

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

CUTERA, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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**NOTICE OF
2006 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 19, 2006**

10:00 A.M. Pacific Time

To our Stockholders:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of Cutera, Inc. (the "*Company*"). The meeting will be held at our principal executive offices located at 3240 Bayshore Blvd., Brisbane, California 94005-1021 on Monday, June 19, 2006 at 10:00 a.m. Pacific Time, for the following purposes:

1. To elect two Class II directors to each serve for a three-year term that expires at the 2009 Annual Meeting of Stockholders and until their successors have been duly elected and qualified;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2006; and
3. To transact such other business as may properly come before the Annual Meeting, including any motion to adjourn to a later date to permit further solicitation of proxies, if necessary, or before any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice.

The meeting will begin promptly at 10:00 a.m., local time, and check-in will begin at 9:30 a.m., local time. Only holders of record of shares of our common stock (Nasdaq: CUTR) at the close of business on April 21, 2006 will be entitled to notice of, and to vote at, the meeting and any postponements or adjournments of the meeting.

For a period of at least 10 days prior to the meeting, a complete list of stockholders entitled to vote at the meeting will be available and open to the examination of any stockholder for any purpose relating to the Annual Meeting during normal business hours at our principal executive offices located at 3240 Bayshore Blvd., Brisbane, California 94005-1021.

By order of the Board of Directors,

A handwritten signature in black ink that reads "Kevin P. Connors". The signature is written in a cursive, flowing style.

Kevin P. Connors
President and Chief Executive Officer

Brisbane, California
April 28, 2006

YOUR VOTE IS IMPORTANT!

REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE MEETING, PLEASE PROMPTLY VOTE BY TELEPHONE, OR IF AVAILABLE, ELECTRONICALLY, OR COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. NO ADDITIONAL POSTAGE IS NECESSARY IF THE PROXY IS MAILED IN THE UNITED STATES OR CANADA. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED AT THE MEETING.

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**PROXY STATEMENT
FOR
2006 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 19, 2006**

The Board of Directors of Cutera, Inc., a Delaware corporation, is soliciting the enclosed proxy from you. The proxy will be used at our 2006 Annual Meeting of Stockholders to be held on Monday, June 19, 2006, beginning at 10:00 a.m., Pacific Time, which is the local time, at our principal executive offices located at 3240 Bayshore Blvd., Brisbane, California 94005-1021, and at any postponements or adjournments thereof. This proxy statement contains important information regarding the meeting. Specifically, it identifies the matters upon which you are being asked to vote, provides information that you may find useful in determining how to vote and describes the voting procedures.

In this proxy statement: the terms “we”, “our”, “Cutera” and the “Company” each refer to Cutera, Inc.; the term “Board” means our Board of Directors; the term “proxy materials” means this proxy statement, the enclosed proxy card, and our Annual Report on Form 10-K for the year ended December 31, 2005, filed with the U.S. Securities and Exchange Commission on March 16, 2006; and the term “Annual Meeting” means our 2006 Annual Meeting of Stockholders.

We are sending these proxy materials on or about May 10, 2006, to all stockholders of record at the close of business on April 21, 2006 (the “Record Date”).

**QUESTIONS AND ANSWERS REGARDING THIS SOLICITATION
AND VOTING AT THE ANNUAL MEETING**

- Why am I receiving these proxy materials?** You are receiving these proxy materials from us because you were a stockholder of record at the close of business on the Record Date (which was April 21, 2006). As a stockholder of record, you are invited to attend the meeting and are entitled to and requested to vote on the items of business described in this proxy statement.
- What is the purpose of the annual meeting?** At our meeting, stockholders of record will vote upon the items of business outlined in the notice of meeting (on the cover page of this proxy statement), each of which is described more fully in this proxy statement. In addition, management will report on the performance of the Company and respond to questions from stockholders.
- Who is entitled to attend the meeting?** You are entitled to attend the meeting *only* if you were a Cutera stockholder (or joint holder) of record as of the close of business on April 21, 2006, or if you hold a valid proxy for the meeting. You should be prepared to present photo identification for admittance.
- Please also note that if you are not a stockholder of record but hold shares in *street name* (that is, through a broker or nominee), you will need to provide proof of beneficial ownership as of the Record Date, such as your most recent brokerage account statement, a copy of the voting instruction card provided by your broker, trustee or nominee, or other similar evidence of ownership.
- The meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:30 a.m., local time.

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Who is entitled to vote at the meeting?

Only stockholders who owned our common stock at the close of business on the Record Date are entitled to notice of and to vote at the meeting, and at any postponements or adjournments thereof.

As of the Record Date, 12,368,442 shares of our common stock were outstanding. Each outstanding share of our common stock entitles the holder to one vote on each matter considered at the meeting. Accordingly, there are a maximum of 12,368,442 votes that may be cast at the meeting.

How many shares must be present or represented to conduct business at the meeting (that is, what constitutes a quorum)?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock entitled to vote at the meeting will constitute a quorum. A quorum is required to conduct business at the meeting. The presence of the holders of our common stock representing at least 6,184,221 votes will be required to establish a quorum at the meeting. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

What items of business will be voted on at the meeting?

The items of business scheduled to be voted on at the meeting are as follows:

1. the election of two nominees to serve as Class II directors on our Board; and
2. the ratification of the appointment of our independent registered public accounting firm for the 2006 fiscal year.

These proposals are described more fully below in this proxy statement. As of the date of this proxy statement, the only business that our Board intends to present or knows of that others will present at the meeting is as set forth in this proxy statement. If any other matter or matters are properly brought before the meeting, it is the intention of the persons who hold proxies to vote the shares they represent in accordance with their best judgment.

How does the Board recommend that I vote?

Our Board recommends that you vote your shares "FOR" each of the director nominees and "FOR" the ratification of our independent registered public accounting firm for the 2006 fiscal year.

What shares can I vote at the meeting?

You may vote all shares owned by you as of the Record Date, including (1) shares held directly in your name as the *stockholder of record*, and (2) shares held for you as the *beneficial owner* through a broker, trustee or other nominee such as a bank.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholders of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, Inc., you are considered, with respect to those shares, the *stockholder of record*, and these proxy materials are being sent directly to you by us. As the *stockholder of record*, you have the right to grant your voting proxy directly to Cutera or to vote in person at the meeting. We have enclosed a proxy card for you to use.

Beneficial Owner. If your shares are held in a brokerage account or by another nominee, you are considered the *beneficial owner* of shares held *in street name*, and these proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee how to vote and are

also invited to attend the meeting. Please note that since a beneficial owner is not the *stockholder of record*, you may not vote these shares in person at the meeting unless you obtain a “legal proxy” from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. Your broker, trustee or nominee has enclosed or provided voting instructions for you to use in directing the broker, trustee or nominee how to vote your shares.

How can I vote my shares without attending the meeting?

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the meeting. Stockholders of record of our common stock may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelope. Our stockholders who hold shares beneficially in street name may vote by mail by completing, signing and dating the voting instruction cards provided by the broker, trustee or nominee and mailing them in the accompanying pre-addressed envelope.

How can I vote my shares in person at the meeting?

Shares held in your name as the stockholder of record may be voted in person at the meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares. ***Even if you plan to attend the meeting, we recommend that you also submit your proxy card or voting instructions as described above so that your vote will be counted if you later decide not to, or are unable to, attend the meeting.***

Can I change my vote?

