

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE PALOMAR MEDICAL TECHNOLOGIES) CONSOLIDATED
SHAREHOLDER LITIGATION) C.A. NO. 8491-VCP

NOTICE OF PENDENCY OF CLASS ACTION, STIPULATION OF
SETTLEMENT, SETTLEMENT HEARING, AND RIGHT TO APPEAR

TO: ALL PERSONS AND ENTITIES WHO HELD SHARES OF COMMON STOCK OF PALOMAR, INC. ("PALOMAR" OR THE "COMPANY"), EITHER OF RECORD OR BENEFICIALLY, AT ANY POINT FROM AND INCLUDING MARCH 17, 2013 THROUGH AND INCLUDING JUNE 24, 2013, THE DATE OF THE CONSUMMATION OF THE MERGER (AS DEFINED HEREIN), AND THEIR RESPECTIVE SUCCESSORS IN INTEREST, SUCCESSORS, PREDECESSORS IN INTEREST, PREDECESSORS, REPRESENTATIVES, TRUSTEES, EXECUTORS, ADMINISTRATORS, ESTATES, HEIRS, ASSIGNS OR TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON OR ENTITY ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER, ANY OF THEM, AND EACH OF THEM, TOGETHER WITH THEIR PREDECESSORS IN INTEREST, PREDECESSORS, SUCCESSORS IN INTEREST, SUCCESSORS, AND ASSIGNS.

PLEASE READ ALL OF THIS NOTICE CAREFULLY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS ACTION. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THE LITIGATION REFERRED TO IN THE CAPTION AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. IF THE COURT APPROVES THE PROPOSED SETTLEMENT DESCRIBED BELOW, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS OF THE PROPOSED SETTLEMENT, OR PURSUING THE SETTLED CLAIMS (AS DEFINED HEREIN) AGAINST THE RELEASED PERSONS (AS DEFINED HEREIN).

SPECIAL NOTICE TO BROKERS, BANKS AND OTHER NOMINEES: BROKERAGE FIRMS, BANKS AND OTHER PERSONS OR ENTITIES, WHO WERE RECORD OWNERS OF PALOMAR COMMON STOCK, BUT NOT BENEFICIAL OWNERS, ARE REQUESTED TO SEND THIS NOTICE PROMPTLY TO BENEFICIAL OWNERS. ADDITIONAL COPIES FOR TRANSMITTAL TO BENEFICIAL OWNERS ARE AVAILABLE ON REQUEST DIRECTED TO:

**Palomar Medical Technologies Shareholder Litigation
c/o GCG
PO Box 10077
Dublin, OH 43017-6677**

PURPOSE OF NOTICE

The purpose of this Notice is to inform you of the proposed settlement (the "Proposed Settlement")¹ of the above-captioned lawsuit (the "Action") pending in the Court of Chancery of the State of Delaware (the "Court"). This Notice also informs you of the Court's preliminary certification of a Class (the "Class," as defined below) for purposes of the Proposed Settlement, and notifies you of your right to participate in a hearing to be held on July 21, 2014, at 2:00 p.m., before the Court in the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 (the "Settlement Hearing"). The purposes of the Settlement Hearing are: (a) to determine whether the Court should approve the Proposed Settlement as fair, reasonable, adequate, and in the best interests of the Class; (b) to determine whether Plaintiffs Gary Drabek and Daniel Moore ("Plaintiffs") and Plaintiffs' Counsel (defined below) have adequately represented the interests of the Class in the Action; (c) determine whether the Court should enter the Final Order and Judgment as provided in the Stipulation, dismissing with prejudice the claims asserted in the Action and releasing the Settled Claims against the Released Persons; (d) to consider the application of counsel for Plaintiffs for an award of attorneys' fees and expenses to be paid by Palomar, its insurers or its successors; and (e) to consider other matters as the Court may deem appropriate. The Court has determined for purposes of this Proposed Settlement only that the Action shall be preliminarily maintained as a non-opt-out class action under Delaware Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2), by Plaintiffs as Class representatives, on behalf of a Class consisting of:

All record and beneficial holders of common stock of Palomar (excluding Defendants, their immediate family members, affiliates, successors in interest, representatives, trustees, executors, administrators, heirs, assigns or transferees, and any person acting for or on behalf of any Defendant) for the period from and including March 17, 2013 through and including June 24, 2013, including any and all of their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them.

