pennsylvania, to determine:

(a) whether the proposed Settlement of the Litigation on the terms and conditions provided in the Stipulation is fair, reasonable, and adequate and should be approved by the Court;

(b) whether a Final Judgment and Order of Dismissal with Prejudice, substantially in the form of Exhibit B to the Stipulation, should be entered, dismissing the Litigation in its entirety and with prejudice; whether the covenants by the Class and the release by the Class of

the Released Claims, as set forth in the Stipulation, should be provided to the Released Parties; and whether the Class should be forever barred and enjoined from commencing, instituting, prosecuting or maintaining any of the Released Claims against the Released Parties;

(c) whether the proposed Plan of Allocation of the Net Settlement Fund is fair and reasonable and should be approved by the Court;

(d) whether the Class should be finally certified for the purposes of the Settlement only; whether Lead Plaintiff should be finally certified as Class Representative for the Settlement Class; and whether the law firm, Shepherd Finkelman Miller & Shah, LLP should be finally appointed Class Counsel;

(e) whether Plaintiff's Counsel's application for a Fee and Expense Award should be granted; and

(f) such other matters as may properly be before the Court in connection with the Settlement.

10. The Court may adjourn the date of the Settlement Hearing without further notice to the Members of the Class, and modify any of the dates herein without further notice to Members of the Settlement Class, and it retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class. The Court further reserves the right to enter the Judgment approving the Settlement regardless of whether it has approved the Plan of Allocation or awarded attorneys' fees and/or expenses.

11. At or after the Settlement Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees or reimbursement

of expenses shall be approved.

12. Claims Administrator and Manner of Notice. The Court appoints Strategic Claims Services (“Claims Administrator”) to act and to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below:

a. Not later than sixty (60) days from the date of this Order (“Notice Date”), the Claims Administrator shall cause a copy of the Notice and the Proof of Claim, substantially in the form annexed as Exhibits A-1 and A-2 hereto, to be mailed by first class mail to those Class Members who can be identified with reasonable effort, as well as a Hebrew translation of Exhibits A-1 and A-2 to those Class Members who can be identified with reasonable effort who are located in the State of Israel;

b. Within ten (10) days after the Notice Date, the Claims Administrator shall cause the Summary Notice to be published in substantially the form attached as Exhibit A-3 hereto, once in the national edition of *Investor’s Business Daily*; and one time over the internet via *Business Wire* or *PR Newswire*, and a Hebrew translation in *Globes*; and

c. At least thirty (30) calendar days prior the Settlement Hearing, Lead Counsel shall serve on Defendants’ Counsel and file with the Court, proof, by affidavit or declaration from the Claims Administrator, of such mailing and publishing, in particular noting the efforts undertaken by the Claims Administrator to identify and provide a Hebrew translation of the Notice to those Class Members who are located in the State of Israel.

13. Nominee Purchasers. Banks, brokers and other nominees who purchased securities of PhotoMedex for the benefit of another (“Nominee Purchasers” for the “Beneficial Owners”) between November 6, 2012 and November 5, 2013, inclusive, shall (i) send the Notice and the Proof of Claim to the Beneficial Owners of such securities within ten (10) days after

receipt thereof, or (ii) send a list of the names and addresses of such Beneficial Owners to the Claims Administrator within ten (10) days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such Beneficial Owners. Nominee Purchasers following procedure (ii) shall promptly send a statement to the Claims Administrator confirming that the mailing was made as directed. If requested, Lead Counsel shall, through the Claims Administrator, reimburse Nominee Purchasers for their reasonable out-of-pocket expenses incurred in providing notice to Beneficial Owners who are Class Members out of the Settlement Fund, which expenses would not have been incurred except for the sending of such Notice, subject to further order of this Court, with respect to any dispute concerning such compensation.

14. Submission of Proof of Claim Forms. Class Members who wish to participate in the Settlement shall complete and submit a Proof of Claim form in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proof of Claim forms must be postmarked no later than one hundred and eighty (180) days from the Notice Date (or the first business day thereafter if the 180th day falls on a weekend day or national holiday), or such other date thereafter as may approved by the Court. Any Class Member who does not timely submit a Proof of Claim (or Request for Exclusion) shall not only be barred from sharing in the distribution of the proceeds of the Settlement Fund, but shall also be bound by all determinations and judgments in the action concerning the Settlement, whether favorable or unfavorable to the Class, unless otherwise ordered the Court.

15. Pending final determination of whether the Settlement should be approved, neither the Lead Plaintiff nor any Class Member, either directly, representatively, or in any other capacity, shall commence or prosecute against any of the Released Persons any action or

proceeding in any court or tribunal asserting any of the Released Claims.

