

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**May 8, 2006**

Date of Report (date of earliest event reported)

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**CUTERA, INC.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**000-50644**  
(Commission File Number)

**77-0492262**  
(I.R.S. Employer  
Identification Number)

**3240 Bayshore Blvd.**  
**Brisbane, California 94005**  
(Address of principal executive offices)

**(415) 657-5500**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

On May 8, 2006, we are issuing a press release and holding a conference call regarding our financial results for the first quarter of fiscal year 2006 ended March 31, 2006. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Cutera, Inc. dated as of May 8, 2006.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CUTERA, INC.**

Date: May 8, 2006

By: /s/ Kevin P. Connors

Kevin P. Connors

President and Chief Executive Officer



FOR IMMEDIATE RELEASE

CONTACTS:

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**Cutera Reports First Quarter Ended March 31, 2006 Results**  
**— Company Raises 2006 Revenue Guidance —**

BRISBANE, Calif., May. 8 — Cutera, Inc. (Nasdaq: [CUTR - News](#)), a leading provider of laser and other light-based aesthetic systems for practitioners worldwide, today reported financial results for the first quarter ended March 31, 2006. Key financial highlights are as follows:

**First quarter 2006, compared with the same quarter in 2005:**

- Net revenue increased by 37% to \$20.8 million; US revenue was up by 44%.
- Recorded GAAP diluted EPS of \$0.08, Non-GAAP <sup>(1)</sup> diluted EPS increased to \$0.12
- Cash generated from operations improved by 31% to \$2.1 million.

“We are very pleased with the 37% year-over-year revenue growth and the improved earnings in our seasonally weaker first quarter of the year. We have made significant progress on the key initiatives we intend to accomplish in 2006,” said Kevin Connors, President and Chief Executive Officer. “During the first quarter ended March 31, 2006, we launched new Titan products designed to enhance visibility and improve the treatment speed for our customers; and expanded our direct sales force ahead of plan to harness the strong demand for aesthetic equipment,” said Mr. Connors.

Mr. Connors concluded, “Our financial position remains very strong with \$95.5 million of cash and marketable investments and no debt, enabling us to make considerable investments in new product development and sales force expansion. We believe we will continue to take advantage of the long-term growth opportunities in the light-based aesthetic market and improve the financial leverage in our operating expenses.”

## Updated 2006 Guidance

The following is management's updated guidance including and excluding the impact of SFAS 123(R):

	Guidance			
	GAAP <sup>(1)</sup>	Non-GAAP Pro-forma <sup>(1)</sup>	GAAP <sup>(1)</sup>	Non-GAAP Pro-forma <sup>(1)</sup>
	Three months ended 6/30/2006		Year Ended 12/31/2006	
Revenue	\$23,000	\$ 23,000	\$98,000	\$ 98,000
Gross profit	\$16,600	\$ 16,800	\$70,650	\$ 71,500
Income from operations	\$ 850	\$ 1,800	\$12,325	\$ 16,800
Net income	\$ 1,100	\$ 1,760	\$10,400	\$ 13,560
Diluted EPS	\$ 0.08	\$ 0.12	\$ 0.73	\$ 0.95

### (1) Non-GAAP pro-forma basis of presentation

Effective January 1, 2006, Cutera adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), which requires the company to begin recognizing compensation expense relating to share-based payment transactions in the Statement of Operations. To supplement Cutera's condensed consolidated financial statements presented on a GAAP basis, Cutera provides non-GAAP financial information and forecasts of non-GAAP diluted earnings per share. Fiscal 2006 non-GAAP pro-forma, and fiscal 2005 GAAP results, include the effect of compensation expense related to discounted options and restricted stock units recognized under APB 25. Fiscal 2006 GAAP financials include the aforementioned expense plus the additional impact of stock-based compensation recognized under SFAS 123(R).

Cutera management believes that these non-GAAP measures provide the investment community, with a better understanding of how the results relate to our historical performance. A reconciliation of adjustments to GAAP results for the quarter ended March 31, 2006 is included in the table below. This additional non-GAAP information is not meant to be considered in isolation or as a substitute for GAAP financials. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

### Conference Call

Cutera, Inc. will host a conference call on May 8, 2006, at 2:00 p.m. PDT (5:00 p.m. EDT) to discuss its first quarter ended March 31, 2006 results. The earnings call will be broadcast live over the internet hosted at the Investor Relations section of the company's website at <http://www.cutera.com> and will be archived online within one hour of the completion of the conference call. In addition, you may dial 877-704-5379 to access that call. Participating in the call will be Kevin Connors, President and Chief Executive Officer, and Ron Santilli, Chief Financial Officer.

A telephonic playback of this call will be available from 5:00 p.m. PDT on May 8, 2006, through 9:00 p.m. PDT on May 22, 2006 by calling 888-203-1112. International callers may call 719-457-0820. To access this playback, please enter pass code 3681584.