¹ The capitalized terms and words employed herein shall have the same meaning as they have in the Stipulation of Settlement, dated May 1, 2014 (the "Stipulation") (certain of which are repeated herein for ease of reference only).

At the Settlement Hearing, among other things, the Court will consider whether the Class should be finally certified under Court of Chancery Rule 23 and whether Plaintiffs and Plaintiffs' Counsel have adequately represented the Class. This Notice describes the rights you may have under the Proposed Settlement and what steps you may, but are not required to, take in relation to the Proposed Settlement. If the Court approves the Proposed Settlement, the parties to the Action will ask the Court at the Settlement Hearing, among other things, to enter an Order dismissing all claims asserted in the Action with prejudice on the merits. If you are a Class Member, you will be bound by any judgment entered in the Action whether or not you actually receive this Notice. You may not opt out of the Class.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON ALLEGATIONS OR STATEMENTS OF ONE OR MORE OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES. THIS NOTICE IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THIS ACTION AND OF A HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY WISH TO TAKE IN RELATION TO THIS LITIGATION.

BACKGROUND OF THE ACTION

A. On March 18, 2013, Palomar announced that it had entered into an Agreement and Plan of Merger, dated as of March 17, 2013 (the "Original Merger Agreement"), with Cynosure, Inc. ("Cynosure") and Commander Acquisition Corp. The parties amended and restated the Original Merger Agreement, pursuant to an Amended and Restated Merger Agreement, dated as of May 15, 2013 (as so amended and restated, the "Merger Agreement"), among the Company, Cynosure and Commander Acquisition, LLC, formerly known as Commander Acquisition Corp. (the "Merger Subsidiary"). Pursuant to the terms and conditions of the Merger Agreement, and subject to stockholder approval, Cynosure acquired Palomar through the merger (the "Merger") of Palomar with and into the Merger Subsidiary, with the Merger Subsidiary surviving such merger, and each outstanding share of Palomar common stock converted into the right to receive, subject to adjustment and collar provisions described in the Merger Agreement, \$6.825 in cash and \$6.825 in Cynosure common stock.

B. Shortly after the announcement of the execution of the Original Merger Agreement, three plaintiffs filed putative class action lawsuits in the State of Massachusetts (collectively, the "Massachusetts State Plaintiffs"), captioned *Calin v. Palomar Medical Technologies, Inc. et al.*, No. 13-1051, *Gusinsky Living Trust v. Palomar Medical Technologies, Inc. et al.*, No. 13-1328, and *Saffer v. Palomar Medical Technologies Inc. et al.*, No. 13-1385 (collectively, the "Massachusetts State Actions"). These actions alleged breaches of fiduciary duties and sought, among other things, to enjoin the Palomar stockholders from voting on the Merger, or alternatively, in the event the Merger was consummated, rescinding it.

C. On April 18, 2013, Gary Drabek filed a putative class action complaint, captioned *Drabek v. Palomar Medical Technologies, Inc. et al.*, C.A. No. 8491-VCP (Del. Ch.), individually and on behalf of all others similarly situated, against Palomar, members of the Board of Directors of Palomar (collectively, the "Palomar Defendants"), and Cynosure (collectively with the Palomar Defendants, the "Defendants") alleging breach of fiduciary duties and seeking, among other things, to enjoin the Palomar stockholders from voting on the Merger, or alternatively, in the event the Merger was consummated, rescinding it. In addition, the complaint included allegations that the Preliminary Form S-4 filed on April 12, 2013 with the Securities and Exchange Commission (the "SEC") was deficient and failed to provide certain material information needed for Palomar stockholders to cast an informed vote on the Merger, including, among other things, the information disclosed in the Form 8-K referred to below.

D. On April 23, 2013, the Massachusetts State Plaintiffs filed amended class action complaints in the Massachusetts State Actions, alleging breaches of fiduciary duties, and seeking among other things, to enjoin the Palomar stockholders from voting on the Merger, or alternatively, in the event the Merger was consummated, rescinding it. In addition, the complaint included allegations that the Preliminary Form S-4 filed on April 12, 2013 with the SEC was deficient and failed to provide certain material information.

