

**CHARTER FOR THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF  
CUTERA, INC.**

*(a Nasdaq-Listed Company)*

*(as reviewed and approved by Board on October 25, 2013)*

This Charter (“**Charter**”) governs the operations of the Audit Committee of the Board of Directors (the “**Audit Committee**” or the “**Committee**”) of Cutera, Inc. (the “**Company**”). This Charter was originally adopted and approved by the Board of Directors of the Company (the “**Board**”) on January 13, 2004. Thereafter it was reviewed and amended by the Audit Committee and the Board on July 24, 2009 and on October 25, 2013 to read as set forth below.

**PURPOSE**

The Committee will cooperate with the Company’s independent registered public accounting firm (the “**Accounting Firm**”) to, and management of the Company (“**Management**”) and the Committee will mutually cooperate to, maintain free and open communication between the Committee, the Accounting Firm and Management. In addition, the Committee will undertake those specific duties and responsibilities listed below (as well as such other duties as the Board may from time to time prescribe):

- 1) Overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;
- 2) Assisting the Board in oversight and monitoring of:
  - a) the integrity of the Company’s financial statements;
  - b) the Company’s financial reporting process;
  - c) the Company’s compliance with legal and regulatory requirements under applicable securities law;
  - d) the Accounting Firm’s qualifications, independence and performance; and
  - e) the Company’s systems of internal accounting and financial controls;
- 3) Preparing a report in the Company’s annual proxy statement in accordance with the rules of the Securities and Exchange Commission (the “**SEC**”);
- 4) Providing the Board with the results of its monitoring and recommendations derived therefrom;
- 5) Providing to the Board such additional information and materials as it may deem necessary to make the Board aware of significant financial matters that come to its attention and that require the attention of the Board;
- 6) Overseeing compliance with the “whistleblower policy” and control investigations of any reports made thereunder; and
- 7) Overseeing management’s responsibility for quality and safety of the Company’s products and the Company’s compliance with applicable global clinical and regulatory requirements.

**MEMBERSHIP**

The Audit Committee members will be appointed by, and will serve at the discretion of, the Board. The Committee

will consist of at least three members of the Board. Members of the Committee must meet the following criteria (as well as any criteria required by the SEC):

- 1) Each member will be an independent director, as defined in (a) NASDAQ Rule 4200, (b) the rules of the SEC, and (c) such other applicable rules or laws as may be in effect from time to time;
- 2) Each member must not have participated in the preparation of the financial statements of the Company at any time during the last three years;
- 3) Each member must be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee;
- 4) Each member will be able to read and understand fundamental financial statements in accordance with The NASDAQ Global Market Audit Committee requirements; and
- 5) At least one member will be an “audit committee financial expert” as defined by the SEC and the Company shall disclose the name of such audit committee financial expert and whether such person is independent of Management in the Company’s Annual Report on Form 10-K; provided, however, in the event there is not at least one member who is an “audit committee financial expert” as defined by the SEC, then the Committee shall direct the Company to disclose this fact in the Company’s Annual Report on Form 10-K and explain why there is no such expert.

The members of the Audit Committee shall be elected by the Board, or a committee of the Board delegated such authority, to serve until their successors shall be duly elected and qualified or until their earlier resignation. Unless a Chairperson of the Audit Committee is elected by the Board, or a committee of the Board delegated such authority, the members of the Audit Committee may designate a Chairperson by majority vote of the Audit Committee.

## **RESPONSIBILITIES**

The primary responsibility of the Audit Committee is to oversee the Company’s financial reporting process on behalf of the Board and report the results of their activities to the Board. Management is responsible for the preparation, presentation, and integrity of the Company’s financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The Accounting Firm is responsible for auditing the Company’s financial statements and for reviewing the Company’s unaudited interim financial statements.

