
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report: January 22, 2009
(Date of earliest event reported)

INTUITIVE SURGICAL, INC.

(exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

000-30713
Commission
File Number

77-0416458
(I.R.S. Employer
Identification No.)

1266 Kifer Road
Sunnyvale, California 94086
(Address of Principal executive offices, including zip code)

(408) 523-2100
(Registrant's telephone number, including area code)

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:

- 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 January 22, 2009, Intuitive Surgical, Inc. (“Intuitive”) issued a press release announcing its financial results for the quarter ended December 31, 2008. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Current Report, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of Intuitive under the Securities Act of 1933 or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

d) Exhibits.

The following exhibit is furnished with this report on Form 8-K:

99.1 Press release issued by Intuitive Surgical, January 22, 2009.

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 hereunto duly authorized.

INTUITIVE SURGICAL, INC.

Date: January 22, 2009

By /s/ Marshall L. Mohr

Name: Marshall L. Mohr

Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release issued by Intuitive Surgical, January 22, 2009

FOR IMMEDIATE RELEASE

Contacts: Ben Gong 408-523-2175
Rae Covington 408-523-2161

INTUITIVE SURGICAL ANNOUNCES FOURTH QUARTER EARNINGS

SUNNYVALE, CALIF. January 22, 2009 – Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported fourth quarter 2008 revenue, consistent with its pre-release of January 7, 2009, of \$231.5 million, increasing 22% from \$189.4 million for the fourth quarter of 2007. Fourth quarter 2008 revenue growth was driven by continued robotic procedure adoption.

Fourth quarter 2008 instruments and accessories revenue increased 45% to \$81.6 million from \$56.1 million during the fourth quarter of 2007. Fourth quarter 2008 *da Vinci*® Surgical Systems revenue increased 5% to \$113.7 million from \$108.6 million during the fourth quarter of 2007. Fourth quarter 2008 service revenue increased 46% to \$36.2 million from \$24.7 million during the fourth quarter of 2007.

Revenue for the year ended December 31, 2008 totaled \$874.9 million, increasing 46% from \$600.8 million for the year ended December 31, 2007.

Revenue (\$Millions)	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2008	2007	Increase	2008	2007	Increase
Instruments/Accessories	\$ 81.6	\$ 56.1	\$ 25.5	\$293.0	\$191.7	\$101.3
Systems	113.7	108.6	5.1	455.3	324.4	130.9
Service	36.2	24.7	11.5	126.6	84.7	41.9
	<u>\$231.5</u>	<u>\$189.4</u>	<u>\$ 42.1</u>	<u>\$874.9</u>	<u>\$600.8</u>	<u>\$274.1</u>

Fourth quarter 2008 operating income increased 13% to \$82.7 million, compared with \$73.4 million for the fourth quarter of 2007. Operating results for the fourth quarter of 2008 included \$21.4 million of non-cash stock-based compensation expense in accordance with the Financial Accounting Standards Board SFAS 123R, compared with \$10.1 million for the fourth quarter of 2007.

Fourth quarter 2008 net income increased 3% to \$50.8 million, compared with \$49.2 million for the fourth quarter of 2007. Diluted earnings per share increased to \$1.27 for the fourth quarter of 2008 from \$1.24 for the fourth quarter of 2007.

Net income for the year ended December 31, 2008 was \$204.3 million, or \$5.12 per diluted share, compared to net income of \$144.5 million, or \$3.70 per diluted share for the year ended December 31, 2007.

Intuitive ended the fourth quarter of 2008 with cash, cash equivalents and investments of \$902 million, up \$80 million from September 30, 2008 and up \$266 million from December 31, 2007.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical, said, "We are pleased with our continued worldwide procedure growth. While our fourth quarter system unit sales were lower than planned, we believe that our procedure momentum remains strong and patient demand for robotic surgery will continue to drive growth in 2009."

The Company will also announce these results at a conference call today at 1:30 pm PDT. The dial-in numbers for the call are 877-909-3508 for participants located in the U.S. and 517-645-6051 for participants located outside the U.S. The passcode is ISRG and the meeting leader is Mr. Lonnie Smith. To access financial information that will be discussed on the call, please visit Intuitive Surgical's website at www.intuitivesurgical.com.

About Intuitive's Products:

The **da Vinci**[®] Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance *InSite*[®] 3-D, high definition vision system, a patient-side cart consisting of three or four robotic arms that position and precisely maneuver endoscopic instruments and an endoscope, and a variety of articulating *EndoWrist*[®] Instruments. By integrating computer-enhanced technology with surgeons' technical skills, Intuitive believes that its system enables surgeons to perform better surgery in a manner never before experienced. The **da Vinci**[®] Surgical System seamlessly and directly translates the surgeon's natural hand, wrist and finger movements on instrument controls at the surgeon's console outside the patient's body into corresponding micro-movements of the instrument tips positioned inside the patient through small puncture incisions, or ports.

Intuitive[®], **da Vinci**[®], **da Vinci**[®] S[™], **InSite**[®], and **EndoWrist**[®] are trademarks or registered trademarks of Intuitive Surgical, Inc.