E. On May 1, 2013, Daniel Moore filed a putative class action complaint, captioned *Moore v. Palomar Medical Technologies, Inc. et al.*, C.A. No. 8516-VCP (Del. Ch.). The complaint contained similar allegations to those in the *Drabek* complaint and sought similar relief.

F. On May 17, 2013, the Massachusetts Superior Court ordered the Massachusetts State Actions stayed finding that there is "no basis for concluding that the Palomar shareholders will not be well represented in the Delaware Cases, and the Massachusetts plaintiffs could, of course move to intervene in the Delaware Cases. There does not appear to be good reason to have duplicative proceedings with the associated increased litigation costs and risks of inconsistent rulings going forward in two jurisdictions simultaneously." On May 28, 2013, a sixth plaintiff (together with the Massachusetts State Plaintiffs, the "Massachusetts Plaintiffs") filed a putative class action lawsuit in the United States

District Court for the District of Massachusetts, captioned *Melvin Lax v. Palomar Medical Technologies, Inc. et al.*, No. 13-11276 (D. Mass.) (the “Massachusetts Federal Action” and together with the Massachusetts State Actions, the “Massachusetts Actions”). The complaint contained similar allegations to those in the Massachusetts State Actions and sought similar relief.

G. On April 29, 2013, the plaintiff in the *Drabek* action moved to expedite the proceedings. On May 3, 2013, the plaintiff in the *Moore* action moved to expedite and moved for a preliminary injunction. On May 7, 2013, the plaintiffs in the *Drabek* and *Moore* actions jointly submitted a proposed order of consolidation as to their two cases, which the Court granted the same day (“Delaware Actions”). The consolidated action is captioned *In re Palomar Medical Technologies Shareholder Litigation*, C.A. No. 8491-VCP. On May 10, 2013, the parties in the Delaware Actions filed a stipulated preliminary injunction briefing schedule, which was approved by the Court on May 13, 2013.

H. The parties to the Delaware Actions reached agreement to pursue expedited discovery. Beginning May 13, 2013, and continuing thereafter, Palomar began a production of documents, including certain minutes of the meetings of its Board of Directors and M&A Committee, documents provided to the Board of Directors and M&A Committee by Palomar’s management and financial advisor Canaccord Genuity Inc. (“Canaccord”), including presentations of Canaccord to the Palomar Board and M&A Committee, communications between Palomar and interested parties (including Cynosure) concerning the Merger, communications between Palomar and Canaccord regarding the negotiation of the Merger, and other documents relevant to Plaintiffs’ claims.

I. On May 22, 24, and 28, the Plaintiffs deposed respectively a Canaccord representative knowledgeable about Canaccord’s work with respect to the Merger, the Chief Executive Officer of Palomar, and a member of the Palomar Board of Directors who also served as Chairman of the M&A Committee.

J. On May 23, 2013, Cynosure filed with the SEC Amendment No. 2 to Cynosure’s Registration Statement on Form S-4 (File No. 333-187895) (as amended, the “Registration Statement”), the SEC declared the Registration Statement effective and Cynosure filed with the SEC a final prospectus under Rule 424(b)(3), dated May 23, 2013, and Palomar filed with the SEC a definitive proxy statement on Schedule 14A, dated May 23, 2013 (collectively, and together with the Forms 8-K described by this Stipulation, the “Proxy Materials”).

K. Beginning on May 23, 2013, the parties to the Delaware Actions engaged in extensive and arm’s-length good faith negotiations regarding a potential settlement of the Delaware Actions.

L. On June 3, 2013, the Plaintiffs filed their brief and declaration in support of a motion for preliminary injunction. Also on June 3, 2013, the parties to the Delaware Actions agreed to the principal terms of a settlement of the Delaware Actions.

M. On June 7, 2013, the parties to the Delaware Actions entered into a Memorandum of Understanding (“Delaware Memorandum”) memorializing their agreement-in-principle for the settlement of the Delaware Actions, subject to Court approval.

N. On June 10, 2013, Palomar filed with the SEC a Form 8-K containing certain supplemental disclosures as called for by the Delaware Memorandum, and made the information contained therein available on its website (the “Delaware 8-K”). A copy of the Delaware 8-K is appended hereto as Exhibit A.

O. Beginning on June 7, 2013, the parties to the Massachusetts Actions engaged in arm’s-length good faith negotiations regarding a potential settlement of the Massachusetts Actions and the Massachusetts Plaintiffs’ demands that Palomar stockholders be provided with further disclosure prior to the stockholder vote on the Merger.