### About Cutera, Inc.

Brisbane, California-based Cutera is a leading provider of laser and other light-based aesthetic systems to the professional aesthetic market. Since 1998, Cutera has been developing innovative, easy-to-use products that enable dermatologists, plastic surgeons, gynecologists, primary care physicians and other qualified practitioners to offer safe, effective and non-invasive aesthetic treatments to their patients. For more information, call 1-888-4CUTERA or visit [www.cutera.com](http://www.cutera.com)

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**Forward Looking Statements**

*This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Specifically, statements concerning Cutera's ability to continue to rapidly grow its business, its ability to successfully carry out key initiatives for 2006, including sales force expansion, introduction of new aesthetic solutions and product introductions, and broadening of its customer base, as well as Cutera's financial guidance for the first quarter and fiscal year 2006, are forward-looking statements within the meaning of the Safe Harbor. Forward-Looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties, which may cause Cutera's actual results to differ materially from the statements contained herein. Cutera's first quarter ended March 31, 2006 financial performance, as discussed in this release, are preliminary and unaudited, and subject to adjustment. Estimates for the second quarter and fiscal year 2006 financial performance are subject to a number of assumptions regarding the future operation of our business. Further information on potential risk factors that could affect Cutera's business and its financial results are detailed in its most recent 10-K and 10-Q as filed with the Securities and Exchange Commission. Undue reliance should not be placed on forward-looking statements, especially guidance on future financial performance, which speaks only as of the date they are made. Cutera undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events.*

—Financial Tables Follow—

**CUTERA, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(unaudited)

	<u>March 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,951	\$ 5,260
Marketable investments	92,560	86,736
Accounts receivable, net	6,647	6,478
Inventory	6,684	5,245
Deferred tax asset	3,005	3,027
Other current assets	3,940	3,728
Total current assets	<u>115,787</u>	<u>110,474</u>
Property and equipment, net	965	1,015
Intangibles, net	434	469
Total assets	<u>\$ 117,186</u>	<u>\$ 111,958</u>
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Accounts payable	\$ 2,387	\$ 1,352
Accrued liabilities	8,873	9,131
Deferred revenue	2,126	1,673
Total current liabilities	<u>13,386</u>	<u>12,156</u>
Deferred rent	1,178	1,096
Deferred revenue, net of current portion	1,668	1,469
Deferred tax liability	60	60
Total liabilities	<u>16,292</u>	<u>14,781</u>
Stockholders' equity:		
Common stock	12	12
Additional paid-in capital	78,956	77,705
Deferred stock-based compensation	(774)	(2,171)
Retained earnings	22,850	21,743
Other comprehensive loss	(150)	(112)
Total stockholders' equity	<u>100,894</u>	<u>97,177</u>
Total liabilities and stockholders' equity	<u>\$ 117,186</u>	<u>\$ 111,958</u>

**CUTERA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	Three Months Ended March 31,		
	2006	2006	2005
	GAAP*	Non-GAAP Pro-forma*	GAAP*
Net revenue	\$20,757	\$ 20,757	\$15,147
Cost of revenue <sup>(1)</sup>	5,811	5,668	4,014
Gross profit	14,946	15,089	11,133
Operating expenses:			
Sales and marketing <sup>(1)</sup>	8,547	8,204	5,800
Research and development <sup>(1)</sup>	1,307	1,195	1,185
General and administrative <sup>(1)</sup>	4,374	4,117	2,312
Total operating expenses	14,228	13,516	9,297
Income from operations	718	1,573	1,836
Interest and other income, net	956	956	286
Income before income taxes	1,674	2,529	2,122
Provision for income taxes	(567)	(835)	(636)
Net income	<u>\$ 1,107</u>	<u>\$ 1,694</u>	<u>\$ 1,486</u>
Net income per diluted share	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.11</u>
Weighted-average number of shares used in diluted net income per share calculations:	<u>14,174</u>	<u>14,174</u>	<u>13,532</u>

<sup>(1)</sup> Stock-based compensation\* expense was attributable to the following categories:

Cost of revenue	\$ 171	\$ 28	\$ 29
Sales and marketing	402	59	52
Research and development	159	47	104
General and administrative	354	97	241
Total amortization of stock-based compensation	<u>\$ 1,086</u>	<u>\$ 231</u>	<u>\$ 426</u>

\* Fiscal 2006 non-GAAP pro-forma and fiscal 2005 results, include the effect of compensation expense related to discounted options and restricted stock units recognized under APB 25. Fiscal 2006 GAAP financials, include the aforementioned expense plus the impact of stock-based compensation recognized under SFAS 123(R).