The responsibilities of the Audit Committee shall include:

- 1) The sole and exclusive authority for the appointment, compensation, retention, termination and oversight of the work of the Accounting Firm (including the determination of its appropriate qualifications and the resolution of disagreements between Management and the Accounting Firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- 2) Pre-approving audit and non-audit services provided to the Company by the Accounting Firm (or subsequently approving non-audit services in those circumstances where a subsequent approval is necessary and permissible) in accordance with the applicable requirements of the SEC and the Public Company Accounting Oversight Board (the “PCAOB”);
- 3) Reviewing on a continuing basis the adequacy and effectiveness of the Company’s system of internal controls (including any material weaknesses, significant deficiencies and significant changes in internal controls reported to the Audit Committee), including meeting periodically with Management, the internal employees or independent consulting firm responsible for the Company’s internal auditing (the “**Internal Auditors**”), and the Accounting Firm, to review the adequacy of such controls and to review, before its release, the disclosure regarding such system of internal controls required under SEC rules to be contained in the Company’s periodic filings and the attestations or reports by the Accounting Firm relating to such disclosure;
- 4) Reviewing and providing guidance with respect to the external audit and the Company’s relationship with the Accounting Firm by:

- a) reviewing the Accounting Firm's proposed scope and approach for its audit and quarterly reviews for the current year;
  - b) obtaining an annual affirmation from the Accounting Firm regarding any relationships and services with the Company that may impact independence, and to the extent there are such relationships, monitoring and investigating them;
  - c) reviewing the Accounting Firm's independence, including obtaining an annual written communication delineating all the Accounting Firm's relationships and professional services as required by Rule 3526 of the PCAOB, Communication with Audit Committees Concerning Independence, actively engaging in a dialogue with the Accounting Firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the Accounting Firm and presenting this statement to the Board and taking or recommending to the Board appropriate action to oversee the independence of the Accounting Firm;
  - d) reviewing the Accounting Firm's peer review conducted every three years;
  - e) discussing with the Accounting Firm the financial statements and audit findings, including any significant adjustments, judgments and accounting estimates of Management, significant new accounting policies and disagreements with Management and any other matters described in PCAOB Audit Standard No. 16, Communications with Audit Committees, as may be modified or supplemented;
  - f) reviewing reports submitted to the Audit Committee by the Accounting Firm in accordance with applicable SEC requirements; and
  - g) reviewing with the Accounting Firm the communications required by the Sarbanes-Oxley Act of 2002, including any material alternative accounting treatments discussed with Management, the methods for accounting for significant or unusual transactions and communications with Management;
- 5) Directing the Accounting Firm to review (before filing with the SEC) the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
  - 6) Reviewing (before release) the unaudited quarterly operating results in the Company's quarterly earnings release;
  - 7) Reviewing the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with Management and the Accounting Firm prior to the filing of the Company's Quarterly Reports on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent registered public accounting firm under generally accepted auditing standards;
  - 8) Reviewing with Management and the Accounting Firm the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K). Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the Accounting Firm under generally accepted auditing standards;
  - 9) Discussing quarterly with the Accounting Firm the critical policies and practices of the Company, and any alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, together with the Accounting Firm's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
  - 10) Discussing with Management and internal audit representatives (internal employees or independent external firm of consultants) the activities, organizational structure and qualifications of the Company's internal audit function;
  - 11) Reviewing any reports by Management or the Internal Auditors regarding the effectiveness of, or any deficiencies in, the design or operation of internal controls and any fraud, whether or not material, that involves Management or other employees who have a significant role in the Company's internal controls and reviewing before release the disclosure regarding the Company's system of internal controls required under SEC rules and