16. Exclusion from the Settlement. Any Person falling within the definition of the Class may, upon request, be excluded from the Class. Any such Person must submit to the Claims Administrator a request for exclusion (“Request for Exclusion”), in writing, postmarked no later than thirty (30) days prior to the date of the Settlement Hearing. A Request for Exclusion must state: (a) the name, address, and telephone number of the Person requesting exclusion; (b) the Person’s purchases and sales of PhotoMedex securities made during the Class Period, including the dates, number of shares, options or other securities, and the price paid or received per security for each such purchase or sale; and (c) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph and in the Notice shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or the Final Judgment.

17. All Members of the Class who do not submit a valid Request for Exclusion in accordance with ¶ 16 above, shall be bound by all determinations and judgments in the Litigation concerning the Settlement, whether favorable or unfavorable to the Class.

18. Objections to the Settlement. Any Member of the Class may appear and show cause (if he, she or it has any) as to (1) why the proposed Settlement of the Litigation should or should not be approved as fair, just, reasonable and adequate; (2) why a judgment should or should not be entered thereon; (3) why the Plan of Allocation should or should not be approved; or (4) why attorneys’ fees and expenses should or should not be awarded to Lead Plaintiff or Lead Counsel. However, no Class Member or any other Person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the

Judgment to be entered thereon approving the same, or the Order approving the Plan of Allocation, or the attorneys' fees and expenses to be awarded to Plaintiff's Counsel, unless that Person has served written objections and copies of any papers and briefs, no fewer than thirty (30) calendar days prior to the date of the Settlement Hearing containing the following information: (a) clearly indicating the objector's name, mailing address, daytime telephone number, and e-mail address; (b) stating that the objector is objecting to the proposed Settlement, Plan of Allocation, or Fee and Expense Application in *Ratz v. PhotoMedex, et al.*, No. 2:13-cv-06808-PSD (E.D. Pa.); (c) specifying the reason(s), if any, for the objection, including any legal support and/or evidence, including witnesses, that such objector wishes to bring to the Court's attention or introduce in support of such objection; (d) stating the number of shares of PhotoMedex publicly traded common stock owned as of the beginning of trading on November 6, 2012 (the first day of the Class Period); (e) listing the date(s), price(s), and number(s) of shares of all purchases, acquisitions and sales of PhotoMedex publicly traded common stock during the Class Period; and (f) providing documentation of such trading. The objector must mail or deliver the objection and all supporting documentation to the following, no fewer than thirty (30) days prior to the Settlement Hearing:

James C. Shah
Shepherd, Finkelman, Miller & Shah, LLC
35 East State Street
Media, PA 19063
Telephone: (610) 891-9880
Attorney for Plaintiff

William P. Quinn, Jr.
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103
Telephone: (215) 963-5000
Attorney for Defendants

Clerk of the United States District Court
for the Eastern District of Pennsylvania
U.S. Courthouse, Room 2609
601 Market Street
Philadelphia, PA 19106-1797

19. Any Member of the Class who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the proposed Settlement as incorporated in the Stipulation, to the Judgment, to the Plan of Allocation, and/or to the award of attorneys' fees and reimbursement of expenses to Plaintiff's Counsel, unless otherwise ordered by the Court.

20. Any objector who files and serves a timely, written objection in accordance with the instructions above and in the Notice, may also appear at the Settlement Hearing either in person or through counsel retained at the objector's expense. Objectors or their attorneys intending to appear at the Settlement Hearing must effect service of a notice of intention to appear on Plaintiff's Counsel and on Defendants' Counsel at the addresses set out above. The objector must also file the notice of intention to appear with the Court no later than twenty-one (21) days before the Settlement Hearing. Any objector who does not timely file and serve a notice of intention to appear in accordance with this paragraph and the Notice shall not be permitted to appear at the Settlement Hearing, except for good cause shown.

21. Service of Papers. Counsel for the Defendants and Plaintiff shall promptly furnish all Parties with copies of any and all objections and notices of intention to appear that come into their possession. All papers in support of the Settlement, Plan of Allocation, any application by Plaintiff's Counsel for attorneys' fees or reimbursement of expenses shall be filed and served fourteen (14) calendar days prior to the Settlement Hearing. If reply papers are

necessary, they are to be filed with the Court and served no later than seven (7) calendar days prior to the Settlement Hearing.

22. Notice and Administration Expenses and Escrow Matters. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Stipulation is approved. No person that is not a Class Member or Plaintiff's Counsel shall have any right to any portion of, or in the distribution of, the Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation.

23. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

24. Neither the Defendants, Defendants' Counsel nor any of Defendants' insurer(s) shall have any responsibility for the Plan of Allocation, any application for attorneys' fees or reimbursement of expenses submitted by Plaintiffs' Counsel, and such matters will be considered separately from the fairness, reasonableness and adequacy of the Settlement.

25. All reasonable expenses incurred in identifying and notifying Class Members, as well as administering the Settlement Fund, shall be paid as set forth in the Stipulation.