P. On June 14, 2013, the parties to the Massachusetts Actions entered into a Memorandum of Understanding (“Massachusetts Memorandum”) memorializing their agreement-in-principle for the settlement of the Massachusetts Actions. A copy of the Massachusetts 8-K is appended hereto as Exhibit B. As far as counsel to this Action are aware, the Massachusetts Plaintiffs will not seek attorneys’ fees and expenses in connection with the Settlement. Separately, the Defendants and Massachusetts Plaintiffs have reached an agreement whereby the Massachusetts Plaintiffs will dismiss the Massachusetts Federal Action with prejudice and shall seek dismissal of the Massachusetts State Actions with prejudice. In connection with the settlement of the Massachusetts Actions, Defendants have agreed to pay Massachusetts Plaintiffs attorneys’ fees and expenses, separate and apart from the fees to be paid to Plaintiffs’ counsel in connection with the petition for attorneys’ fees to be filed in the Court as set forth herein.

Q. On June 14, 2013, Palomar filed with the SEC a Form 8-K containing certain supplemental disclosures as called for by the Massachusetts Memorandum, and made the information contained therein available on its website (the “Massachusetts 8-K”).

R. On May 1, 2014, counsel for the parties filed an executed copy of the Stipulation with the Court.

S. On May 8, 2014, the Court entered the Scheduling Order.

SETTLEMENT CONSIDERATION

In consideration for the Settlement and dismissal with prejudice of the Delaware Actions, and the releases provided herein, Palomar included certain additional disclosures in the Delaware 8-K filed with the SEC on June 10, 2013, and made available on Palomar's website. A copy of the Delaware 8-K is attached hereto as Exhibit A. Without admitting any wrongdoing, the Palomar Defendants acknowledge that the filing and prosecution of the Delaware Actions and discussions with Plaintiffs' Counsel were the cause of their decision to file the June 10, 2013 Delaware 8-K. Neither Plaintiffs nor Plaintiffs' Counsel will seek additional disclosures as a condition of this Settlement.

RELEASE OF CLAIMS

The Stipulation provides, among other things, that if the Proposed Settlement is approved, as of the Effective Date of the Stipulation, the Settled Claims (defined below) shall be dismissed with prejudice on the merits and without costs.

The Stipulation also provides that, if the Proposed Settlement is approved, as of the Effective Date of the Stipulation, Plaintiffs and all members of the Class, and their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them, by operation of the Judgment shall release and forever discharge all the Settled Claims as against all Released Persons (defined below).

The Stipulation also provides that, if the Proposed Settlement is approved, as of the Effective Date, the Released Persons shall be deemed to be fully and finally released and forever discharged from all of the Settled Claims.

The Stipulation also provides that, if the Proposed Settlement is approved, as of the Effective Date, Plaintiffs and all members of the Class, and their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them, will be forever barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any claims against any of the Released Persons.

As provided in the Stipulation, "Settled Claims" means any and all claims, demands, rights, actions or causes of action, rights, liabilities, damages, losses, obligations, judgments, suits, matters and issues of any kind or nature whatsoever, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, matured or unmatured, that have been or could have been asserted or in the future might be asserted in the Delaware and Massachusetts Actions or in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal or state law relating to alleged fraud, breach of any duty, negligence or violations of the federal or state securities laws) by or on behalf of Plaintiffs in the Delaware and Massachusetts Actions and any and all of the members of the Class, whether individual, class, direct, derivative, representative, legal, equitable or any other type or in any other capacity against any and all Released Persons (defined below) which Plaintiffs or any member of the Class ever had, now has, or hereafter can, shall or may have by reason of, arising out of, relating to or in connection with the allegations, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions or any other matter, thing or cause whatsoever, or any series thereof, embraced, involved, set forth or otherwise related, directly or indirectly to the Delaware and Massachusetts Actions, the Merger, or the Merger Agreement, including without limitation any disclosures made in the Proxy Materials (or any amendment thereto) or in connection with any of the foregoing, (collectively, the "Settled Claims"); provided, however, that the Settled Claims shall not include claims to enforce the Settlement, claims for appraisal under Section 262 of the Delaware General Corporation Law, or claims against Cynosure, Inc. under the federal securities laws that are unrelated to the Merger.