**CUTERA, INC.**  
**CONSOLIDATED REVENUE HIGHLIGHTS**  
(in thousands, except percentage data)  
(unaudited)

	<u>Three Months Ended March 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>Change</u>
<b>Revenue By Geography:</b>			
United States	\$14,908	\$10,379	44%
International	5,849	4,767	23%
	<u>\$20,757</u>	<u>\$15,146</u>	<u>37%</u>
<b>Revenue By Product Category:</b>			
Products	\$17,556	\$12,660	39%
Product upgrades	1,136	1,594	-29%
Service	1,121	750	49%
Titan refills	944	142	565%
	<u>\$20,757</u>	<u>\$15,146</u>	<u>37%</u>

**CUTERA, INC.**  
**RECONCILIATION OF GAAP RESULTS**  
**TO PRO-FORMA RESULTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	ACTUALS		
	Three Months Ended 3/31/2006		
	GAAP*	Adjustment	Non-GAAP Pro-forma*
Net revenue	\$20,757	\$ —	\$ 20,757
Cost of revenue	5,811	(143)(a)	5,668
Gross profit	14,946	143	15,089
Operating expenses:			
Sales and marketing	8,547	(343)(a)	8,204
Research and development	1,307	(112)(a)	1,195
General and administrative	4,374	(257)(a)	4,117
Total operating expenses	14,228	(712)	13,516
Income from operations	718	855(a)	1,573
Interest and other income, net	956	—	956
Income before income taxes	1,674	855	2,529
Provision for income taxes	(567)	(268)(b)	(835)
Net income	<u>\$ 1,107</u>	<u>\$ 587</u>	<u>\$ 1,694</u>
Net income per diluted share	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.12</u>
Weighted-average number of shares used in diluted per share calculations:	<u>14,174</u>		<u>14,174</u>

	GUIDANCE			GUIDANCE		
	Three Months Ended 6/30/2006			Year Ended 12/31/2006		
	GAAP*	Adjustment	Non-GAAP Pro-forma*	GAAP*	Adjustment	Non-GAAP Pro-forma*
Revenue	\$23,000	\$ —	\$ 23,000	\$98,000	\$ —	\$ 98,000
Gross profit	16,600	200(a)	16,800	70,650	850	71,500
Income from operations	850	950(a)	1,800	12,325	4,475	16,800
Net Income	<u>\$ 1,100</u>	<u>\$ (290)(b)</u>	<u>\$ 1,760</u>	<u>\$10,400</u>	<u>\$ (1,315)(b)</u>	<u>\$ 13,560</u>
Net income per diluted share	<u>\$ 0.08</u>	<u>\$ 0.04</u>	<u>\$ 0.12</u>	<u>\$ 0.73</u>	<u>\$ 0.22</u>	<u>\$ 0.95</u>

(a)- Stock-based compensation charges resulting from adopting SFAS 123(R) with effect from January 1, 2006.

(b)- Reduced tax benefit related to the stock-based compensation charges resulting from adopting SFAS 123(R) with effect from January 1, 2006.

\* Non-GAAP pro-forma includes the effect of compensation expense related to discounted options and restricted stock units recognized under APB 25. GAAP financials include the aforementioned expense plus the impact of stock-based compensation recognized under SFAS 123(R).

**CUTERA, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)  
(unaudited)

	Three Months Ended March 31,	
	2006	2005
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,107	\$ 1,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	199	161
Change in allowance for doubtful accounts	83	(39)
Provision for excess and obsolete inventory	—	250
Change in deferred tax asset/liability	22	2
Stock-based compensation	1,086	426
Tax benefit from stock option exercises	1,006	553
Excess tax benefit from share-based compensation expenses	(999)	—
Changes in assets and liabilities:		
Accounts receivable	(252)	757
Inventory	(1,439)	(989)
Other current assets	(212)	(232)
Accounts payable	1,035	(228)
Accrued liabilities	(258)	(659)
Deferred rent	82	112
Deferred revenue	652	15
Net cash provided by operating activities	<u>2,112</u>	<u>1,615</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(114)	(130)
Proceeds from sales of marketable investments	439	3,950
Proceeds from maturities of marketable investments	18,688	1,010
Purchase of marketable investments, net	(24,989)	(4,620)
Net cash (used in) provide by investing activities	<u>(5,976)</u>	<u>210</u>
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options and employee stock purchase plan	556	1,367
Excess tax benefit from share-based compensation expenses	999	—
Net cash provided by financing activities	<u>1,555</u>	<u>1,367</u>
Net (decrease) increase in cash and cash equivalents	(2,309)	3,192
Cash and cash equivalents at beginning of year	5,260	7,070
Cash and cash equivalents at end of year	<u>\$ 2,951</u>	<u>\$ 10,262</u>
<b>Supplemental and non-cash disclosure of cash flow information:</b>		
Change in deferred stock-based compensation, net of terminations	\$ (1,255)	\$ 63