26. Termination of Settlement. In any event the Settlement is not approved by the Court, or otherwise fails to become effective: neither the Lead Plaintiff nor any of Plaintiffs' Counsel shall have any obligation to repay any Notice and Administration Expenses in accordance with the terms of the Stipulation; the Stipulation, including any amendment(s) thereof, except as expressly provided in the Stipulation and this Order, shall be null and void, of no further force or effect, and without prejudice to any Party, and may not be introduced as

evidence of used in any actions or proceedings by any person or entity against the Parties, and the Parties shall be deemed to have reverted to their respective positions in the Litigation as of November 10, 2014.

27. Use of Stipulation and Preliminary Approval Order. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as: (1) an admission or concession by Defendants of the truth of any of the allegations in the Litigation, or any liability, fault, or wrongdoing of any kind; or (2) an admission or concession by Lead Plaintiff and/or the Class of any infirmity in the claims asserted in the Litigation.

28. Stay. All proceedings in this Action are stayed until further Order of the Court, except as may be necessary to implement the Settlement or comply with the terms of the Settlement Agreement and this Order. This Court retains exclusive jurisdiction over the Action to consider all further matters arising out of or connected with the Settlement.

IT IS SO ORDERED

DATED: _____

THE HONORABLE PAUL S. DIAMOND
UNITED STATES DISTRICT JUDGE

EXHIBIT A-1

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

GUY RATZ, Individually and on behalf of :
all others similarly situated, :

Plaintiff, :

vs. :

PHOTOMEDEX, INC., DENNIS M. :
MCGRATH and DOLEV RAFAELI, :

Defendants. :

CIVIL ACTION NO.: 2:13-cv-06808-PSD

January 9, 2015

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED THE SECURITIES OF PHOTOMEDEX BETWEEN NOVEMBER 6, 2012 AND NOVEMBER 5, 2013, INCLUSIVE, (THE “CLASS PERIOD”), 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

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

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 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

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.

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 _____, 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:

Claims Administrator:

Plaintiff's Lead Counsel:

PhotoMedex Shareholder Litigation
Claims Administrator
Strategic Claims Services
600 North Jackson Street
Media, PA 19063
Tel: 866-274-4005
Fax: 610-565-7985

Shepherd, Finkelman, Miller & Shah, LLP
Attn: James C. Shah
35 East State Street
Media, PA 19063
Tel: 877-891-9880
Fax: 866-300-7367

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 _____, 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 _____, 2015.

OBJECT

You may write to the Court if you don't like this
Settlement. The deadline for objection is _____,
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.

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. 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 (the "Class Period"). 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, controlling persons, successors, and

assigns of any excluded party or 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 relevant 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 period November 6, 2012 and 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

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.

Recognized Claim shall be zero.

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.

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

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 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 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;

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 Settlement 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 Cash Settlement Amount, 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 Cash Settlement Amount, 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 in the enclosed envelope **postmarked no later than _____, 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 _____, 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, 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 _____, 2015 to:

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

Your exclusion request must comply with these requirements in order to be valid. You cannot exclude yourself by phone 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 _____, 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 presented 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, 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, 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 _____, 2015.

Court:
CLERK OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA
U.S. Courthouse, Room 2609
601 Market Street
Philadelphia, PA 19106-1797

Lead Counsel for Plaintiffs:
Shepherd, Finkelman, Miller & Shah, LLC
James C. Shah
35 East State Street
Media, PA 19063

Counsel for the Defendants:
William P. Quinn, Jr.
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

19. What's The Different Between Objecting And Excluding?

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?

The court will hold a fairness hearing at ____ a.m., on _____, 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).

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, 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 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 at c/o Strategic Claims Services, 600 North Jackson Street, 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 hold any PhotoMedex securities purchased between November 6, 2012 and November 5, 2013, 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 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
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 which would not have been incurred but for the obligation to forward the Notice upon submission of appropriate documentation to the Claims Administrator.

DATED: _____, 2015

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

EXHIBIT A-2

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

GUY RATZ, Individually and on behalf of :
all others similarly situated, :

Plaintiff, :

vs. :

PHOTOMEDEX, INC., DENNIS M. :
MCGRATH and DOLEV RAFAELI, :

Defendants. :

CIVIL ACTION NO.: 2:13-cv-06808-PSD

PROOF OF CLAIM AND RELEASE

I. GENERAL INSTRUCTIONS

1. To be eligible to recover as a member of the Class based on your claims in the action entitled, *Ratz v. PhotoMedex, Inc.*, Case No.2:13-cv-06808-PSD, you must complete and, on page ___ hereof, sign this Proof of Claim and Release. If you fail to file a properly addressed (as set forth in paragraph 3 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed Settlement of the Litigation.

2. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of settlement in this Litigation.