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This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are necessarily estimates reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including the following: the impact of the global economic recession and tightening credit market and related impact on health care spending; timing and success of product development and market acceptance of developed products; regulatory approvals, clearances and restrictions; guidelines and recommendations in the health care and patient communities; intellectual property positions and litigation; competition in the medical device industry and in the specific markets of surgery in which Intuitive Surgical operates; unanticipated manufacturing disruptions; delays in regulatory approvals of new manufacturing facilities or the inability to meet demand for products, the results of the year end audit, and the other factors detailed from time to time under the heading "Risk Factors" in our report on Form 10-K for the year ended December 31, 2007, as updated from time to time by our quarterly reports on Form 10-Q and our other filings with the Securities and Exchange Commission. Statements concerning forecasts, revenue growth, procedure growth, future financial results, and statements using words such as "estimate", "project", "plan", "intend", "expect", "anticipate", "believe" and similar expressions are intended to identify forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

INTUITIVE SURGICAL, INC.
UNAUDITED QUARTERLY CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three months ended		
	December 31, 2008	September 30, 2008	December 31, 2007
Revenue:			
Instruments & Accessories	\$ 81,575	\$ 75,941	\$ 56,095
Systems	113,752	126,326	108,607
Services	36,218	33,725	24,744
Total revenue	<u>231,545</u>	<u>235,992</u>	<u>189,446</u>
Cost of revenue:			
Products	51,669	53,517	42,587
Services	14,536	12,900	11,659
Total cost of revenue (1)	<u>66,205</u>	<u>66,417</u>	<u>54,246</u>
Gross profit	165,340	169,575	135,200
Operating expenses:			
Selling, general and administrative	61,739	62,692	45,694
Research and development (2)	20,864	21,851	16,124
Total operating expenses (1)	<u>82,603</u>	<u>84,543</u>	<u>61,818</u>
Income from operations	82,737	85,032	73,382
Interest and other income, net	5,525	4,594	8,432
Income before income taxes	88,262	89,626	81,814
Provision for income taxes	37,504	32,032	32,660
Net Income	<u>\$ 50,758</u>	<u>\$ 57,594</u>	<u>\$ 49,154</u>
Earnings per share:			
Basic	<u>\$ 1.30</u>	<u>\$ 1.48</u>	<u>\$ 1.28</u>
Diluted	<u>\$ 1.27</u>	<u>\$ 1.44</u>	<u>\$ 1.24</u>
Shares used in computing earnings per share:			
Basic	<u>39,138</u>	<u>39,015</u>	<u>38,364</u>
Diluted	<u>39,837</u>	<u>40,108</u>	<u>39,756</u>

- (1) Includes stock compensation expense of \$3.1 million, \$3.1 million and \$1.6 million in total cost of revenue and \$18.3 million, \$17.9 million and \$8.5 million in total operating expenses for the three months ended December 31, 2008, September 30, 2008 and December 31, 2007, respectively.
- (2) Includes amortization of purchased intellectual property of \$3.4 million, \$2.7 million and \$0.5 million in research and development expenses for the three months ended December 31, 2008, September 30, 2008 and December 31, 2007, respectively.

INTUITIVE SURGICAL, INC.
UNAUDITED ANNUAL CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Year ended December 31,	
	2008	2007
Revenue:		
Instruments & Accessories	\$ 292,989	\$ 191,651
Systems	455,336	324,438
Services	126,594	84,739
Total revenue	<u>874,919</u>	<u>600,828</u>
Cost of revenue:		
Products	200,074	145,654
Services	54,068	40,888
Total cost of revenue (1)	<u>254,142</u>	<u>186,542</u>
Gross profit	620,777	414,286
Operating expenses:		
Selling, general and administrative	230,570	158,685
Research and development (2)	79,372	48,859
Total operating expenses (1)	<u>309,942</u>	<u>207,544</u>
Income from operations	310,835	206,742
Interest and other income, net	24,368	30,492
Income before income taxes	335,203	237,234
Provision for income taxes	130,888	92,697
Net Income	<u>\$ 204,315</u>	<u>\$ 144,537</u>
Earnings per share:		
Basic	\$ 5.26	\$ 3.82
Diluted	<u>\$ 5.12</u>	<u>\$ 3.70</u>
Shares used in computing earnings per share:		
Basic	38,877	37,831
Diluted	<u>39,943</u>	<u>39,021</u>

- (1) Includes stock compensation expense of \$11.4 million and \$5.8 million in total cost of revenue and \$65.3 million and \$30.5 million in total operating expenses for the year ended December 31, 2008 and 2007, respectively.
- (2) Includes amortization of purchased intellectual property of \$9.8 million and \$1.3 million in research and development expenses for the year ended December 31, 2008 and 2007, respectively.

INTUITIVE SURGICAL, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>12/31/07</u>
Cash, cash equivalents, and investments	\$ 901,873	\$ 821,431	\$ 635,381
Accounts receivable, net	170,107	173,708	130,370
Inventory	63,460	52,498	32,416
Property and equipment, net	117,021	98,081	68,093
Goodwill	110,740	110,740	110,740
Deferred tax assets	45,357	38,973	24,577
Other assets	66,066	69,240	38,421
Total assets	<u>\$ 1,474,624</u>	<u>\$ 1,364,671</u>	<u>\$ 1,039,998</u>
Accounts payable and other accrued liabilities	\$ 128,606	\$ 108,442	\$ 96,632
Deferred revenue	79,252	72,801	54,692
Total liabilities	207,858	181,243	151,324
Stockholders' equity	1,266,766	1,183,428	888,674
Total liabilities and stockholders' equity	<u>\$ 1,474,624</u>	<u>\$ 1,364,671</u>	<u>\$ 1,039,998</u>