You may change your vote at any time prior to the vote at the meeting. If you are the stockholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to our Secretary prior to your shares being voted, or by attending the meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

For shares you hold beneficially in street name, you may change your vote by submitting new voting instructions to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker, trustee or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within Cutera or to third parties, except: (1) as necessary to meet applicable legal requirements, (2) to allow for the tabulation of votes and certification of the vote, and (3) to facilitate a successful proxy solicitation. Occasionally, stockholders provide written comments on their proxy card, which are then forwarded to our management.

What vote is required to approve each item and how are votes counted?

The vote required to approve each item of business and the method for counting votes is set forth below:

Election of Directors. The two director nominees receiving the highest number of affirmative “FOR” votes at the meeting (a plurality of votes cast) will be elected to serve as Class II directors. You may vote either “FOR” or “WITHHOLD” your vote for the director nominees. A properly executed proxy marked “WITHHOLD” with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

Ratification of Independent Registered Public Accounting Firm. For the ratification of the appointment of our independent registered public accounting firm, the affirmative “FOR” vote of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. You may vote “FOR,” “AGAINST” or “ABSTAIN” for these items of business. If you “ABSTAIN,” your abstention has the same effect as a vote “AGAINST.”

If you provide specific instructions with regard to certain items, your shares will be voted as you instruct on such items. If you sign your proxy card or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of the Board (“FOR” all of the Company’s nominees to the Board and “FOR” ratification of the independent registered public accounting firm, and in the discretion of the proxy holders on any other matters that properly come before the meeting).

What is a “broker non-vote”?

Under the rules that govern brokers who have record ownership of shares that are held in street name for their clients, who are the beneficial owners of the shares, brokers have the discretion to vote such shares on routine matters. The election of directors and the ratification of the appointment of an independent registered public accounting firm are considered routine matters. Therefore, if you do not otherwise instruct your broker, the broker may turn in a proxy card voting your shares “FOR” all of the Company’s nominees to the Board and “FOR” ratification of the independent registered public accounting firm. A “*broker non-vote*” occurs when a broker expressly instructs on a proxy card that it is not voting on a matter, whether routine or non-routine.

How are “broker non-votes” counted?

Broker non-votes will be counted for the purpose of determining the presence or absence of a quorum for the transaction of business, but they will *not* be counted in tabulating the voting result for any particular proposal.

How are abstentions counted?

If you return a proxy card that indicates an abstention from voting on all matters, the shares represented will be counted for the purpose of determining both the presence of a quorum and the total number of votes cast with respect to a proposal (other than the election of directors), but they will not be voted on any matter at the meeting. In the absence of controlling precedent to the contrary, we intend to treat abstentions in this manner. Accordingly, abstentions will have the same effect as a vote “*AGAINST*” a proposal.

What happens if additional matters are presented at the meeting?

Other than the two proposals described in this proxy statement, we are not aware of any other business to be acted upon at the meeting. If you grant a proxy, the persons named as proxy holders, Kevin P. Connors (our President and Chief Executive Officer) and Ronald J. Santilli (our Chief Financial Officer) will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting. If, for any unforeseen reason, any of our nominees is not available as a candidate for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by our Board.

Who will serve as inspector of election?

We expect a representative of Computershare Trust Company, Inc., our transfer agent, to tabulate the votes and act as inspector of election at the meeting.

What should I do in the event that I receive more than one set of proxy/voting materials?

You may receive more than one set of these proxy solicitation materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than

Who is soliciting my vote and who will bear the costs of this solicitation?

one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. In addition, If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each Cutera proxy card and voting instruction card that you receive to ensure that all your shares are voted.

Where can I find the voting results of the meeting?

Your vote is being solicited on behalf of the Board, and the Company will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, by electronic mail or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We may also engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. Our costs for such services, if retained, will not be material.

We intend to announce preliminary voting results at the meeting and publish final results in our quarterly report on Form 10-Q for the second quarter of fiscal 2006.

What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?

As a stockholder, you may be entitled to present proposals for action at a future meeting of stockholders, including director nominations.

Stockholder Proposals: For a stockholder proposal to be considered for inclusion in our proxy statement for the annual meeting to be held in 2007, the written proposal must be received by our corporate Secretary at our principal executive offices no later than January 10, 2007, which is the date 120 calendars days before the anniversary of the mailing date of this Proxy Statement. If the date of next year's annual meeting is moved more than 30 days before or after the anniversary date of this year's annual meeting, the deadline for inclusion of proposals in our proxy statement is instead a reasonable time before we begin to print and mail its proxy materials. Such proposals also must comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and any other applicable rules established by the U.S. Securities and Exchange Commission (the "**SEC**"). Stockholders interested in submitting such a proposal are advised to contact knowledgeable legal counsel with regard to the detailed requirements of applicable securities laws. Proposals should be addressed to:

Secretary
Cutera, Inc.
3240 Bayshore Blvd.
Brisbane, California 94005-1021

Nomination of Director Candidates: You may propose director candidates for consideration by our Board. Any such recommendations should include the nominee's name and qualifications for Board membership and should be directed to the "Secretary" at the address of our principal executive offices set forth above. In addition, our Bylaws permit stockholders to nominate directors for election at an annual

meeting of stockholders. To nominate a director, the stockholder must provide the information required by our Bylaws, as well as a statement by the nominee consenting to being named as a nominee and to serve as a director if elected. In addition, the stockholder must give timely notice to our corporate Secretary in accordance with the provisions of our Bylaws, which require that the notice be received by our corporate Secretary no later than January 10, 2007.

Copy of Bylaw Provisions: You may contact our corporate Secretary at our principal executive offices for a copy of the relevant bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates.

STOCK OWNERSHIP

Security Ownership of Certain Beneficial Owners and Management

The following table provides information relating to the beneficial ownership of our common stock as of the Record Date, by:

- each stockholder known by us to own beneficially more than 5% of our common stock;
- each of our executive officers named in the Summary Compensation Table on page 22 (our Chief Executive Officer and our four other most highly compensated executive officers);
- each of our directors; and
- all of our directors and executive officers as a group.

The number of shares beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has the sole or shared voting power or investment power and any shares that the individual has the right to acquire within 60 days of April 21, 2006 (the Record Date) through the exercise of any stock option or other right. The number and percentage of shares beneficially owned is computed on the basis of 12,368,442 shares of our common stock outstanding as of the Record Date. The information in the following table regarding the beneficial owners of more than 5% of our common stock is based upon information supplied by principal stockholders or Schedules 13D and 13G filed with the SEC.

Shares of our common stock that a person has the right to acquire within 60 days of the Record Date are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person or entity named in the table has sole voting and dispositive power with respect to the shares set forth opposite such person's or entity's name. The address for those persons for which an address is not otherwise provided is c/o Cutera, Inc., 3240 Bayshore Blvd., Brisbane, California 94005-1021.