As provided in the Stipulation, "Released Persons" means any and all Defendants in the Delaware and Massachusetts Actions, and/or any of their family members, parent entities, associates, affiliates or subsidiaries and each and all of their respective past or present officers, directors, stockholders, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, investment bankers, commercial bankers, engineers, advisors or agents, insurers, heirs, executors, trustees, general or limited partners or partnerships, personal representatives, estates, administrators, predecessors, successors and assigns, including but not limited to Commander Acquisition LLC.

With respect to any of the Settled Claims, the Parties stipulate and agree that upon Final Approval of the Proposed Settlement, Plaintiffs shall expressly, and each member of the Class shall be deemed to have, and by operation of the Judgment by the Court shall have, expressly waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

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.

Plaintiffs, for themselves and on behalf of the Class, the Company and its stockholders, acknowledge that members of the Class and/or other Company stockholders may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this release, but that it is their intention, as Plaintiffs and on behalf of the Class, and, derivatively, the Company and/or its stockholders, to fully, finally and forever settle and release any and all claims released hereby known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery or existence of such additional or different facts.

The Stipulation further provides that Final Approval of the Settlement shall also result in Defendants fully and forever releasing Plaintiffs and their agents, including without limitation Plaintiffs' Counsel, from any and all claims, liabilities or sanctions relating in any way to the investigation, institution, pleading, prosecution, litigation, settlement, or resolution of the Actions (the "Claims Released Against Plaintiffs"); provided, however, that the Defendants and Released Persons shall retain the right to enforce the terms of the Settlement as set forth in this Stipulation. Upon Final Approval of the Settlement, Defendants shall be forever and fully barred from asserting the Claims Released Against Plaintiffs in any court or other venue in any manner whatsoever.

REASONS FOR THE SETTLEMENT

Plaintiffs and their counsel believe that the claims Plaintiffs have asserted have legal merit, although they recognize that there are legal and factual defenses to the claims asserted in the Delaware Actions that Defendants have raised and might have raised throughout the pendency of the Delaware Actions. In evaluating the Settlement, Plaintiffs and their counsel have considered: (i) the benefits to the members of the Class from the Settlement; (ii) the facts developed during discovery; (iii) the attendant risks of continued litigation and the uncertainty of the outcome of the Delaware Actions; (iv) the probability of success on the merits and the allegations contained in the Delaware Actions, including the uncertainty relating to the proof of those allegations; (v) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation; and (vi) the conclusion of Plaintiffs' Counsel that the terms and conditions of the Settlement are fair, reasonable and adequate.

Defendants have denied, and continue to deny, that any of them has committed or has threatened to commit, or aided and abetted any other person in the commission or threatened commission of, any wrongdoing, violation of law or breach of duty to Plaintiffs in the Delaware and Massachusetts Actions, the Class or anyone, that they have any liability or owe any damages of any kind to the Plaintiff in the Delaware and Massachusetts Actions, the Class or anyone, and that any additional disclosures (including the additional disclosures made in the Forms 8-K) are required under any applicable rule, regulation, statute, or law or are material as a matter of law. The Palomar Defendants expressly maintain that they have diligently and scrupulously complied with their fiduciary and other legal duties, and Cynosure and the Merger Subsidiary deny that they had any fiduciary or other legal duties to Plaintiffs in the Delaware and Massachusetts Actions. Cynosure and the Merger Subsidiary further have denied and continue to deny that they have aided and abetted any violation of law of any kind or engaged in any of the wrongful acts attributed to them in the Delaware and Massachusetts Actions. Defendants are entering into this Stipulation solely because they consider it desirable that the Delaware Actions be settled and dismissed on the merits and with prejudice in order to (i) eliminate the burden, inconvenience, expense, risk and distraction of further litigation, and (ii) finally put to rest and terminate all the claims which were or could have been asserted against the Defendants.

PLAINTIFFS' ATTORNEYS' FEES AND EXPENSES

Plaintiffs and Plaintiffs' counsel intend to petition the Court for an award of fees and expenses in an amount not to exceed \$420,000.00 in connection with the Settlement of the Action (the "Fee Application"). Defendants agree not to oppose Plaintiffs' counsel's request for such approval in an amount not exceeding \$420,000.00, both in the Court and on any appeal by any Class Member. Defendants reserve the right to oppose the amount of any application to the Court by the Massachusetts Plaintiffs, or their counsel, for an award of fees and expenses.