- rules of the PCAOB to be contained in the Company's periodic filings and the attestations or reports by the Accounting Firm relating to such disclosure;
- 12) Overseeing compliance with the requirements of the SEC for disclosure of Accounting Firm's services and Audit Committee members, member qualifications and activities;
  - 13) Conducting a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to Management by the Accounting Firm;
  - 14) Overseeing management's responsibility for quality and safety of the Company's products and the Company's compliance with applicable global clinical and regulatory requirements.
  - 15) Oversight of Regulatory Compliance:
    - a) Overseeing management's responsibilities for regulatory compliance and risk management in the area of product quality and patient safety, including the periodic review of:
      - i) The effectiveness of the risk management program
      - ii) Important quality issues including those related to compliance with FDA quality systems, regulations, and any issue resulting in regulatory reporting (i.e. medical device reports, corrections, removals & recalls, and inspections by government authorities)
      - iii) Important clinical safety updates and/or new safety information.
      - iv) Remedial measures designed to address regulatory compliance quality assurance and patient safety matters.
      - v) Periodically evaluate and assess the organizational structure and current human resources of the company to fulfill the regulatory duties of the company.
    - b) Empowering Management;
      - i) Authorizing, empowering and directing senior management of the company to provide the Committee with such information and assistance as may be requested by the committee and to negotiate, execute and deliver, and to cause the performance of, any agreements' and any other documents as may be necessary for the Committee to perform its duties and responsibilities.
    - c) Review of key Agreements and Commitments;
      - i) Taking any and all actions, for and entering into agreements or transactions and amendments to agreements, performing all such acts and things, executing, filing, delivering or recording in the name and on behalf of the company, all such certificates, instruments, agreements or other documents, and making all such payments as the Committee may deem necessary, advisable or appropriate in order to carry out the purpose and intent of this charter.
  - 16) Reviewing Management's monitoring of compliance with the Company's standards of business conduct and with the Foreign Corrupt Practices Act;
  - 17) Reviewing, approving and monitoring the Company's code of ethics for its senior financial officers;
  - 18) Reviewing, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements;
  - 19) Providing oversight and review (at least annually) of the Company's risk management policies, including its investment policies;
  - 20) Reviewing and approving in advance any proposed related party transactions, including, without limitation, approving all transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404;
  - 21) If necessary, instituting special investigations with full access to all books, records, facilities and personnel of the Company;
  - 22) As appropriate, obtaining advice and assistance from outside legal, accounting or other advisors and determining appropriate funding for such advisors;

- 23) Determining appropriate funding for the Accounting Firm and ordinary administrative expenses for the Committee;
- 24) Reviewing this Charter, structure, processes, performance and membership requirements;
- 25) Providing a report in the Company's proxy statement in accordance with the rules and regulations of the SEC; and
- 26) Establishing procedures for receiving, retaining and treating complaints received by the Committee regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

## **MEETINGS**

The Audit Committee shall meet at least four times annually, or more frequently as circumstances may require.

In order to foster open communication, the Audit Committee will meet separately or together in any combination of the following as considered necessary – the Chief Executive Officer, the Chief Financial Officer, the Vice President of Finance, the General Counsel and the Corporate Controller (or Assistant Controller) of the Company, if any – at such times as are appropriate to review the financial affairs of the Company. The Committee will meet separately with the Accounting Firm and the Internal Auditors, at such times as it deems appropriate, generally not less than quarterly. In addition, the Audit Committee shall meet with the Internal Auditors at such times as it deems appropriate, generally not less than once a year. Such meetings are required to fulfill the responsibilities of the Committee under this Charter.

## **MINUTES**

The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

## **REPORTS**

In addition to presenting the report in the Company's proxy statement in accordance with the rules and regulations of the SEC, the Audit Committee will summarize its examinations and recommendations to the Board of Directors as may be appropriate, consistent with this Charter, and otherwise make regular reports to the Board.

## **COMPENSATION**

Members of the Audit Committee shall receive such fees, if any, for their service as Audit Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers, per meeting fees and fees for service as Chairman of the Audit Committee. Fees may be paid in such form of consideration as is determined by the Board. Members of the Audit Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof or as Chairman of the Board or Chairman of any committee of the Board, in each case in accordance with the applicable NASDAQ and federal law requirements.

## **DELEGATION OF AUTHORITY**

The Audit Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its scheduled meetings.