Name and Address of Beneficial Owner	Number of Shares Outstanding	Warrants and Options Exercisable within 60 days**	Approximate Percent Owned
Barclays Global Investors, NA.	1,209,924	0	9.8%
Annette J. Campbell-White	56,774	20,000	*
David B. Apfelberg	0	30,000	*
Kevin P. Connors	0	824,166	6.2%
David A. Gollnick	65,703	380,275	3.5%
W. Mark Lortz	2,285	10,000	*
Jerry P. Widman	0	20,000	*
Timothy J. O'Shea	0	10,000	*
Ronald J. Santilli	4,211	89,375	*
Thomas J. Liolios	0	22,167	*
John J. Connors	12,183	86,498	*
<i>All directors and executive officers as a group (10 persons)</i>	<i>141,156</i>	<i>1,492,481</i>	<i>11.8%</i>

* Less than 1%.

** Includes Performance Unit Awards that will vest and be issued within 60 days of the Record Date. See discussion of this matter included in report of the Compensation Committee on page 15 of this proxy statement.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, officers and beneficial owners of more than 10% of our common stock to file reports of ownership and reports of changes in the ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such forms received by us, or written representations from reporting persons that no Forms 3, 4 or 5 were required of such persons, we believe that during our fiscal year ended December 31, 2005, all reports were timely filed, with the exceptions noted herein.

One late Form 4 report was filed for Thomas J. Liolios on November 30, 2005 to report the sale of 742 shares of our common stock that occurred on November 23, 2005.

One late Form 4 report was filed for David A. Gollnick on June 16, 2005 to report the sale of 4,000 shares of our common stock that occurred on June 8, 2005.

One late Form 4 report was filed for David B. Apfelberg on August 9, 2005 to report the sale of 5,000 shares of our common stock that occurred on August 4, 2005.

One late Form 4 report was filed for W. Mark Lortz on March 16, 2005 to report a distribution of 2,285 shares of our common stock that occurred on February 10, 2005.

CORPORATE GOVERNANCE AND BOARD MATTERS

Director Independence

Our Board currently consists of seven directors, with one vacancy. The Company’s directors are Kevin P. Connors, David A. Gollnick, Timothy J. O’Shea, David B. Apfelberg, W. Mark Lortz, Jerry P. Widman, and Annette J. Campbell-White. On January 9, 2006, one of our Class II directors, Guy P. Nohra, resigned from our Board. Our Board has determined that each of the directors other than Kevin P. Connors, the Company’s President and Chief Executive Officer, and David A. Gollnick, the Company’s Vice President of Research and Development, satisfy the current “independent director” standards established by rules of The Nasdaq Stock Market, Inc. (“Nasdaq”).

Committees of the Board

Our Board has two standing committees: the Audit Committee and the Compensation Committee. From time to time, our Board may also create various ad hoc committees for special purposes. The membership during the last fiscal year and the function of each of the committees are described below.

<u>Name of Director</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>
Non-Employee Directors:		
Jerry P. Widman	X*	X
Timothy J. O’Shea	X	
W. Mark Lortz ¹	X	
Guy P. Nohra ²		X
David B. Apfelberg		X*
Annette J. Campbell-White		
Employee Directors:		
Kevin P. Connors		
David A. Gollnick		
Number of Meetings Held During the Last Fiscal Year	6	2

X = Committee member

* = Chairman of Committee

1—W. Mark Lortz became a member of the Compensation Committee on January 20, 2006.

2—Guy P. Nohra resigned from our Board on January 9, 2006.

Audit Committee. The Audit Committee oversees the Company’s accounting and financial reporting processes and the audits of its financial statements. In this role, the Audit Committee monitors and oversees the integrity of the Company’s financial statements and related disclosures, the qualifications, independence, and performance of the Company’s Independent Registered Public Accounting Firm, and the Company’s compliance with applicable legal requirements and its business conduct policies. Our Board has determined that each member of the Audit Committee meets the independence and financial literacy requirements of the Nasdaq rules and the independence requirements of the SEC. Our Board has determined that Jerry P. Widman continues to qualify as an “audit committee financial expert,” as defined in SEC rules. The Audit Committee has a written charter, which was adopted by our Board in January 2004, a copy of which was attached as **Appendix A** to our 2005 proxy statement and can also be found on our website at www.cutera.com. The report of the Audit Committee appears on page 13 of this proxy statement.

Compensation Committee. The Compensation Committee, together with the Board, establishes compensation for the Chief Executive Officer and the other executive officers and administers the 2004 Equity Incentive Plan, the 2004 Employee Stock Purchase Plan, and the 1998 Stock Plan. The Compensation Committee has a written charter, which was adopted by our Board in January 2004, a copy of which was attached as

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Appendix B to our 2005 proxy statement and can also be found on our website. The report of the Compensation Committee appears beginning on page 15 this proxy statement.

Meetings Attended by Directors

The Board held four meetings during 2005, the Audit Committee held six meetings and the Compensation Committee held two meetings. No director attended fewer than 75% of the meetings of the Board or committee(s) on which he or she served during 2005.

The directors of the Company are encouraged to attend the Company's annual meeting of stockholders, and all attended the meeting in 2005, in person or telephonically, except for W. Mark Lortz and Guy P. Nohra.

Director Nominees

Nominations. Our Board does not currently have a nominating committee or other committee performing a similar function nor do we have any formal written policies outlining the factors and process relating to the selection of nominees for consideration for Board membership by the full Board and the stockholders. Our Board has adopted resolutions in accordance with the Nasdaq Marketplace Rules authorizing a majority of its independent members to recommend qualified nominees for consideration by the full Board. Our Board believes that it is appropriate for us to not have a standing nominating committee because of a number of factors, including the number of independent directors who want to participate in consideration of candidates for membership on the Board. Our Board consists of seven members, five of whom are independent. Our Board considered forming a nominations committee consisting of several of the independent members of our Board. Forming a committee consisting of less than all of the independent members was unattractive because it would have omitted the other independent members of our Board who wanted to participate in considering qualified candidates for Board membership. Since our Board desired the participation in the nominations process of all of its independent members, it therefore decided not to form a committee and authorized a majority of the independent members of our Board to make and consider nominations for Board membership. The independent members of our Board do not have a nominating committee charter, but act pursuant to Board resolutions as described above. Each of the members of our Board authorized to recommend nominees to the full Board is independent within the meaning of the current "independent director" standards established by Nasdaq's rules. Our Board intends to review this matter periodically, and may in the future elect to designate a formal nominations committee. Each member of our Board has historically participated in the consideration of director nominees.

Director Qualifications. While the independent members of our Board have not established specific minimum qualifications for director candidates, the candidates for Board membership should have the highest professional and personal ethics and values, and conduct themselves consistent with our Code of Ethics. While the independent members of the Board have not formalized specific minimum qualifications they believe must be met by a candidate to be recommended by the independent members, the independent members of the Board believe that candidates and nominees must reflect a Board that is comprised of directors who (i) have broad and relevant experience, (ii) are predominantly independent, (iii) are of high integrity, (iv) have qualifications that will increase overall Board effectiveness and enhance long-term stockholder value, and (v) meet other requirements as may be required by applicable rules, such as financial literacy or financial expertise with respect to Audit Committee members.

Stockholder Nominations and Recommendations. As described above in the Question and Answer section of this proxy statement under "What is the deadline to propose actions for consideration at next year's annual meeting of stockholders or to nominate individuals to serve as directors?," our Bylaws set forth the procedure for the proper submission of stockholder nominations for membership on our Board. In addition, the independent members of our Board may consider properly submitted stockholder recommendations (as opposed to formal nominations) for candidates for membership on the Board. A stockholder may make such a recommendation by

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submitting the following information to our Secretary at 3240 Bayshore Blvd., Brisbane, California 94005-1021: the candidate's name, home and business contact information, detailed biographical data, relevant qualifications, professional and personal references, information regarding any relationships between the candidate and Cutera within the last three years and evidence of ownership of Cutera stock by the recommending stockholder.