The Fee Application shall be Plaintiffs' and/or Plaintiffs' counsel's sole application for an award of fees or expenses in connection with any litigation concerning the Merger.

If the Court grants the Fee Application, fees and expenses awarded shall be paid to Plaintiffs' counsel within fifteen (15) business days of execution of the Court's order approving the settlement, awarding Plaintiffs' counsel fees and expenses and dismissing the Action with prejudice. In the event that such order is reversed or modified on appeal or the

Proposed Merger is not consummated, Plaintiffs' counsel shall refund to Palomar or its successor the advanced amount and all interest accrued or accumulated thereon. Except as provided herein, the Released Persons shall bear no other expenses, costs, damages, or fees alleged or incurred by the named plaintiff, by any member of the Class, or by any of their attorneys, experts, advisors, agents or representatives.

CLASS ACTION DETERMINATION

For purposes of this Proposed Settlement, the Court has ordered that the Action shall be preliminarily maintained as a non-opt out class action under Court of Chancery Rules 23(a), 23(b)(1), and 23(b)(2), on behalf of the Class (as defined above).

SETTLEMENT HEARING

The Court has scheduled a Settlement Hearing, which will be held on July 21, 2014, at 2:00 p.m. (the "Settlement Hearing Date"), in the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 to: (a) determine whether the preliminary class certification discussed above shall be made final; (b) determine whether the Proposed Settlement, on the terms and conditions provided for in the Stipulation, is fair, reasonable, adequate, and in the best interests of Plaintiffs and the Class and should be approved by the Court; (c) determine whether the approval of the Class representatives and Co-Lead Counsel should be made final; (d) determine whether Plaintiffs and Plaintiffs' Counsel have adequately represented the Class; (e) determine whether the Court should enter the Final Order and Judgment as provided in the Stipulation, dismissing with prejudice the claims asserted in the Action and releasing the Settled Claims against the Released Persons; (f) consider the application by Plaintiffs' Counsel for an award of attorneys' fees and reimbursement of litigation expenses; (g) hear and determine any objections to the Proposed Settlement or the application of Plaintiffs' Counsel for an award of attorneys' fees and expenses; and (h) rule on such other matters as the Court may deem appropriate.

The Court has reserved the right to adjourn the Settlement Hearing or any adjournment thereof, including the hearing on the application for attorneys' fees and expenses, without further notice of any kind to the Class other than by oral announcement at the Settlement Hearing or any adjournment thereof. The Court has also reserved the right to approve the Proposed Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the Parties to the Stipulation and without further notice to the Class.

RIGHT TO APPEAR AND OBJECT

Any member of the Class who objects to the Proposed Settlement and/or the Judgment to be entered by the Court, and/or the Fee Application, or otherwise wishes to be heard, may appear personally or by counsel at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no member of the Class may be heard and no papers or briefs submitted by or on behalf of any member of the Class shall be received and considered, except by Order of the Court for good cause shown, unless, no later than ten (10) business days prior to the Settlement Hearing, copies of: (a) a written notice of intention to appear, identifying the name, address, and telephone number of the objector and, if represented, their counsel; (b) a written detailed statement of such person's specific objections to any matter before the Court; (c) proof of membership in the Class, including a listing of all transactions in Palomar common stock during the Class Period; (d) the grounds for such objections and any reasons for such Person's desiring to appear and be heard; and (e) all documents and writings such Person desires the Court to consider, are served by hand or overnight mail upon each of the following counsel:

FARUQI & FARUQI, LLP

James R. Banko
20 Montchanin Road, Suite 145
Wilmington, DE 19807
302.482.3182 (t)
302.482.3612 (f)

POTTER ANDERSON & CORROON LLP

Stephen C. Norman
Kevin R. Shannon
T. Brad Davey
Matthew D. Stachel
1313 N. Market Street
P.O. Box 951
Wilmington, DE 19899
302.984.6000 (t)
302.658.1192 (f)

RICHARDS, LAYTON & FINGER, P.A.

Raymond J. DiCamillo
920 North King Street
Wilmington, Delaware 19801
302.651.7786 (t)
302.651.7701 (f)

Such papers must also be filed by ten (10) business days prior to the Settlement Hearing on July 21, 2014, with the Register in Chancery, Court of Chancery, 500 North King Street, Wilmington, Delaware 19801.