3. YOU MUST MAIL OR SUBMIT YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE SO THAT IT IS POSTMARKED OR RECEIVED ON OR BEFORE _____, 2015, ADDRESSED AS FOLLOWS:

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

If you are NOT member of the Class, as defined in the Notice of Pendency and Proposed Settlement of Class Actions (“Notice”), DO NOT submit a Proof of Claim and Release form.

4. If you are a member of the Class, you are bound by the terms of any judgment entered in the Litigation, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE FORM.

II. DEFINITIONS

Capitalized terms not defined in this Proof of Claim have the same meaning as set forth in the Notice that accompanies this Proof of Claim form and in the Stipulation of Settlement dated January 9, 2015 (the “Stipulation”).

1. “Class” means all Persons who purchased the securities of PhotoMedex during the period November 6, 2012 to and including November 5, 2013 on any domestic or foreign exchange or otherwise. Excluded from the Class are Defendants and members of each Individual Defendant’s immediate family, and any entity in which a Defendant has a controlling interest, and the legal representatives, heirs controlling persons, or successors and predecessors in interest or assigns of any such excluded party, as well as the Judge(s) to whom this case is assigned. Also excluded from the Class are those Persons who submit a valid request to be excluded from the Class pursuant to the Notice of Pendency and Proposed Settlement of Class Action.

2. “Class Period” means the time period November 6, 2012 to and including November 5, 2013.

3. “Defendants” means PhotoMedex, Dennis McGrath and Dolev Rafaeli.

III. CLAIMANT IDENTIFICATION

1. If you purchased PhotoMedex securities and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part 1 of this form entitled “Claimant Identification,” to identify each purchaser of record (“nominee”), if different from the beneficial purchaser of PhotoMedex securities. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS OF PHOTOMEDEX SECURITIES UPON WHICH THIS CLAIM IS BASED.**

NOTE: Separate Proofs of Claim should be submitted for each separate legal entity (for example, a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual’s name). Conversely, a single Proof of Claim should be submitted on behalf of one legal entity, including all transactions made by that entity, no matter how many separate accounts that entity has (for example, a corporation with multiple brokerage accounts should include all transactions made in PhotoMedex securities during the Class Period on one Proof of Claim, no matter how many accounts the transactions were made in).

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of the Persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information

could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

1. Use Part II of this form, which is entitled “Schedule of Transactions in PhotoMedex securities,” to supply all required details of your PhotoMedex securities purchases and sales during the Class Period. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all of the requested information with respect to *all* of your purchases and *all* of your sales of PhotoMedex securities which took place at any time between November 6, 2012 and November 5, 2013, whether such transactions resulted in a profit or a loss, whether on a foreign or domestic exchange, or otherwise. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

4. Broker confirmations or other documentation of your transactions in PhotoMedex securities should be attached to your claim. Do not send originals. Please keep copies of all documents that you send to the Claims Administrator. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim. The Settling Parties and the Claims Administrator do not independently have information about your transactions in PhotoMedex securities.

5. The above requests are designed to provide the minimum amount of information necessary to process the most simple claims. The Claims Administrator may request additional

information as required to efficiently and reliably calculate your losses. In some cases where the Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the Class with the information provided, the Claims Administrator may condition acceptance of the claim upon the production of additional information and/or the hiring of an accounting expert at the Claimant's cost.

6. A purchase or sale of PhotoMedex securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date; please provide only "contract" or "trade" dates in your claim.

7. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. If you wish to file your claim electronically, you must call the Claims Administrator toll-free at (866) 274-4004, send an e-mail to info@strategicclaims.net, or visit the website for this Settlement at www.strategicclaims.net to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a report listing all transactions contained in the electronic file. Do not assume that your file has been received or processed until you receive this report.

8. To be considered timely, a Proof of Claim must be submitted to the Claims Administrator so that it is **postmarked or received, on or before _____, 2015** in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

9. You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlement. This work will be completed as

promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

Ratz v. PhotoMedex, Inc.

Case No. 2:13-cv-06808-PSD

PROOF OF CLAIM AND RELEASE

Must Be Postmarked No Later Than:

_____, 2015

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle, Last)		
Record Owner's Name (if different from beneficial owner listed above)		
Street Address		
Street Address		
City	State	Postal / Zip Code
Foreign Province	Foreign Country	
Social Security Number (if U.S. Citizen / Resident)	OR	Taxpayer Identification Number (if U.S. Citizen / Resident)
Country/Area Code	Telephone Number (work)	
Country/Area Code	Telephone Number (home/cell)	
Email Address		
Check One:		
<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation	
<input type="checkbox"/> Joint Owners	<input type="checkbox"/> IRA	

<input type="checkbox"/> Estate	<input type="checkbox"/> Other _____ (specify)
---------------------------------	--

Please mark the choice of currency for payment of your claim ___ dollars ___ shekels