Identifying and Evaluating Director Nominees. Typically new candidates for nomination to the Board are suggested by existing directors or by our executive officers, although candidates may initially come to our attention through professional search firms, stockholders or other persons. The independent members of the Board shall carefully review the qualifications of any candidates who have been properly brought to its attention. Such a review may, in the Board's discretion, include a review solely of information provided to the Board or may also include discussion with persons familiar with the candidate, an interview with the candidate or other actions that the Board deems proper. The Board shall consider the suitability of each candidate, including the current members of the Board, in light of the current size and composition of the Board. In evaluating the qualifications of the candidates, the independent members of the Board considers many factors, including, issues of character, judgment, independence, age, expertise, diversity of experience, length of service, and other commitments. The Board evaluates such factors, among others, and does not assign any particular weighting or priority to any of these factors. Candidates properly recommended by stockholders are evaluated by the independent directors using the same criteria as other candidates.

Director Compensation

Our non-employee directors are paid \$5,000 for each regular board meeting; \$1,500 for each regular compensation committee meeting; and \$1,500 per quarter for one or more audit committee meetings in a quarter that they attend. Additionally, the Chairman of the Audit Committee receives an annual \$10,000 retainer and the Chairman of the Compensation Committee receives an annual \$5,000 retainer.

We have in the past granted directors options to purchase our common stock pursuant to the terms of our 1998 Stock Plan, which has been replaced with our 2004 Equity Incentive Plan. Non-employee directors may receive additional cash compensation from time to time as the Board may determine.

Our 2004 Equity Incentive Plan also provides for the automatic grant of options to our non-employee directors. Each non-employee director appointed to the Board receives an initial option to purchase 30,000 shares of common stock upon such appointment. In addition, non-employee directors who have been directors for at least the preceding six months will receive a subsequent option to purchase 10,000 shares of our common stock immediately following each annual meeting of our stockholders. All options granted under the automatic grant provisions will have a term of ten years and an exercise price equal to fair market value on the date of grant. Each option to purchase 30,000 shares will become exercisable as to one-third of the shares subject to the option on each anniversary of its date of grant, provided the non-employee director remains a director on such dates. Each option to purchase 10,000 shares will become exercisable as to 100% of the shares subject to the option on the third anniversary of its date of grant, provided the non-employee director remains a director on such date.

Code of Ethics

We are committed to maintaining the highest standards of business conduct and ethics. Our Code of Ethics (the "Code") reflects our values and the business practices and principles of behavior that support this commitment. The Code satisfies SEC rules for a "code of ethics" required by Section 406 of the Sarbanes-Oxley Act of 2002, as well as the Nasdaq listing standards requirement for a "code of conduct." The Code is an Exhibit to our Form 8-K filed with the SEC on April 29, 2004 and is available on the Company's website at www.cutera.com under "Company—Investor Relations—Corporate Governance." We will post any amendment to the Code, as well as any waivers that are required to be disclosed by the rules of the SEC or the Nasdaq, on our website.

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Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee nor any of our executive officers has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity. No Compensation Committee member is an officer or employee of Cutera.

Certain Relationships and Related Transactions

In the Company's last fiscal year, there has not been nor is there currently proposed any transaction or series of similar transactions to which the Company was or is to be a party in which the amount involved exceeds \$60,000 and in which any director, executive officer, holder of more than 5% of our common stock or any member of their immediate families had or will have a direct or indirect material interest.

Family Relationships

John J. Connors, our Vice President of North American Sales, is the brother of Kevin P. Connors, our President, Chief Executive Officer and Director. There are no other family relationships among any of our directors or executive officers.

Communications with the Board by Stockholders

Stockholders wishing to communicate with the Board or with an individual Board member concerning the Company may do so by writing to the Board or to the particular Board member, and mailing the correspondence to: Attention: Board of Directors, c/o Secretary, Cutera, Inc., 3240 Bayshore Blvd., Brisbane, California 94005-1021. The envelope should indicate that it contains a stockholder communication. All such stockholder communications will be forwarded to the director or directors to whom the communications are addressed.

REPORT OF THE AUDIT COMMITTEE

The material in this section is not deemed filed with the SEC and is not incorporated by reference in any filing of our Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in those filings.

The Audit Committee of the Board of Directors is comprised solely of independent directors (as defined by Nasdaq rules) and who were all appointed by the Board of Directors. The Audit Committee operates pursuant to a written charter adopted by the Board of Directors, a copy of which can be found on our website. The Audit Committee reviews and assesses the adequacy of its charter on an annual basis. As more fully described in the charter, the purpose of the Audit Committee is to provide general oversight of Cutera's financial reporting, integrity of financial statements, internal controls and internal audit functions. The Audit Committee has authority to retain outside legal, accounting or other advisors as it deems necessary to carry out its duties and to require Cutera to pay for such expenditures.

The Audit Committee monitors Cutera's external audit process, including the scope, fees, auditor independence matters and the extent to which the independent registered public accounting firm may be retained to perform audit and non-audit services. The Audit Committee has responsibility for the appointment, compensation, retention and oversight of Cutera's independent registered public accounting firm. The Audit Committee also reviews the results of the external audit work with regard to the adequacy and appropriateness of Cutera's financial, accounting and internal control over financial reporting. In addition, the Audit Committee generally oversees Cutera's internal compliance programs. The Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm, nor can the Audit Committee certify that the independent registered public accounting firm is "independent" under applicable rules.

The Audit Committee provides advice, counsel and direction to management and the independent registered public accounting firm on matters for which it is responsible based on the information it receives from management and the registered public accounting firm and the experience of its members in business, financial and accounting matters.

Management is responsible for the preparation and integrity of Cutera's financial statements, accounting and financial reporting process and internal control over financial reporting for compliance with applicable accounting standards, applicable laws and regulations.

Cutera's independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for performing an independent audit of Cutera's financial statements in accordance with generally accepted auditing standards and expressing an opinion in its report on those financial statements, and for expressing an opinion on management's assessment of the effectiveness of Cutera's internal control over financial reporting.

In this context, the Audit Committee hereby reports as follows:

- The Audit Committee has reviewed and discussed the audited financial statements for 2005 with Cutera's management.
- The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standard, AU 380), SAS 99 (Consideration of Fraud in a Financial Statement Audit) and Securities and Exchange Commission rules discussed in Final Releases Nos. 33-8183 and 33-8183a.
- The Audit Committee has received written disclosures and a letter from the independent registered public accounting firm, PricewaterhouseCoopers LLP, required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committee") and has discussed with PricewaterhouseCoopers LLP their independence.

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- The Audit Committee has discussed with the independent registered public accounting firm the overall scope and plans for their audit.
- The Audit Committee has met with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls over financial reporting, and to discuss the overall quality of our financial reporting.
- The Audit Committee has considered wither the provision by the independent registered public accounting firm of non-audit services is compatible with maintaining their independence.
- Based on the review and discussion referred to above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements and the report of management on internal control over financial reporting be included in Cutera's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

The foregoing report is provided by the undersigned members of the Audit Committee.

