

Howard Kelly
Chief Executive Officer

April 14, 2008

Dear Valued Customer:

I write to address some recent reports of litigation activity between Alma Lasers and Lumenis. By way of background, Lumenis filed a patent infringement lawsuit against Alma Lasers Ltd., and its wholly-owned subsidiary, Alma Lasers, Inc. in U.S. federal district court in Chicago, in 2007. Alma Lasers believes that all patent claims cited by Lumenis in that suit should be invalidated. Indeed, as a result of steps taken by Alma Lasers, (1) the U.S. Patent and Trademark Office in Alexandria VA has decided to reexamine key claims in all seven of the patents in the suit that Lumenis put in issue, and (2) the court in Chicago has stayed the suit, pending that reexamination.

Shortly after the PTO's decision to reexamine the patents and the Chicago court's decision to stay the suit before it, Lumenis sought to amend its Chicago lawsuit, and also filed a second lawsuit against Alma Lasers Ltd., among others, this time in Israel. In both the proposed amended U.S. complaint and the Israeli complaint, Lumenis alleges, among other claims, misappropriation by Alma Lasers of Lumenis trade secrets. A close review of the complaints, however, reveals that Lumenis is alleging certain fundamental facts that are said to have occurred approximately eight years ago. Perhaps even more to the point, the supposed "trade secrets" claimed by Lumenis relate to electrical circuits (not optics, not heads, not formulas, and not software). I firmly believe these electrical circuits are commodity components and should not fairly be considered proprietary to Lumenis.

These actions appear to be the latest in a long line of attempts by Lumenis to compete in the courts, rather than in the marketplace. Lumenis has a well-documented track record:

1. 1996: Lumenis's predecessors (Laser Industries and Sharplan Lasers) sue Reliant Technologies for U.S. patent infringement. In 1998, a California federal court invalidates the patent. The court finds that the patent suit against Reliant was objectively baseless, and sets a trial date for April 2000 to consider whether filing and pursuing the suit constituted an antitrust violation. Prior to trial, the parties settle, with Lumenis's predecessors paying Reliant \$7.5 million.
2. 1998: A number of class actions are brought against Lumenis's predecessor ESC under the federal securities laws for alleged irregularities in the way in which it reported its financial results and disclosed certain facts and for allegedly "tipping" non-public information to Salomon Smith Barney Inc.. In 2002, Lumenis settles those cases under an agreement requiring it to pay up to issue up to 500,000 shares and pay \$4.5 million.
3. 2001: Lumenis sues Altus Medical for patent infringement for two laser patents, including an overlap patents with its case against Alma. In 2002, Lumenis settles and grants Altus a fully paid-up, royalty-free license to the overlap patents through expiration in 2016 (and half the claims of the other patent) for only \$537,500.

4. 2002: Lumenis sues Syneron (founded by Lumenis's founder and former CEO Shimon Eckhouse) for infringement of certain of Eckhouse's non-laser patents, including two of the same patents it is now asserting against Alma. With respect to those two patents, a federal district judge denies Lumenis' Motion for Preliminary Injunction, and, with respect to a patent claim that Lumenis asserts against Alma, questions the validity of that patent claim. In 2004, Lumenis settles that case with a license of Lumenis's worldwide non-laser patent portfolio to Syneron capped at \$4.2 million.
5. 2002: Class actions are brought against Lumenis under the federal securities laws for allegedly issuing materially false and misleading statements that had the effect of artificially inflating Lumenis's stock price. In February 2008, Lumenis announces a proposal to settle those consolidated cases with a payment of over \$20 million.
6. 2004: Lumenis settles patent litigation with Palomar. Settlement agreement provides for patent cross-licenses. Lumenis pays Palomar over \$3 million for past damages and agrees to 5% royalties under the settlement agreement for licensing of Palomar patents, and Palomar's licensing of Lumenis's patents (including patents Lumenis now asserts against Alma) is royalty-free.
7. 2004: Because Lumenis is unable to file its auditor's report for its third quarter financial statements in a timely manner, as required by Nasdaq's rules, Lumenis is delisted from Nasdaq and begins to trade on the pink sheets (a quotation and trading system for the over-the-counter securities market).
8. 2006: SEC sues Lumenis and officers in federal court in New York for securities fraud. Without admitting or denying the allegations, Lumenis consents to the entry of final judgment enjoining it from future violations of certain federal securities laws. In addition, the SEC revokes the registration of Lumenis's shares, which are then delisted from the pink sheets.
9. 2008: Lumenis has churned through 5 CEOs in 10 years, including founder Shimon Eckhouse, Yacha Sutton (started July 1999), Arie Genger (started Dec. 2002), Avner Raz (started June 2003), and now Dov Ofer (started April 2007).

Alma Lasers intends to defend vigorously against all of Lumenis's claims and Lumenis's attempts in court to undercut Alma Lasers in the marketplace. Of course, Alma Lasers continues to emphasize the quality of its products and stands behind all applicable warranties.

I trust this letter puts matters in their appropriate perspective. Thank you for your continued support. If you have any questions, please do not hesitate to contact me.

Best regards,

Howard Kelly
Chief Executive Officer
Alma Lasers Ltd