

PhotoMedex, Inc.
a Delaware corporation

Corporate Governance Guidelines

The Board of Directors of PhotoMedex, Inc., a Delaware corporation (the "Corporation") has adopted these governance guidelines to assist it in following corporate practices that serve the best interests of the Corporation and its stockholders. The Board intends that these guidelines serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. The guidelines should be interpreted in the context of all applicable laws, rules, regulations, listing standards, the Corporation's charter documents and other governing legal documents.

1. Composition of the Board and Board Membership Criteria

Board Size

The Board presently has seven (7) members. Although the Board considers its present size to be appropriate, it may consider expanding its size to accommodate an outstanding candidate or candidates or reducing its size if the Board determines that a smaller Board would be more appropriate. The Nominations and Corporate Governance Committee will periodically review the size of the Board and recommend any proposed changes to the Board.

Composition of the Board

Each director should be an individual of the highest character and integrity, with the ability to work well with others and with sufficient time available to devote to the affairs of the Corporation in order to carry out the responsibilities of a director.

Selection of Board Nominees

The Board, in consultation with and in consideration of the recommendations of the Nominations and Corporate Governance Committee, will be responsible for the selection of candidates for the nomination or appointment of all Board members, and, will:

- establish criteria for Board membership, including, without limitation, judgment, diversity, age, skills, background and experience;
- review candidates' qualifications for membership on the Board (including a determination as to the independence of the candidate) based on the criteria established by the Board; and
- in evaluating current directors for re-nomination of the Board, assess the performance of such director; and
- periodically review the composition of the Board in light of the current challenges and needs of the Board, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience.

The Nominations and Corporate Governance Committee may, at the request of the Board, from time to time, review the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board.

Directors Who Change Job Responsibility; Retirement

The Board does not believe that directors who retire or change their principal occupation or business association should necessarily leave the Board. However, there should be an opportunity for the Board, through the Nominations and Corporate Governance Committee, to review the continued appropriateness of Board membership under these circumstances. The Board does not believe that a fixed retirement age for directors is appropriate.

2. Director Qualifications

Independence

It is the policy of the Board that a majority of the Board should be comprised of directors meeting the independence requirements of The Nasdaq Stock Market, Inc. ("Nasdaq"), as well as other factors that will contribute to effective oversight and decision-making by the Board. The Board will conduct a review, at least annually, as to the independence of each director, that is designed to affirmatively determine the independence of each director.

Term Limits

It is the policy of the Board to avoid term limits which have the disadvantage of discontinuing the availability and contributions of directors who have developed experience with, and insight into, the Corporation and its needs over a period of time. As an alternative to term limits, the Nominations and Corporate Governance Committee, in conjunction with the Chairman of the Board, will formally and periodically, at least every three (3) years, review each director's continuation on the Board.

Conflicts of Interest

If an actual or potential conflict of interest develops because of a change in the business of the Corporation or a subsidiary, or in a director's circumstances (for example, significant and ongoing competition between the Corporation and a business with which the director is affiliated), the director should report the matter immediately to the Nominations and Corporate Governance Committee for evaluation and appropriate resolution by the Board. The Board will conduct a review, at least annually, that is designed to identify any actual or potential conflicts of interest of each director and senior management, and make appropriate inquiries necessary to assess the independence of the Corporation's auditors.

3. Director Responsibilities

Role of the Board

The Board acts as the ultimate decision-making body of the Corporation and advises and oversees management, who are responsible for the day-to-day operations and management of the Corporation. In fulfilling these roles, each director must act in what he or she reasonably believes to be in the best interests of the Corporation and its shareholders and must exercise his or her business judgment.

Participation at Board Meetings

The Corporation expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business and operations of the Corporation. Directors are expected to attend all Board meetings and the meetings of the committees on which they serve and to prepare themselves for these meetings. Each Board member is expected to ensure that his or her other existing and planned future commitments do not materially interfere with such member's service on the Board.

Corporation Performance and Corporate Strategy

The Board reviews the Corporation's financial performance on a regular basis at Board meetings and through periodic updates.

Director Orientation and Continuing Education

The Board believes that management should develop and maintain a comprehensive orientation process for new directors that includes background material, meetings with senior management and visits to Corporation facilities. The Board further believes that management should develop and maintain, through third-party service providers or otherwise, an ongoing continuing education program for incumbent directors that satisfies all applicable requirements, including Nasdaq rules.

Other Board Positions

Directors should advise the Chairman of the Board and the Nominations and Corporate Governance Committee in advance of accepting an invitation to serve on the board of another company.

4. Board Agenda and Materials

The Chairman of the Board, in conjunction with the Chief Executive Officer ("CEO"), will determine the frequency and length of the Board meetings, will set the agenda for each Board meeting and will arrange for the agenda to be sent in advance of the meeting to the directors along with appropriate written information and background materials. The Board reserves authority to meet in executive sessions to discuss sensitive matters without distribution of written materials. Board members are encouraged to suggest the inclusion of additional items on an agenda, and any director may request that an item be placed on an agenda.