PART II: SCHEDULE OF TRANSACTIONS IN PHOTOMEDEX SECURITIES

A. Number of shares of common stock held by you at the beginning of trading on November 6, 2012: _____

B. Purchases of PhotoMedex common stock (November 6, 2012 – November 5, 2013 inclusive):

Trade Date	Number of	
Mo. Day Year	Shares Purchased	Total Purchase Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

IMPORTANT: Identify all purchases in which you covered a “short sale”: _____

C. Sales of PhotoMedex common stock (November 6, 2012 – November 5, 2013, inclusive):

Trade Date	Number of	
Mo. Day Year	Shares Purchased	Total Purchase Price
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____

D. Number of shares of PhotoMedex common stock held by you after the close of the trading period on November 5, 2013: _____

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

E. BEGINNING POSITION OF CALL OPTIONS

Number of call options held by you at the beginning of trading on November 6, 2012:

Date of Purchase (Month/Day/Year)	Number of Contracts	Expiration Month and Year / Strike Price of Options	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (leave blank if neither)	Exercise Date (Month/Day/Year)

F. PURCHASES OF CALL OPTIONS

Purchases (between November 6, 2012 and November 5, 2013, inclusive) of call options on PhotoMedex common stock:

Date of Purchase (Month/Day/Year)	Number of Contracts	Expiration Month and Year / Strike Price of Options	Purchase Price Per Contract	Amount Paid*	Exercised "E" or Expired "X" (leave blank if neither)	Exercise Date (Month/Day/Year)

G. SALES OF CALL OPTIONS

Sales of the above call options on PhotoMedex common stock which call options were purchased before November 6, 2013 (include all such sales no matter when they occurred):

Date of Purchase (Month/Day/Year)	Number of Contracts	Expiration Month and Year / Strike Price of Options	Sale Price Per Contract	Amount Received ⁸

H. BEGINNING WRITTEN POSITION OF PUT OPTIONS

Number of put options held by you at the beginning of trading on November 6, 2012:

⁸ Excluding taxes, fees and commissions.

Number of Contracts	Expiration Month and Year / Strike Price of Options	Sale Price Per Contract	Amount Received*	Assigned "A" or Expired "E" (leave blank if neither)	Assign Date (Month/Day/Year)

I. SALES (WRITING) OF PUT OPTIONS

Written (sold) put options on PhotoMedex common stock (between November 6, 2012 and November 5, 2013, inclusive) as follows:

Date of Writing (Sale) (Month/Day/Year)	Number of Contracts	Expiration Month and Year / Strike Price of Options	Sale Price Per Contract	Amount Received*	Assigned "A" or Expired "E" (leave blank if neither)	Assign Date (Month/Day/Year)

J. COVERING TRANSACTIONS (REPURCHASES) OF PUT OPTIONS

Repurchases of the above put options on PhotoMedex common stock that were written (sold) before November 6, 2013, (include all repurchases no matter when they occurred):

Date of Purchase (Month/Day/Year)	Number of Contracts	Expiration Month and Year / Strike Price of Options	Price Paid Per Contract	Aggregate Cost ⁹

⁹ Excluding taxes, fees and commissions.

YOU MUST READ AND SIGN THE RELEASE ON PAGE ____.

**PART III. SUBMISSION TO JURISDICTION OF COURT AND
ACKNOWLEDGMENTS**

I submit this Proof of Claim and Release under the terms of the Stipulation of Settlement dated as of January 9, 2015 (“Stipulation”) described in the Notice. I also submit to the jurisdiction of the United States District Court for the Eastern District of Pennsylvania, with respect to my claim as a Class Member (as defined in the Notice) and for purposes of enforcing the release set forth herein. I further acknowledge that I am bound by and subject to the terms of any judgment that may be entered in the Litigation. I agree to furnish additional information to the Claims Administrator or Plaintiffs’ Lead Counsel to support this claim if required to do so. I have not submitted any other claim covering the purchases of PhotoMedex securities during the relevant time periods and know of no other Person having done so on my behalf.

PART IV. RELEASE

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release, relinquish and discharge, all of the Released Claims against Defendants, and their Released Parties as these terms are defined in the accompanying Notice.

2. I (We) hereby acknowledge that I (we) will not be entitled to receive recovery in any other action against any of the Defendants and their Released Parties based on or arising out of the Released Claims as these terms are defined in the accompanying Notice.

3. I (We) hereby warrant and represent that I am (we are) a Class Member as defined in the Notice, that I am (we are) not excluded from the Settlement Class, that I am (we are) not one of the Defendants and their Released Parties as defined in the accompanying Notice, and that I (we) believe I am (we are) eligible to receive a distribution from the Net Settlement Fund under

the terms and conditions of the Plan of Allocation, as set forth in the Notice.

4. This release shall be of no force or effect unless and until the Court approves the Stipulation and it becomes effective on the Effective Date.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in PhotoMedex securities that occurred during the time period covered by this Proof of Claim, and the number of PhotoMedex securities held by me (us) at the opening of trading on November 6, 2012 and at the close of trading on November 5, 2013.