W. Mark Lortz
Timothy J. O'Shea
Jerry P. Widman

REPORT OF THE COMPENSATION COMMITTEE

The material in this report and under the caption "Performance Graph" are not "soliciting material," and are not deemed filed with the Securities and Exchange Commission and is not incorporated by reference in any filing of Cutera under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in those filings.

The Compensation Committee of the Board of Directors is comprised solely of non-employee directors, as such term is defined in Rule 16b-3 under the Securities and Exchange Act of 1934, as amended. Each of our Compensation Committee members meets all applicable federal securities and Nasdaq National Market listing requirements to qualify as an independent director. The Compensation Committee operates pursuant to a written charter adopted by the Board of Directors, a copy of which can be found on our website, and has overall responsibility for executive compensation programs, policies and practices.

Compensation Philosophy

The Compensation Committee is responsible for ensuring that Cutera adopts and maintains responsible and responsive compensation programs for its officers and directors. Cutera operates in the competitive and rapidly changing environment of high technology- and medical device businesses. The Compensation Committee seeks to establish compensation policies that allow Cutera flexibility to respond to changes in its business environment. Our overall executive compensation philosophy is designed to enhance stockholder value. To meet this philosophy, we follow a set of guiding principals that requires us to provide competitive compensation to attract and retain highly qualified directors, officers and employees and to align the financial interest of the executive team with those of our stockholders through effective implementation of the compensation programs discussed below.

The Compensation Committee determines, together with the Board, the compensation levels for the Chief Executive Officer and the other executive officers based on competitive compensation opportunities, their relative contribution to the financial success of Cutera, and their personal performance. It is the Compensation Committee's objective to have a substantial portion of each officer's compensation contingent upon Cutera's performance as well as upon his or her own level of performance. Accordingly, the compensation package for the chief executive officer and other executive officers is comprised of three elements: (i) base salary which reflects individual performance and is designed primarily to be competitive with salary levels in the industry, (ii) annual variable performance awards payable in cash and tied to Cutera's achievement of financial performance targets and personal performance, and (iii) long-term stock-based incentive awards which strengthen the mutual interests of the executive officers and Cutera's stockholders.

Compensation Program

In addition to determining general compensation policy and setting salaries, the Compensation Committee and the whole Board is also responsible for the administration of the 2004 Equity Incentive Plan, the 2004 Employee Stock Purchase Plan, and the 1998 Stock Plan. The Compensation Committee considers the total current and potential long-term compensation of each executive officer in establishing each element of compensation.

Base Salary. In setting compensation packages for executive officers, the Compensation Committee reviews compensation levels for comparable positions within our industry and other high technology and medical device companies. Individual executive officer base salary may vary depending on time in position, assessment of individual performance, salary relative to equity and critical nature of the position relative to our success.

Discretionary Bonus Program. In addition to base salary compensation, Cutera has established a bonus program for executive officers and other personnel pursuant to which cash bonus payments and performance unit awards may be made. The Board, upon the review and recommendation by the Compensation Committee,

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effective as of June 1, 2005, set the annual target bonus levels as a percentage of base salary for its named executive officers. Target bonuses are calculated based upon a matrix of revenue growth and operating profit percent before stock-based compensation expense. For example, at 10% revenue growth and 10% operating profit, an individual will receive 100% of their target bonus. At 50% revenue growth and 25% operating profit, an individual would receive 375% of his or her target bonus. Payments under the bonus program are made quarterly and only in the event that Cutera has a quarterly operating profit before stock-based compensation expense.

Long-Term Incentives. Our 2004 Equity Incentive Plan provides for the issuance of options to our officers and employees to purchase shares of our common stock at an exercise price equal to the fair market value of such stock on the date of grant. Stock options are granted as a reward for past individual and corporate performance and as an incentive for future performance and are an essential component in aligning the interests of management and the stockholders.

During the second quarter of 2005, Cutera began issuing performance unit awards (otherwise commonly referred to as restricted stock units) pursuant to and as provided under the 2004 Equity Incentive Plan. Each recipient of an award enters into a performance unit award agreement (or Award Agreement). Each issued performance unit award vests 25% of the units per year for four years, provided the recipient continues to provide Cutera with services. Pursuant to the Award Agreement, the awards will be settled in stock following each vesting date. Under the terms of the 2004 Equity Incentive Plan and the Award Agreement, each unit has an initial value equal to the fair market value of our common stock on the date of grant. On its vesting date the unit has a value equal to the fair market value of our common stock on the date of vesting. The issuance of any performance unit awards is determined in the same manner as the issuance of options under the 2004 Equity Incentive Plan described above.

Cutera also has a 2004 Employee Stock Purchase Plan that provides employees with the opportunity to purchase shares of our common stock.

2005 Compensation for the Chief Executive Officer

Kevin P. Connor's salary for 2005 was determined by the Compensation Committee and the Board based on an assessment of the current market and compensation for an executive of his level of experience and expertise in similar companies within the medical device and biotechnology industry, with consideration for past performance and anticipated future contribution.

Internal Revenue Code Section 162(m) and Limitations on Executive Compensation

Section 162(m) of the United States Internal Revenue Code of 1986, as amended, may limit our ability to deduct for United States federal income tax purposes compensation paid to either our Chief Executive Officer or to any four other highest paid executive officers in any one fiscal year that is, for each such person, in excess of \$1,000,000. None of our executive officers received any such compensation in excess of this limit during fiscal year 2005.

Grants under the 2004 Equity Incentive Plan are not subject to the deduction limitation; however, in order to preserve our ability to deduct the compensation income associated with options granted to such executive officers pursuant to Section 162(m) of the Code, our 2004 Equity Incentive Plan provides that no optionee may be granted option(s) to purchase more than 500,000 shares of our common stock in any one fiscal year; provided in connection with any optionee's initial service, an optionee may be granted an option to purchase up to 1,000,000 shares of our common stock in the fiscal year in which such optionee is hired.

The foregoing report is provided by the undersigned members of the Compensation Committee.

David B. Apfelberg
Jerry P. Widman

PROPOSAL ONE—ELECTION OF DIRECTORS**Classes of the Board of Directors**

Our Amended and Restated Certificate of Incorporation provides that our Board shall be divided into three classes designated as Class I, Class II and Class III, respectively, with the classes of directors serving for staggered three-year terms. Our Board currently consists of seven directors, divided among the three classes as follows: two Class I directors, Kevin P. Connors and David A. Gollnick, whose terms expire at our Annual Meeting of Stockholders to be held in 2008; two Class II directors, Timothy J. O’Shea and David B. Apfelberg, whose terms expire at this meeting; and three Class III directors, W. Mark Lortz, Jerry P. Widman, and Annette J. Campbell-White, whose terms expire at our Annual Meeting of Stockholders to be held in 2007.

The names of the each member of the Board, the class in which they serve, their ages as of the Record Date, principal occupation and length of service on the Board is as follows:

<u>Name</u>	<u>Term Expires</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Class I Directors				
Kevin P. Connors	2008	44	President and Chief Executive Officer	1998
David A. Gollnick	2008	42	Vice President of Research & Development	1998
Class II Directors				
Timothy J. O’Shea (2)	2006	53	V.P. of Business Development, Boston Scientific Corporation	2004
David B. Apfelberg (1)	2006	64	Assistant Clinical Professor of Plastic Surgery, Stanford University Medical Center	1998
Class III Directors				
Jerry P. Widman (1)(2)	2007	63	Former Chief Financial Officer, Ascension Health	2004
W. Mark Lortz (1)(2)	2007	54	Former Chief Executive Officer, TheraSense, Inc.	2004
Annette J. Campbell-White	2007	59	Managing General Partner, MedVenture Associates I-IV	1998

(1) Member of the Compensation Committee

(2) Member of the Audit Committee

Director Nominees

The Board has nominated Timothy J. O’Shea and David B. Apfelberg for re-election as Class II directors.

