

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

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

May 2, 2005

Date of Report (date of earliest event reported)

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)

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))
-

Item 2.02. Results of Operations and Financial Condition.

On May 2, 2005, we are issuing a press release and holding a conference call regarding our financial results for the first quarter of fiscal year 2005 ended March 31, 2005. 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.

We make reference to non-GAAP financial information in both the press release and the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release.

Item 9.01. Financial Statements and Exhibits.**(c) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Cutera, Inc. dated as of May 2, 2005.

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 2, 2005

By: /s/ Kevin P. Connors

Kevin P. Connors
President and Chief Executive Officer



FOR IMMEDIATE RELEASE

CONTACTS:

Cutera, Inc.

Ron Santilli
Chief Financial Officer
415-657-5500

Investor Relations

John Mills
Integrated Corporate Relations, Inc.
310-395-2215
jmills@icrinc.com

CUTERA REPORTS STRONG FIRST QUARTER 2005 RESULTS AND RAISES GUIDANCE

- **Revenue increased by 31% to \$15.1 million.**
- **Earnings per diluted share improved to \$0.11 from \$0.02.**
- **Cash generated by operations increased by 58% to \$1.6 million.**
- **Full-year fiscal 2005 revenue and earnings guidance raised.**

Brisbane, California, May 2, 2005 – Cutera, Inc. (**Nasdaq: CUTR**), a leading provider of laser and other light-based aesthetic systems, today reported financial results for the first fiscal quarter ended March 31, 2005.

First quarter 2005 revenue was \$15.1 million, representing a 31% increase over the \$11.6 million recorded in the first quarter of 2004. Gross margin during the first quarter of 2005 was 73%, compared to 69% in the same period in 2004. Net income for the first quarter of 2005 was \$1.5 million, or \$0.11 per diluted share, compared to \$221,000, or \$0.02 per diluted share, in the first quarter of 2004. Included in the first quarter of 2005 results is \$426,000 of pre-tax, non-cash, stock-based compensation charges, compared to charges of \$372,000 in the first quarter of 2004. Cash generated by operations in the first quarter of 2005 increased by 58% to \$1.6 million, compared with \$1.0 million in the first quarter of 2004.

Kevin Connors, President and Chief Executive Officer, said “Our better-than-expected first quarter 2005 performance reflects the strength of our product portfolio and expansion of our sales channels. During the first quarter, we completed the launches of our Titan application and single-technology tabletop platform, Solera. We have been highly successful positioning our new tabletop platform with the aesthetic practitioner market and leveraging our installed base of customers by offering our new value-added Titan application to their existing products. These launches, combined with the continued strong acceptance of our existing multi-application Xeo, enabled us to broaden both our product offerings and our target market.”

Mr. Connors concluded, “With the breadth of our innovative product offerings, a strong balance sheet, a global business infrastructure, and a talented pool of employees, we are in an excellent position to leverage our strengths to become a global leader in the fast growing worldwide light based aesthetics market.”

Management believes second quarter 2005 revenue will be approximately \$16.0 million with earnings per diluted share of approximately \$0.11. For full year 2005, management is raising revenue guidance to approximately \$67.0 million, from \$66.0 million provided at the beginning of the first quarter, to reflect the better-than-expected first quarter 2005 results. In addition, management is raising its earnings per diluted share guidance for the full year 2005 to \$0.48, from \$0.40. The projected increase in earnings per diluted share is primarily attributable to better than expected first quarter 2005 results, a lower effective tax rate, and an improved operating margin outlook for the remainder of 2005.

Conference Call

Cutera, Inc. will host a conference call on May 2, 2005, at 2:00 p.m. Pacific (5:00 p.m. Eastern) to discuss its first quarter 2005 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 call 800-811-8824. Participating in the call will be Kevin Connors, President and Chief Executive Officer, and Ron Santilli, Chief Financial Officer.

A telephonic playback will be available from 4:00 p.m. PST on May 2, 2005 through 11:59 p.m. PST on May 16, 2005 by calling 888-203-1112. To access this playback, please enter pass code 8512246.

About Cutera, Inc.