(Sign your name here)

(Sign your name here)

(Type or print your name here)

(Type or print your name here)

(Capacity of persons signing, *e.g.*, Beneficial Owner,
Executor or Administrator)

(Capacity of persons signing, *e.g.*, Beneficial Owner,
Executor or Administrator)

SUBSTITUTE FORM W-9

Request for Taxpayer Identification Number (“TIN”) and Certification

PART I

NAME: _____

Check appropriate box:

- Individual/Sole Proprietor
- Corporation
- IRA
- Partnership
- Other
- Pension Plan
- Trust

Enter TIN on appropriate line.

- For individuals, this is your Social Security Number (“SSN”).
- For sole proprietors, you must show your individual name, but you may also enter your business name or “doing business as” name. You may enter either your SSN or your Employer Identification Number (“EIN”).
- For other entities, it is your EIN.

____-____-____ or _____
 Social Security Number Employer Identification Number

PART II

For Payees Exempt from Backup Withholding
 If you are exempt from backup withholding, enter your correct TIN in Part I and write exempt” on the following line: _____

PART III

Certification

UNDER THE PENALTY OF PERJURY, I (WE) CERTIFY THAT:

1. The number shown on this form is my correct TIN; and
2. I (we) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the

Internal Revenue Code because: (a) I am (we are) exempt from backup withholding; or (b) I (we) have not been notified by the Internal Revenue Service that I am (we are) subject to backup withholding as a result of a failure to report all interest or dividends; or (c) the Internal Revenue Service has notified me (us) that I am (we are) no longer subject to backup withholding.

NOTE: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, you must cross out Item 2 above.

SEE ENCLOSED FORM W-9 INSTRUCTIONS

The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct.

Executed this _____ day of _____, in _____,
(Month/Year) (City)

(State/County)

(Sign your name here)

(Sign your name here)

(Type or print your name here)

(Type or print your name here)

(Capacity of persons signing, e.g., Beneficial Owner, Executor or Administrator)

(Capacity of persons signing, e.g., Beneficial Owner, Executor or Administrator)

ACCURATE CLAIMS PROCESSING TAKES A
SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.

Reminder Checklist:

1. Please sign the above release and declaration. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.

2. Remember to attach supporting documentation, if available.

3. Do not send original stock certificates.

4. Keep a copy of your claim form for your records.

5. If you desire an acknowledgment of receipt of your claim form, please send it

Certified Mail, Return Receipt Requested.

6. If you move, please send us your new address.

7. If you have any questions regarding your Proof of Claim, please contact the

Claims Administrator at the address below.

8. Please select your choice of currency in dollars or shekels.

THIS PROOF OF CLAIM MUST BE POSTMARKED OR RECEIVED NO LATER THAN _____, 2015.

EXHIBIT A-3

of expenses (including lost wages) of the Lead Plaintiff. The Court has reserved the right to reschedule the hearing without further notice.

All capitalized terms not otherwise defined in this Summary Notice shall have the meanings provided in the Stipulation.

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not yet received the full printed Notice of Pendency and Proposed Settlement of Class Action and a Proof of Claim form, you may obtain copies of these documents by calling (866) 274-4004 or writing to the Claims Administrator at:

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

You may also download a claim form from _____

If you are a member of the Settlement Class and wish to share in the Settlement proceeds, you must submit a Proof of Claim to the Claims Administrator postmarked or received no later than _____, 2015 establishing that you are entitled to recovery. As further described in the Notice, if you are a Class Member and do not exclude yourself from the Class, you will be bound by the Final Judgment of the Court regardless of whether you submit a Proof of Claim. To exclude yourself from the Class, you must submit a request for exclusion postmarked no later than _____, 2015. If you are a Class Member and do not submit a proper Proof of Claim or elect to exclude yourself from the Class, you will not share in the Settlement, but you nevertheless will be bound by the Final Judgment of the Court.

Any objection to the Settlement must be filed with the court at the address below and served by hand or first class mail on the attorneys listed below on or before _____, 2015.

Court:
CLERK OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA
U.S. Courthouse
Room 2609
601 Market Street,
Philadelphia, PA 19106-1797

Lead Counsel for Plaintiffs:
James C. Shah
Shepherd, Finkelman, Miller & Shah, LLC
35 East State Street
Media, PA 19063

Counsel for the Defendants:
William P. Quinn, Jr.
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921

Further information may be obtained by directing your inquiry to the Claims Administrator at the same address and telephone number noted above.

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE ABOUT THIS NOTICE.