5. Meeting of Independent Directors

It is the policy of the Board that the Corporation's independent directors will and schedule and meet separately in executive sessions in which management and other non-independent members do not participate to discuss such matters as the independent directors consider appropriate.

6. Chairman of the Board and CEO

The Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chairman and CEO in any way that is in the best interests of the Corporation at a given point in time. The Board may make a determination as to the appropriateness of its current policies in connection with the recruitment and succession of the Chairman of the Board and the CEO.

7. Board Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominations and Corporate Governance Committee. Only directors meeting the independence and the experience requirements of Nasdaq, and other applicable rules and regulations, may serve on these committees. Committee members will be appointed by the Board based the recommendation of the Nominations and Corporate Governance Committee[, except for the Nominations and Corporate Governance Committee, which is directly appointed by the independent members of the Board], who will, if appointed by the Board, serve until their resignation or until the Board appoints a successor.

The Board may, from time to time, establish or maintain additional committees and other committees other than the Audit Committee, Compensation Committee and the Nominations and Corporate Governance Committee, and may disband such other committees, from time to time, depending upon the circumstances. The composition of such other committees will conform to the requirements of any applicable rules and regulations, as they may be amended from time to time.

The Board, in consultation with and in consideration of the recommendations of the Nominations and Corporate Governance Committee, will be responsible for the selection of committee appointments, and, will:

- establish criteria for committee membership, including, without limitation, their judgment, diversity, age, skills, background and experience;

- review candidates' qualifications for membership on the committee (including a determination as to the independence of the candidate) based on the criteria established by the Board;
- in evaluating current directors for re-appointment to a committee, assess the performance of such director and of such committee; and
- periodically review the composition of the committee in light of the current challenges and needs of the committee; and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience.

While the rotation of committee members at certain set intervals should be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained in service on a particular committee over time.

Each of the Audit Committee, Compensation Committee and Nominations and Corporate Governance Committee, will operate pursuant to its own written charter, as approved by the Board. These charters will, among other things, set forth the purpose, goals and responsibilities of the particular committee. The Board may establish charters, from time to time, for other committees in accordance and conformance to the requirements of any applicable rules and regulations, as they may be amended from time to time.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the members of the committee and management, will develop the committee's agenda. At the beginning of each fiscal year, each committee will establish a schedule of agenda subjects to be discussed during the year, to the degree these can be foreseen. The schedule for each committee will be furnished to all directors.

Committee proceedings will conform to the requirements of Nasdaq and other applicable regulations, as they may be amended from time to time. The agendas and meeting minutes of the Committees will be shared with the full Board. The committees will periodically report to the Board on significant matters discussed by the Committees.

8. Board Member Access to Management and Independent Advisors

Board members and committees of the Board will have access to the management, employees, documents and facilities of the Corporation and to its outside counsel and auditors, and such other information about and resources of the Corporation that they deem necessary or appropriate to carry out their duties. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the corporation, and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer or employee of the Corporation.

Executive officers and other members of senior management are expected to be present at Board meetings at the invitation of the Board. The Board encourages senior management to make presentations and to invite to Board meetings managers and other employees who can provide additional insight into the items being discussed. The Board also encourages senior management to include in Board meetings individuals that the senior management believes may become prospective leaders of the Corporation.

The Board and each of its committees is authorized to hire independent legal, financial or other advisors as they may consider necessary, without conferring with or obtaining the approval of management or, in the case of committees, the full Board.

9. Director Compensation

The Board, in consultation with and in consideration of the recommendations of the Compensation Committee will review and approve compensation (including stock option grants and other equity-based compensation) for the Corporation's directors in accordance with the policies and principles set forth in its charter, and the Compensation Committee will conduct an annual review of director compensation. In so reviewing and

approving director compensation, the Board will, among other things:

- identify corporate goals and objectives relevant to director compensation;
- evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Board deems appropriate and in the best interests of the Corporation (including, without limitation, compensation in relation to other similarly situated companies and the cost to the Corporation of such compensation); and
- determine any long-term incentive component of director compensation based on the awards given to directors in past years, the Corporation's performance, shareholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Board deems appropriate and in the best interests of the Corporation (including the cost to the Corporation of such compensation).

10. Management Evaluation and Management Succession

The Compensation Committee will evaluate the performance of the senior management of the Corporation and will present its findings to the full Board. The Board will review the Compensation Committee's report in order to ensure that management's performance is satisfactory and that management is providing the best leadership for the Corporation in the long and short-term.

The Nominations and Corporate Governance Committee will review and report to the Board on the Corporation's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO.

11. Self-Evaluation

The Board should develop and maintain a process whereby the Board, its committees and its members are subject to periodic self-evaluation and self-assessment.

12. Disclosure of Guidelines

These Guidelines will be made available and disclosed in accordance with applicable rules and regulations.

13. Governance Guidelines

The Board will review these Guidelines at least every two (2) years. The Board may delegate this responsibility to the Corporate Governance and Nominations Committee.