Brisbane, Calif.-based Cutera is a leading provider of laser and other light-based aesthetic systems to the professional aesthetic market. Since 1998, Cutera has developed 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

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 broaden its product offerings and its target market, as well as Cutera's financial guidance for the second quarter and remainder of fiscal year 2005, 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 2005 financial results, as discussed in this release, are preliminary and unaudited, and subject to adjustment. Estimates for the remainder of 2005 financial results, 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 10-K as filed with the Securities and Exchange Commission on March 25, 2005. 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)

	March 31, 2005	December 31, 2004
	<u> </u>	<u> </u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,262	\$ 7,070
Marketable investments	58,847	59,200
Accounts receivable, net	5,925	6,643
Inventory	3,743	3,004
Current portion of deferred tax asset	2,290	2,284
Other current assets	1,110	878
	<u> </u>	<u> </u>
Total current assets	82,177	79,079
Property and equipment, net	1,054	1,071
Intangibles, net	385	399
Deferred tax asset, net of current portion	—	—
	<u> </u>	<u> </u>
Total assets	\$83,616	\$ 80,549
	<u> </u>	<u> </u>
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 967	\$ 1,195
Accrued liabilities	7,535	8,194
Deferred revenue	1,184	1,171
	<u> </u>	<u> </u>
Total current liabilities	9,686	10,560
Deferred rent	760	648
Deferred revenue, net of current portion	835	833
Non-current portion of deferred tax liability	60	52
	<u> </u>	<u> </u>
Total liabilities	11,341	12,093
	<u> </u>	<u> </u>
Stockholders' equity:		
Common stock	11	11
Additional paid-in capital	64,721	62,738
Deferred stock-based compensation	(1,863)	(2,226)
Retained earnings	9,428	7,942
Other comprehensive loss	(22)	(9)
	<u> </u>	<u> </u>
Total stockholders' equity	72,275	68,456
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$83,616	\$ 80,549
	<u> </u>	<u> </u>

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

	Three Months Ended March 31,	
	2005	2004
Net revenue	\$15,147	\$11,580
Cost of revenue ⁽¹⁾	4,014	3,647
Gross profit	11,133	7,933
Operating expenses:		
Sales and marketing	5,748	4,279
Research and development	1,081	959
General and administrative	2,071	2,069
Amortization of stock-based compensation ⁽¹⁾	397	321
Total operating expenses	9,297	7,628
Income from operations	1,836	305
Interest and other income, net	286	58
Income before income taxes	2,122	363
Provision for income taxes	(636)	(142)
Net income	\$ 1,486	\$ 221
Net income available to common stockholders used in basic earnings per share	\$ 1,486	\$ 72
Net income per share		
Basic	\$ 0.13	\$ 0.03
Diluted	\$ 0.11	\$ 0.02
Weighted-average number of shares used in per share calculations:		
Basic	11,093	2,292
Diluted	13,532	9,411

(1) Amortization of stock-based compensation related to:

Cost of revenue	\$ 29	\$ 51
Operating expenses:		
Sales and marketing	52	83
Research and development	104	99
General and administrative	241	139
	397	321
Total amortization of stock-based compensation	\$ 426	\$ 372

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

	Three Months Ended March 31,	
	2005	2004
Cash flows from operating activities:		
Net income	\$ 1,486	\$ 221
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	161	123
Allowance for doubtful accounts	(39)	52
Reserve for excess and obsolete inventory	250	—
Stock based compensation	426	372
Change in deferred tax asset	2	(332)
Tax benefit related to employee stock options	553	56
Disposal on Assets	—	104
Changes in assets and liabilities:		
Accounts receivable	757	862
Inventory	(989)	(547)
Other current assets	(232)	(1,042)
Accounts payable	(228)	305
Accrued liabilities	(659)	544
Deferred rent	112	312
Deferred revenue	15	(5)
	<u>1,615</u>	<u>1,025</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(130)	(363)
Proceeds from sales of marketable investments	3,950	—
Proceeds from maturities of marketable investments	1,010	—
Purchase of short term investments	(4,620)	—
	<u>210</u>	<u>(363)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	1,367	26
	<u>1,367</u>	<u>26</u>
Net increase in cash and cash equivalents	3,192	688
Cash and cash equivalents at beginning of period	7,070	10,290
Cash and cash equivalents at end of period	<u>\$10,262</u>	<u>\$10,978</u>
Supplemental disclosure of cash flow information:		
Deferred stock-based compensation, net of cancellation	\$ 63	\$ (102)
Cash paid for taxes	\$ 373	\$ 524
Subscription receivable	\$ —	\$40,362