DATED: _____

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

EXHIBIT B

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

GUY RATZ, Individually and on behalf of :
all others similarly situated, :

Plaintiff, :

vs. :

PHOTOMEDEX, INC., et al., :

Defendants. :

CIVIL ACTION NO.: 2:13-cv-06808-PSD

FINAL JUDGMENT AND ORDER OF DISMISSAL WITH PREJUDICE

WHEREAS, this matter came before the court for hearing pursuant to an Order of this Court, entered on _____, 2015 (the “Preliminary Approval Order”), on the application of the Settling Parties for approval of the Settlement set forth in the Stipulation of Settlement dated as of _____, 2015 (the “Stipulation”);

WHEREAS, the Court has received declarations attesting to the mailing of the Notice and publication of the Summary Notice in accordance with the Preliminary Approval Order;

WHEREAS, due and adequate notice of the Settlement having been given as required in said Order, and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. This Judgment incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Litigation and over all parties to the Litigation, including the terms and conditions of the Stipulation of Settlement and all exhibits thereto and the Plan of Allocation of the Net Settlement Fund, and

over all Members of the Class.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court certifies the following class for purposes of this Settlement only: all Persons who purchased or otherwise acquired the securities of PhotoMedex during the period November 6, 2012 through and including November 5, 2013 on any foreign or domestic exchange or otherwise. Excluded from the Class are Defendants and members of each Individual Defendant's immediate family, any entity in which a Defendant has a controlling interest, and the legal representatives, heirs controlling persons, or successors and predecessors in interest or assigns of any such excluded party, as well as the Judge(s) to whom this case is assigned; and those persons and entities listed on Exhibit "A" hereto who submitted valid and timely requests for exclusion from the Class in accordance with the requirements set forth in the Notice.

4. The Court hereby affirms its appointment of Lead Plaintiff. Asbestos Workers, Local 14 Pension Fund, as the Class Representative and Shepherd Finkelman Miller & Shah, LLP as Class Counsel.

5. This Court finds that the distribution of the Notice, the publication of the Summary Notice, and the notice methodology all were implemented in accordance with the terms of the Stipulation and the Court's Preliminary Approval Order, and:

(a) constituted the best practicable notice to Class Members under the circumstances of the Litigation;

(b) were reasonably calculated, under the circumstances, to apprise Class Members of: (i) the proposed Settlement of this class action; (ii) their right to exclude themselves from the Class; (iii) their right to object to any aspect of the proposed Settlement; (iv) their right to appear at the Settlement Hearing, either on their own or through counsel hired at their own

expense, if they are not excluded from the Settlement Class; and (v) the binding effect of the proceedings, rulings, orders, and judgments in this Litigation, whether favorable or unfavorable, on all persons who are not excluded from the Class;

(c) were reasonable and constituted due, adequate, and sufficient notice to all persons entitled to be provided with notice; and

(d) fully satisfied all applicable requirements of the Federal Rules of Civil Procedure (including Rules 23(c) and (d)), the United States Constitution (including the Due Process Clause), Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. §78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), the Rules of the Court, and any other applicable law.

6. In light of the benefits to the Settlement Class, the complexity, expense and possible duration of further litigation against the Defendants, and the risks of establishing liability and damages, pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby approves the Settlement set forth in the Stipulation, and the Exhibits thereto, and approves the Plan of Allocation set forth in the Notice, and finds that said Settlement is, in all respects, fair, reasonable and adequate, and is in the best interest of, the Lead Plaintiff, the Class and each of the Class Members. This Court further finds the Settlement set forth in the Stipulation is the result of arm’s-length negotiations between experienced counsel representing the interests of the Lead Plaintiff, the Class Members and the Defendants. Accordingly, the Settlement embodied in the Stipulation is hereby approved in all respects and shall be consummated in accordance with its terms and provisions. The Settling Parties are hereby directed to perform the terms of the Stipulation.

7. Except as to any individual claim of those Persons (identified in Exhibit A-1 hereto) who have validly and timely requested exclusion from the Class, the Litigation as well as all of the Released Claims and Released Defendants' Claims are dismissed with prejudice. The parties are to bear their own costs, except as otherwise provided in the Stipulation.

8. Upon the Effective Date hereof, and in consideration of (a) Defendants' payment of \$1,500,000 (the "Cash Settlement Amount"), and (b) Defendants' and their Released Parties' release of Defendants' Released Claims, as set forth in the Stipulation, Lead Plaintiff and each Class Member (and their Released Parties, as defined in the Stipulation) other than those listed in Exhibit A hereto shall be deemed to have, and by operation of the Judgment shall: (1) fully, finally, and forever release, relinquish and discharge all Released Claims against Defendants, and each of them, and each of their Released Parties, whether or not such Class Member executes and delivers a Proof of Claim and Release; and (2) refrain from instituting, commencing, prosecuting, or cooperating with, either directly or indirectly, representatively, or in any other capacity, any and all Released Claims.