Any Class Member who does not object to the Proposed Settlement or the request by Plaintiffs' Counsel for an award of attorneys' fees and expenses need not take any action with respect to this notice or this Proposed Settlement.

Unless the Court otherwise directs, no member of the Class will be entitled to object to the approval of the Proposed Settlement, to the Judgment to be entered in the Action, or the Fee Application, nor will he, she or it otherwise be entitled to be heard with respect to any aspect of the Proposed Settlement, except by serving and filing a written objection as described above.

Any member of the Class who does not make his, her or its objection in the manner described above shall be deemed to have waived his, her or its right to object to the Proposed Settlement, the entry of the judgment, and/or the Fee Application, and shall forever be barred and foreclosed from objecting to the fairness, reasonableness or adequacy of the Proposed Settlement (including the releases and liability protections for the Released Persons contained therein), the entry of the Judgment, and/or the Fee Application, or from otherwise being heard with respect to any aspect of the Proposed Settlement, in this Action or in any other action or proceeding.

THE ACTION IS STAYED

Pending final determination by the Court of whether the Proposed Settlement should be approved: (a) all proceedings in the Action (other than those necessary to effectuate the Proposed Settlement) are stayed; and (b) Plaintiffs and all members of the Class, or any of them, are barred and enjoined from commencing, prosecuting, maintaining, instigating, seeking relief in (including without limitation by application or motion for a preliminary injunction or equitable relief) or in any other way participating in any action, forum or other proceeding, asserting any claim concerning, based upon, arising out of, or related (directly or indirectly) to any Settled Claim (including those claims which may arise under federal law) against any of the Released Persons.

ORDER AND JUDGMENT OF THE COURT

If the Court determines that the Proposed Settlement, as provided for in the Stipulation, is fair, reasonable, adequate and in the best interests of the Class, the Parties will ask the Court to enter a Final Order and Judgment, which will, among other things:

- A. Determine that the form and manner of Notice is the best notice practicable under the circumstances and fully complies with each of the requirements of due process, Delaware Court of Chancery Rule 23 and all other applicable law and rules;
- B. Determine that all members of the Class are bound by the Final Order and Judgment;
- C. Determine that the Action is a proper class action pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2) and finally certify the Class;
- D. Determine that the Proposed Settlement is fair, reasonable, adequate, and in the best interests of Plaintiffs and the Class;
- E. Approve and effectuate the releases provided for in the Stipulation;
- F. Bar and enjoin Plaintiffs and the Class from instituting, commencing, or prosecuting any and all Settled Claims against all Released Persons; and
- G. Award Plaintiffs' Counsel fair and reasonable attorneys' fees and expenses.

NOTICE TO PERSONS OR ENTITIES HOLDING OWNERSHIP ON BEHALF OF OTHERS

Brokerage firms, banks and/or other persons or entities who held shares of the common stock of Palomar during the period from the close of business on March 17, 2013 through and including June 24, 2013 for the benefit of others are directed promptly to send this Notice to all of their respective beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to:

Palomar Medical Technologies Shareholder Litigation
c/o GCG
PO Box 10077
Dublin, OH 43017-6677

SCOPE OF THE NOTICE

This Notice is not all-inclusive. The references in this Notice to the pleadings in the Action, the Stipulation, and other papers and proceedings are only summaries and do not purport to be comprehensive. For the full details of the Action, claims that have been asserted by the parties and the terms and conditions of the Proposed Settlement, including a complete copy of the Stipulation, members of the Class are referred to the Court files in the Action. You or your attorney may examine the Court files from the Action during regular business hours of each business day at the office of the Register in Chancery, in the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801. Questions or comments regarding the Proposed Settlement may be directed to Plaintiffs' Co-Lead Counsel:

LEVI & KORSINSKY, LLP

Donald J. Enright
1101 30th Street, N.W., Suite 115
Washington, DC 20007
202.524.4290 (t)
202.333.2121 (f)

FARUQI & FARUQI, LLP

James R. Banko
20 Montchanin Road, Suite 145
Wilmington, DE 19807
302.482.3182 (t)
302.482.3612 (f)

PLEASE DO NOT WRITE TO OR TELEPHONE THE COURT.