
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: July 27, 2004
(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)

Commission File Number:
000-30713

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

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

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

Item 5. Other Events and Required FD Disclosure.

On July 27, 2004, Intuitive Surgical, Inc. announced its financial results for the second quarter ended June 30, 2004. These financial results are attached hereto as Exhibit 99.1 and are incorporated by reference to this Item 5 for the purpose of causing such financial results to be filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Item 12. Results of Operations and Financial Condition.

The information in this Item, including that incorporated herein by reference, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section. The information in this Item, including that incorporated herein by reference, shall not be deemed incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On July 27, 2004, Intuitive Surgical issued a press release announcing its financial results for the second quarter ended June 30, 2004. A copy of the press release is attached hereto as Exhibit 99.2 and is incorporated by reference into this Item 12.

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: July 27, 2004

/s/ LONNIE M. SMITH

By

Name: Lonnie M. Smith
Title: Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	<u>Financial Results for the Second Quarter Ended June 30, 2004.</u>
99.2	<u>Press Release issued by Intuitive Surgical, dated July 27, 2004.</u>

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

	Three Months Ended, 6/30/04	6/30/03	Six Months Ended, 6/30/04	6/30/03
	-----	-----	-----	-----
Sales:				
Products	\$ 25,850	\$ 19,151	\$ 48,321	\$ 36,443
Services	5,207	2,302	9,795	4,245
	-----	-----	-----	-----
Total sales	31,057	21,453	58,116	40,688
Cost of sales:				
Products	9,260	6,906	18,073	14,678
Services	2,169	1,859	4,579	3,581
	-----	-----	-----	-----
Total cost of sales	11,429	8,765	22,652	18,259
	-----	-----	-----	-----
Gross profit	19,628	12,688	35,464	22,429
Gross profit %	63.2%	59.1%	61.0%	55.1%
Operating costs and expenses:				
Selling, general, and administrative	11,535	8,530	21,778	17,983
Research and development	3,626	3,627	8,936	7,050
	-----	-----	-----	-----
Total operating costs and expenses	15,161	12,157	30,714	25,033
	-----	-----	-----	-----
Income (loss) from operations	4,467	531	4,750	(2,604)
Other income, net	626	347	1,232	1,189
	-----	-----	-----	-----
Income (loss) before income tax provision	5,093	878	5,982	(1,415)
Income tax provision	263	0	299	0
	-----	-----	-----	-----
Net income (loss)	\$ 4,830	\$ 878	\$ 5,683	\$ (1,415)
	=====	=====	=====	=====
Net earnings (loss) per share -				
Basic	\$ 0.14	\$ 0.05	\$ 0.17	\$ (0.08)
	=====	=====	=====	=====
Diluted	\$ 0.14	\$ 0.05	\$ 0.17	\$ (0.08)
	=====	=====	=====	=====
Weighted average shares outstanding used to compute net earnings (loss) per share -				
Basic	33,559	18,580	33,421	18,506
	=====	=====	=====	=====
Diluted	34,210	18,973	34,170	18,506
	=====	=====	=====	=====

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

	Unaudited 6/30/04	12/31/03 (a)
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	8,230	11,335
Short-term investments	98,184	101,614
Accounts receivable, net	24,705	26,820
Inventories, net	7,162	8,788
Prepaid expenses and other current assets	3,462	3,203
Restricted cash equivalents	204	188
	-----	-----
Total current assets	141,947	151,948
Property and equipment, net	29,012	10,288
Restricted cash equivalents	319	642
Intangible assets, net	7,155	8,089
Goodwill	143,332	143,106
Other assets	695	921

Total assets	----- \$ 322,460 =====	----- \$ 314,994 =====
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	4,311	5,894
Accrued compensation and employee benefits	5,186	5,267
Warranty accrual	152	702
Restructuring accrual	902	971
Other accrued liabilities	7,240	8,432
Deferred revenue	13,385	11,345
Current portion of notes payable	904	1,030
Total current liabilities	----- 32,080	----- 33,641
Long-term debt	230	695
Deferred revenue	1,166	1,148
Other accrued liabilities	57	553
Stockholders' equity		
Common stock	34	33
Preferred stock	-	-
Additional paid-in capital	421,911	416,559
Deferred compensation	-	(99)
Accumulated deficit	(132,731)	(138,414)
Accumulated other comprehensive income	(287)	878
Total stockholders' equity	----- 288,927 -----	----- 278,957 -----
Total liabilities and stockholders' equity	\$ 322,460 =====	\$ 314,994 =====