9. All Class Members who are not listed on Exhibit A hereto are hereby forever barred and enjoined from prosecuting the Released Claims against Defendants and their Released Parties and shall be deemed to have covenanted not to sue Defendants and their Released Parties, or, unless compelled by operation of law, to assist any person in commencing or maintaining any suit relating to any Released Claim against any Defendants and their Released Parties. The foregoing release is given regardless of whether such Lead Plaintiff or Class Members have: (i) executed and delivered a Proof of Claim; (ii) received the Notice; (iii) participated in the Settlement Fund; (iv) filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Counsel for attorneys' fees and expenses; or (v) had

their claims approved or allowed. Nothing contained herein shall, however, bar any action or claim to enforce the terms of the Stipulation or this Judgment.

10. Upon the Effective Date hereof, and in consideration of the releases to be provided by Lead Plaintiff, the Class, and all Members thereof, Defendants, and each of them (and their Released Parties as defined in the Stipulation), shall be deemed to have, and by operation of this Judgment shall have, fully, finally and forever release, relinquish and discharge Lead Plaintiff, Class Members, Plaintiffs' Co-Lead Counsel, Plaintiffs' Counsel and each of the, and each of their Released Parties from all Released Defendants' Claims arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Litigation or the Released Claims.

11. The Court hereby approves the Plan of Allocation as set forth in the Notice distributed to the Class.

12. Neither the Stipulation nor the Settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is, may be deemed, or shall be used, offered or received against Defendants, or any of their Released Parties, or each or any of them, as an admission, concession or evidence of, the validity of any Released Claims, the truth of any fact alleged by Lead Plaintiff and the Class, or any of them, the deficiency of any defense that has been or could have been asserted in the Litigation, or of any alleged wrongdoing, liability, negligence, fault of Defendants or any of the Released Parties, or any of them; (b) is, may be deemed, or shall be used, offered or received against Defendants, or each or any of them, or their Released Parties, as an admission, concession, or evidence of, any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant and by any of their Released Parties;

(c) is, may be deemed or shall be used, offered or received against Lead Plaintiff and the Class, or each or any of them, as an admission, concession or evidence of, the validity of any of the Released Defendants' Claims, the infirmity of any claims raised in the Litigation, the truth of any fact alleged by Defendants, or the availability of meritorious defenses to the claims raised in the Litigation; (d) is, may be deemed, or shall be used, offered or received against Lead Plaintiff and the Class, or each or any of them, or against Defendants, or any of the Released Parties, as an admission or concession with respect to any liability, negligence, fault or wrongdoing as against any Parties to the Stipulation, in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal, other than in such proceedings as may be necessary to effectuate the provisions of this Stipulation; (e) is, may be deemed, or shall be construed against Lead Plaintiff and the Class or against any of the Released Parties, as an admission or concession that the consideration to be given hereunder represents an amount equal to, less than, or greater than that amount which could have or would have been recovered after trial; and (f) is, may be deemed, or shall be construed as or received in evidence as an admission or concession against Lead Plaintiff and the Class, or each and any of them, that any of their claims are without merit or that damages recoverable under the Complaint would not have exceeded the principal amount to be paid by Defendants' insurer into the Settlement Fund. Notwithstanding the provisions of this paragraph, if this Stipulation is approved by the Court, any Released Party may file this Stipulation and/or the Final Judgment and/or any Claim Form submitted by a Settlement Class Member in any action that may be brought against such Party or Parties in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppels, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate the liability protection granted to

them under any applicable insurance policies.

13. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over (a) implementation of this Settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) determination of applications for attorneys' fees and expenses in the Litigation; and (d) all Parties hereto for the purpose of construing, enforcing and administering the Stipulation.

14. The Court finds that during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11.

15. This Court finds that Lead Plaintiff and Lead Counsel adequately represented the Settlement Class under Rules 23(a)(4) and (g) of the Federal Rules of Civil Procedure for the purpose of negotiating, entering into, and implementing the Settlement and at all times during the pendency of this Litigation.

16. A separate order shall be entered regarding Plaintiffs' Counsel's application for attorneys' fees and reimbursement of expenses as allowed by the Court. A separate order shall be entered regarding the proposed Plan of Allocation for the Net Settlement Fund. Such orders shall in no way disturb or affect this Judgment and shall be considered separate from this Judgment.

17. Nothing in this Judgment constitutes or reflects a waiver, release or discharge of any rights or claims of Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives.

18. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation or in the event that the Settlement Fund, or any portion thereof, is returned to the Defendants, then this Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and released delivered in connection herewith shall be null and void to the extent provided by and in accordance with the Stipulation.

19. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of the Settlement Agreement.

20. The provisions of this Judgment constitute a full and complete adjudication of the matters considered and adjudged herein, and the Court determines that there is no just reason for delay in the entry of judgment. The Clerk is hereby directed to immediately enter this Judgment.

IT IS SO ORDERED this _____ day of _____, 2015.

THE HONORABLE PAUL S. DIAMOND
UNITED STATES DISTRICT JUDGE