David B. Apfelberg, MD has served as a member of our board of directors since November 1998. Dr. Apfelberg has been an Adjunct Associate Professor of Plastic Surgery at the Stanford University Medical Center since 1980. Since 1987, Dr. Apfelberg has also been a consultant for individual entrepreneurs, venture capital companies and attorneys, with special expertise in the area of lasers in medicine. From June 1991 to May 2001, Dr. Apfelberg was Director of the Plastic Surgery Center in Atherton, California. Dr. Apfelberg holds both a B.M.S., Bachelor of Medical Science, and an M.D. from Northwestern University Medical School.

Timothy J. O’Shea has served as a member of our board of directors since April 2004. Since joining Boston Scientific in 1981, he has served in a variety of management positions, including business development, corporate project management, international and domestic marketing and sales. Mr. O’Shea currently serves as a board member or observer on behalf of Boston Scientific for several private and public companies. Mr. O’Shea holds a B.A. in history from the University of Detroit.

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If elected, Messrs. Apfelberg and O'Shea will hold office as Class II directors until our Annual Meeting of Stockholders to be held in 2009 or until their earlier death, resignation or removal.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE TWO NOMINEES FOR CLASS II DIRECTOR LISTED ABOVE.

Directors Whose Terms Extend Beyond the 2006 Annual Meeting

Kevin P. Connors has served as our President and Chief Executive Officer and as a member of our board of directors since our inception in August 1998. Mr. Connors also currently serves as a member of the board of directors of the Exploratorium in San Francisco. From May 1996 to June 1998, Mr. Connors served as President and General Manager of Coherent Medical Group, a unit of Coherent Inc. and manufacturer of lasers, optics and related accessories.

David A. Gollnick has served as our Vice President of Research and Development and as a member of our Board since our inception in August 1998. From June 1996 to July 1998, Mr. Gollnick was Vice President of Research and Development at Coherent Medical Group, a unit of Coherent Inc. Mr. Gollnick holds a B.S. in Mechanical Engineering from Fresno State University.

W. Mark Lortz has served as a member of our board of directors since June 2004. Mr. Lortz served as the Chairman, President and Chief Executive Officer of TheraSense until June of 2004 after its acquisition by Abbott Laboratories earlier in 2004. Prior to TheraSense, Mr. Lortz held several positions at LifeScan, including Vice President, Operations and Group Vice President, Worldwide Business Operations. Prior to LifeScan, Mr. Lortz has 18 years of experience with the General Electric Company in several divisions. Mr. Lortz is a member of the board of directors of IntraLase, a manufacturer of lasers for ophthalmology applications, and Neurometrix, a manufacturer of neurological diagnostic and therapeutic devices. Mr. Lortz serves on the board of directors of one other privately-held company in the healthcare industry. Mr. Lortz holds an MBA in Management from Xavier University and a BS in Engineering Science from Iowa State University.

Annette J. Campbell-White has served as a member of our board of directors since November 1998. Since May 1986, Ms. Campbell-White has been the Managing General Partner of MedVenture Associates I-V, which are venture partnerships investing primarily in early stage businesses in the healthcare field. Ms. Campbell-White currently serves on the boards of a number of privately-held companies. Ms. Campbell-White holds a B.S. in Chemical Engineering and an M.S. in Chemistry, both from the University of Cape Town, South Africa.

Jerry P. Widman has served as a member of our board of directors since March 2004. From 1982 to 2001, Mr. Widman served as the Chief Financial Officer of Ascension Health, a not-for-profit multi-hospital system. Mr. Widman also currently serves as a member of the board of directors and the audit committee of: ArthroCare Corporation, a publicly-traded medical device company; United Surgical Partners International, a publicly-traded ambulatory surgery centers company; the Trizetto Group, a publicly-traded information technology company in the healthcare industry. Mr. Widman is a member of the board of directors of two other privately-held companies in the healthcare industry. Mr. Widman holds a B.B.A. from Case Western Reserve University, an M.B.A. from the University of Denver, a J.D. from Cleveland State University, and is a Certified Public Accountant.

PROPOSAL TWO—RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board has selected PricewaterhouseCoopers LLP as the independent registered public accounting firm to perform the audit of the Company's consolidated financial statements for the fiscal year ending December 31, 2006. PricewaterhouseCoopers LLP audited the Company's consolidated financial statements for the fiscal years 2001 through 2005. PricewaterhouseCoopers LLP is a registered public accounting firm.

The Board is asking the stockholders to ratify the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2006. Although not required by law, by rules of Nasdaq, or the Company's bylaws, the Board is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from the Company's stockholders.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2006.

Audit and Non-Audit Services

The Audit Committee is directly responsible for the appointment, compensation, and oversight of the Company's independent registered public accounting firm. In addition to retaining PricewaterhouseCoopers LLP to audit the Company's consolidated financial statements for 2005, the Audit Committee retained PricewaterhouseCoopers LLP to provide other auditing and advisory services in 2005. The Audit Committee understands the need for PricewaterhouseCoopers LLP to maintain objectivity and independence in its audits of the Company's financial statements. The Audit Committee has reviewed all non-audit services provided by PricewaterhouseCoopers LLP in 2005 and has concluded that the provision of such services was compatible with maintaining PricewaterhouseCoopers LLP's independence in the conduct of its auditing functions.

To help ensure the independence of the independent registered public accounting firm, the Audit Committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed for the Company by its independent registered public accounting firm. Pursuant to this policy, all audit and non-audit services to be performed by the independent registered public accounting firm must be approved in advance by the Audit Committee. The Audit Committee may delegate to one or more of its members the authority to grant the required approvals, provided that any exercise of such authority is presented to the full Audit Committee at its next regularly scheduled meeting.

The aggregate fees incurred by the Company for audit and non-audit services in 2005 and 2004 were as follows:

<u>Service Category</u>	<u>2005</u>	<u>2004</u>
Audit Fees	\$ 437,000	\$ 524,000
Audit-Related Fees	—	—
Tax Fees	\$ 18,000	\$ 6,000
All Other Fees	\$ 2,000	\$ 4,000
Total	\$ 457,000	\$ 534,000

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In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees for professional services for the audit of a company's financial statements and internal control over financial reporting included in the annual report on Form 10-K, for the review of a company's financial statements included in the quarterly reports on Form 10-Q, and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; "tax fees" are fees for tax compliance, tax advice and tax planning; and "all other fees" are a subscription fee for a PricewaterhouseCoopers LLP online service used for accounting research purposes. Included in audit fees, are fees that were billed and unbilled for the fiscal year's audit. For fiscal year 2004, audit fees include \$284,000 for fees associated with our initial public offering.

All of the services provided by PricewaterhouseCoopers LLP described in the table above were approved by the Audit Committee.