(a) - Derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

Intuitive Surgical Announces Record \$31.1 Million Second Quarter Revenue, Up 45% and \$4.8 Million Net Income, \$0.14 Per Share

SUNNYVALE, CA -- 07/27/2004 -- Intuitive Surgical, Inc. (NASDAQ: ISRG), the leader in operative surgical robotics, today reported record second quarter 2004 sales of \$31.1 million, increasing 45% from \$21.5 million for the second quarter of 2003. Higher sales were driven by continued recurring revenue growth and higher da Vinci® Surgical System shipments. Second quarter 2004 recurring revenue, consisting of instrument, accessory, service and training revenue, totaled \$13.0 million, up 102% over the prior year. Second quarter 2004 recurring revenue increased to 42% of total sales from 30% during the second quarter of 2003.

Second quarter 2004 system revenue increased to \$18.1 million from \$15.0 million during the second quarter 2003. Intuitive sold 19 da Vinci® Surgical Systems during the second quarter of 2004, compared to 14 in the second quarter of 2003. Intuitive ended the second quarter 2004 with 243 cumulative da Vinci® Surgical Systems sold, compared to 177 at the end of the second quarter 2003.

	Three Months Ended,			Six Months Ended,		
	6/30/04	6/30/03	Increase	6/30/04	6/30/03	Increase
Revenue (\$Millions)						
Systems	\$18.1	\$15.0	\$3.1	\$32.6	\$28.7	\$3.9
Instruments/ Accessories	\$7.8	\$4.2	\$3.6	\$15.7	\$7.8	\$7.9
Service/Training	\$5.2	\$2.3	\$2.9	\$9.8	\$4.2	\$5.6
	\$31.1	\$21.5	\$9.6	\$58.1	\$40.7	\$17.4
	=====	=====	=====	=====	=====	=====

	6/30/04	6/30/03	Increase	6/30/04	6/30/03	Increase
Cumulative da Vinci(R) Surgical System Unit Sales						
Shipments	19	14	5	33	28	5
Cumulative Shipments	243	177	66	243	177	66

Gross profit increased to \$19.6 million, or 63.2% of sales, for the second quarter 2004, compared to \$12.7 million, or 59.1% of sales for the second quarter 2003. Higher second quarter 2004 gross profit margin resulted from primarily lower product costs and leveraging service overhead costs across a larger revenue base of installed systems.

Second quarter 2004 operating expenses of \$15.2 million were \$3.0 million higher than the second quarter 2003.

Intuitive reported second quarter 2004 net income of \$4.8 million, or \$0.14 per diluted share, compared to \$0.9 million, or \$0.05 per diluted share for the second quarter 2003.

Intuitive ended the second quarter 2004 with \$106.4 million in cash and short-term investments. During the second quarter 2004, Intuitive purchased, for \$20.0 million, their Sunnyvale, California facility, that was previously being leased. Excluding the investment in the Sunnyvale facility, Intuitive was \$10.6 million cash flow positive for the second quarter 2004.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical said, "We are pleased with our record second quarter revenue and earnings. These results reflect the continued adoption of the da Vinci® Surgical System and our ability to execute to our business plan."

The company will also announce these results at a conference call today at 10:00 am PDT. The dial-in numbers for the call are 877-909-3508 for participants located in the U.S. and 484-630-4228 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 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.

The Aesop® Endoscope Positioner is a voice-activated robotic arm that automates the critical task of endoscope positioning, providing the surgeon with direct control over a smooth, precise and stable view of the internal surgical field.

The Hermes® Control Center is a centralized system designed to voice control a series of networked "smart" medical devices.

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: 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; and unanticipated manufacturing disruptions, delays in regulatory approvals of new manufacturing facilities or the inability to meet demand for products. 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®, da Vinci®, InSite®, EndoWrist®, Hermes®, and Aesop® are registered trademarks of Intuitive Surgical, Inc.

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Contacts:
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