EXECUTIVE OFFICERS AND EXECUTIVE COMPENSATION

Executive Officers and Senior Management

Set forth below is certain information concerning our named executive officers and other senior management of the Company as at the time of the Record Date.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Kevin P. Connors	44	President, Chief Executive Officer and Director
David A. Gollnick	42	Vice President of Research and Development and Director
Ronald J. Santilli	46	Chief Financial Officer
John J. Connors	41	Vice President of North American Sales
Thomas J. Liolios	54	Vice President of International

Further information with respect to Kevin P. Connors and David A. Gollnick is provided above under “Directors Whose Terms Extend Beyond the 2006 Annual Meeting.”

Ronald J. Santilli has served as our Chief Financial Officer since September 2001. From April 2001 to August 2001, Mr. Santilli served as Senior Director of Financial Planning and Accounting at Lumenis, a manufacturer of medical lasers. From May 1993 to March 2001, Mr. Santilli held several positions at Coherent Inc., including Sales Operations Manager, Controller of the Medical Group and, most recently, Director of Finance and Administration. Mr. Santilli holds a B.S. in Business Administration from San Jose State University and an M.B.A. in Finance from Golden Gate University.

John J. Connors has served as our Vice President of North American Sales since April 2005. From February 2004 to April 2005, Mr. John Connors served as our Director of North American Sales. From February 2001 to February 2004, Mr. John Connors served as our Western Regional Sales Manager. From July 1999 to January 2001, Mr. John Connors served as a Sales Manager for Coherent Medical Group, a unit of Coherent Inc. Mr. John Connors holds a B.S. in Economics from Miami University.

Thomas J. Liolios has served as our Vice President of International since February 2005. Mr. Liolios has held sales and marketing management positions with a number of companies in the laser field since 1979 and in the medical laser field since 1991. From October 2003 to February 2005, Mr. Liolios served as Director of International Marketing for BioLase Technology, Inc. From May 2001 to September 2003, Mr. Liolios held several positions at Lumenis Inc., including the Vice President of Marketing—Aesthetic and then the Vice-President of Marketing—Ophthalmic and Surgical. From February 1998 to April 2001, he served as Manager of Business Development, Hair Removal for Coherent Medical Group, a unit of Coherent Inc. Mr. Tom Liolios holds a B.A. and M.B.A. from Stanford University.

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Summary Compensation Table

The following table sets forth summary compensation information for 2005, 2004 and 2003 for the Company's Chief Executive Officer and each of the four other most highly compensated executive officers of the Company who were serving in such capacities as of December 31, 2005. Except as provided below, none of our named executive officers received any other compensation required to be disclosed by law or in excess of 10% of their total annual compensation.

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation	Long-Term Compensation Awards		All Other Compensation (\$)
		Salary (\$)	Bonus (\$)		Restricted Stock Awards (\$) ⁽²⁾	Number of Shares Underlying Options (#)	
Kevin P. Connors President and Chief Executive Officer	2005	\$ 283,333	\$ 403,067	—	\$ 202,500	30,000	—
	2004	\$ 247,485	\$ 85,408	—	—	—	—
	2003	\$ 224,437	\$ 86,424	—	—	40,000	—
David A. Gollnick Vice President Research and Development	2005	\$ 180,087	\$ 172,401	—	\$ 101,250	15,000	—
	2004	\$ 149,770	\$ 42,381	—	—	10,000	—
	2003	\$ 144,271	\$ 69,476	—	—	20,000	—
Ronald J. Santilli Chief Financial Officer	2005	\$ 182,055	\$ 163,132	—	\$ 101,250	15,000	—
	2004	\$ 148,050	\$ 41,226	—	—	10,000	—
	2003	\$ 146,544	\$ 72,972	—	—	50,000	—
John J. Connors Vice President of North American Sales	2005	\$ 105,693	\$ 106,922	—	\$ 60,750	30,000	\$ 211,884 ⁽¹⁾
	2004	\$ 98,438	\$ 44,502	—	—	33,000	\$ 173,201 ⁽¹⁾
	2003	\$ 76,832	\$ 36,743	—	—	20,000	\$ 152,701 ⁽¹⁾
Thomas J. Liolios Vice President of International	2005	\$ 125,019	\$ 55,766	—	\$ 60,750	60,000	—

⁽¹⁾ Consists of sales commissions.

⁽²⁾ Kevin P. Connors was granted a Performance Unit Award for 10,000 shares—no shares are vested (with a value of \$263,600) as of December 31, 2005. David A. Gollnick was granted a Performance Unit Award for 5,000 shares—no shares are vested (with a value of \$131,800) as of December 31, 2005. Ronald J. Santilli was granted a Performance Unit Award for 5,000 shares - no shares are vested (with a value of \$131,800) as of December 31, 2005. John J. Connors was granted a Performance Unit Award for 3,000 shares—no shares are vested (with a value of \$79,080) as of December 31, 2005. Thomas J. Liolios was granted a Performance Unit Award for 3,000 shares—no shares are vested (with a value of \$79,080) as of December 31, 2005.

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Option Grants in 2005

The table below sets forth information concerning the stock options grants in 2005 to the executive officers named in the Summary Compensation Table and the potential realizable value of such stock options at assumed annual rates of stock price appreciation for the ten-year terms thereof.

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term (\$)	
	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/Sh)	Expiration Date	5%	10%
Kevin P. Connors	30,000	4%	\$ 20.25	7/28/2015	\$ 382,053	\$ 968,199
David A. Gollnick	15,000	2%	\$ 20.25	7/25/2015	\$ 191,027	\$ 484,099
Ronald J. Santilli	15,000	2%	\$ 20.25	7/28/2015	\$ 191,027	\$ 484,099
John J. Connors	20,000	3%	\$ 17.99	4/22/2015	\$ 226,276	\$ 573,429
John J. Connors	10,000	1%	\$ 20.25	7/28/2015	\$ 127,351	\$ 322,733
Thomas J. Liolios	50,000	7%	\$ 17.99	4/22/2015	\$ 565,691	\$ 1,433,571
Thomas J. Liolios	10,000	1%	\$ 20.25	7/28/2015	\$ 127,351	\$ 322,733

Stock Option Exercises and Values for 2005

The table below sets forth information concerning the number of stock options exercised in 2005 and the value realized upon their exercise by the executive officers named in the Summary Compensation Table and the number and value of their unexercised stock options at December 31, 2005.

Name	Shares Acquired Upon Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options At December 31, 2005 (#)		Value of Unexercised In-the-Money Options at December 31, 2005 (\$)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
			Kevin P. Connors	113,334	\$ 3,066,715	796,666
David A. Gollnick	50,000	\$ 1,108,540	364,885	31,640	\$ 9,364,307	\$ 402,998
Ronald J. Santilli	127,800	\$ 2,531,856	70,235	42,890	\$ 1,443,958	\$ 651,735
John J. Connors	2,315	\$ 20,002	66,771	55,009	\$ 1,433,471	\$ 602,399
Thomas J. Liolios	742	\$ 8,728	—	60,000	\$ —	\$ 479,600

⁽¹⁾ The fair market value of a share of our common stock at the close of business on December 31, 2005 was \$26.36

Employment Agreements

Each of our named executive officers signed an offer letter before commencing their employment with us. The offer letters and certain related documents set forth each officer's:

- position and title,
- salary and other compensation,
- health benefits,
- option grant and vesting schedule, and
- obligation to abide by confidentiality provisions.

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Additionally, each offer letter and certain related documents state that employment with us is at-will and may be terminated by either party at any time with or without notice or cause.

Equity Compensation Plan Information

The following table provides certain information with respect to the Company's equity compensation plans in effect as of December 31, 2005.

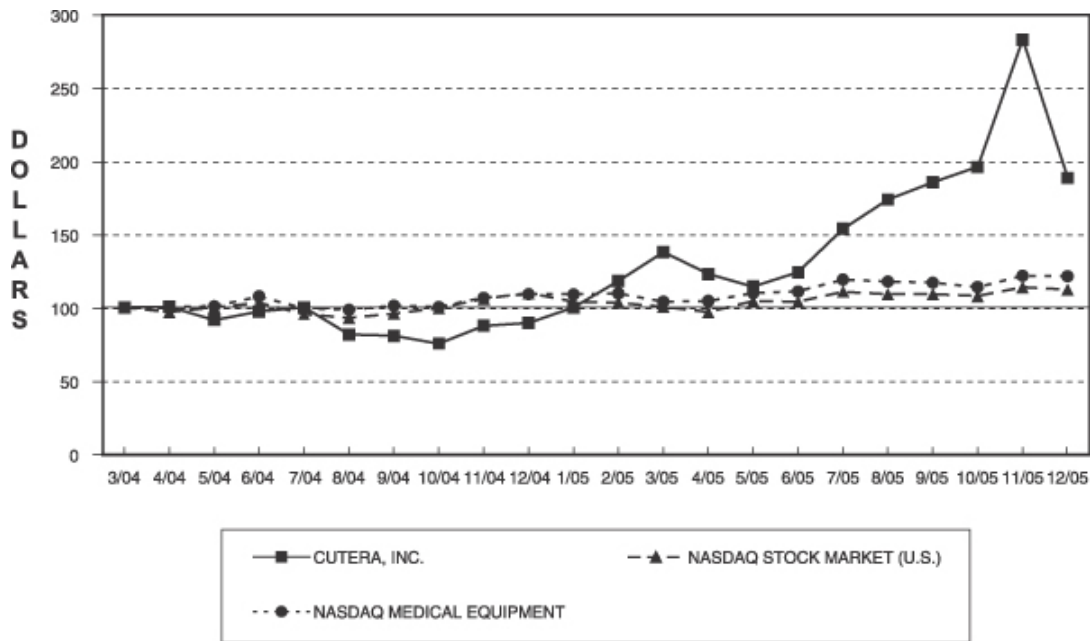
<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by stockholders:	3,244,609	\$ 6.91	1,479,622
Equity compensation plans not approved by stock holders	0	\$ 0.00	0
Total	<u>3,244,609</u>	<u>\$ 6.91</u>	<u>1,479,622</u>

STOCK PERFORMANCE GRAPH

The material in this section is not deemed filed with the SEC and is not incorporated by reference in any filing of our Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this Proxy Statement and irrespective of any general incorporation language in those filings.

The following graph compares the cumulative total stockholder return on our common stock with the cumulative total return of the Nasdaq Market, U.S. Index and the Nasdaq Medical Equipment Index for the period beginning on March 31, 2004, our first day of trading after our initial public offering, and ending on December 31, 2005.

COMPARISON OF 21 MONTH CUMULATIVE TOTAL RETURN*
AMONG CUTERA, INC., THE NASDAQ STOCK MARKET (U.S.) INDEX
AND THE NASDAQ MEDICAL EQUIPMENT INDEX



The graph assumes that \$100 was invested on March 31, 2004 in our common stock, the Nasdaq U.S. Index and the Nasdaq Medical Equipment Index, and that all dividends were reinvested. No dividends have been declared or paid on our common stock. Stock performance shown in the above chart for the common stock is historical and should not be considered indicative of future price performance. This graph was prepared by Research Data Group, Inc.

OTHER MATTERS

We are not aware of any other business to be presented at the meeting. As of the date of this proxy statement, no stockholder had advised us of the intent to present any business at the meeting. Accordingly, the only business that our Board of Directors intends to present at the meeting is as set forth in this proxy statement.

If any other matter or matters are properly brought before the meeting, the proxies will use their discretion to vote on such matters in accordance with their best judgment.

By order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Kevin P. Connors". The signature is written in a cursive style with a large initial "K".

Kevin P. Connors
President and Chief Executive Officer

Brisbane, California
April 28, 2006

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF
CUTERA, INC.**

2006 ANNUAL MEETING OF STOCKHOLDERS

The undersigned stockholder of Cutera, Inc., a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement each dated April 28, 2006 and hereby appoints Kevin Connors (our President and Chief Executive Officer) and Ronald J. Santilli (our Chief Financial Officer), each as proxy and attorney-in-fact, with full power of substitution, on behalf and in the name of the undersigned to represent the undersigned at the 2006 Annual Meeting of Stockholders of Cutera, Inc. to be held on June 19, 2006 at 10:00 a.m., local time, at Cutera's offices located at 3240 Bayshore Blvd., Brisbane, California 94005-1021, and at any postponement or adjournment thereof, and to vote all shares of common stock which the undersigned would be entitled to vote if then and there personally present, on the matters set forth below:

SEE REVERSE SIDE

FOLD AND DETACH HERE

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-----				Please mark your votes as indicated			
1. Election of Directors	FOR	WITHHOLD		2. Proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm of the Company for the fiscal year ending December 31, 2006.	FOR	AGAINST	ABSTAIN
	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CLASS II NOMINEES:							
TIMOTHY J. O'SHEA							
DAVID B. APFELBERG							

THE STOCKHOLDER MAY WITHHOLD AUTHORITY TO VOTE FOR ANY NOMINEE BY STRIKING OUT THE INDIVIDUAL'S NAME ABOVE

THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO CONTRARY DIRECTION IS INDICATED, WILL BE VOTED AS FOLLOWS: (1) FOR THE ELECTION OF THE NOMINATED CLASS II DIRECTORS; (2) FOR THE RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND AS THE PROXY HOLDERS DEEM ADVISABLE ON SUCH OTHER MATTERS AS MAY COME BEFORE THE MEETING.

PLEASE SIGN EXACTLY AS YOUR NAME APPEARS HEREON. IF THE STOCK IS REGISTERED IN THE NAME OF TWO OR MORE PERSONS, EACH SHOULD SIGN. EXECUTORS, ADMINISTRATORS, TRUSTEES, GUARDIANS AND ATTORNEYS-IN-FACT SHOULD ADD THEIR TITLES. IF SIGNER IS A CORPORATION, PLEASE GIVE FULL CORPORATE NAME AND HAVE A DULY AUTHORIZED OFFICER SIGN, STATING TITLE. IF SIGNER IS A PARTNERSHIP, PLEASE SIGN IN PARTNERSHIP NAME BY AUTHORIZED PERSON.

PLEASE SIGN, DATE AND PROMPTLY RETURN THIS PROXY IN THE ENCLOSED RETURN ENVELOPE, WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES.

SIGNATURE(S) _____ SIGNATURE(S) _____ DATE: _____, 2006

NOTE: This Proxy should be marked, signed by the stockholder(s) exactly as his or her name appears hereon, and returned promptly in the enclosed envelope. Persons signing in a fiduciary capacity should so indicate. If shares are held by joint tenants or as community property, both should sign.

FOLD AND DETACH HERE