
**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 (Date of earliest event reported): April 21, 2015

INTUITIVE SURGICAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-30713
(Commission
File Number)

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

1020 Kifer Road
Sunnyvale, California 94086
(Address of principal executive offices) (zip code)

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

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))
-
-

Item 2.02. Results of Operations and Financial Condition.

On April 21, 2015, Intuitive Surgical, Inc. (“Intuitive”) issued a press release announcing its financial results for the quarter ended March 31, 2015. 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, Inc., dated April 21, 2015.

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: April 21, 2015

By /s/ Marshall L. Mohr

Name: Marshall L. Mohr

Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued by Intuitive Surgical, Inc., dated April 21, 2015.

Contact: Investor Relations
(408) 523-2161

INTUITIVE SURGICAL ANNOUNCES FIRST QUARTER EARNINGS

SUNNYVALE, CALIF. April 21, 2015 - Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in robotic-assisted surgery, today announced financial results for the quarter ended March 31, 2015.

Q1 Highlights

- Worldwide *da Vinci* procedures grew approximately 13% over the first quarter of 2014, driven primarily by growth in U.S. general surgery procedures and worldwide urologic procedures.
- The Company shipped 99 *da Vinci* Surgical Systems, compared to 87 in the first quarter of 2014.
- Non-GAAP* revenue of \$532 million for the quarter grew approximately 9% compared with \$490 million for the first quarter of 2014. Excluding the unfavorable effect of foreign currency changes, revenue increased 11%.
- First quarter 2015 non-GAAP* net income was \$135 million, or \$3.57 per diluted share, compared with \$139 million, or \$3.54 per diluted share, for the first quarter of 2014.
- In March 2015 the Company received MHLW clearance to sell the *da Vinci Xi* Surgical System in Japan. In April 2015 the Company received CE Mark status to sell its *EndoWrist*[®] Stapler for the *Si* and *Xi* Surgical Systems in European markets.

Q1 Financial Summary

Revenue, gross profits, income from operations, net income, and net income per share are reported on a GAAP and non-GAAP basis. The non-GAAP measures are described below and are reconciled to the corresponding GAAP measures at the end of this release.

Revenue in the first quarter of 2015 was \$532 million, an increase of approximately 15% compared with \$465 million in the first quarter of 2014. First quarter 2015 non-GAAP revenue was equal to GAAP revenue and increased by approximately 9%, compared with \$490 million in the first quarter of 2014. First quarter 2014 non-GAAP revenue included \$26 million of net revenue associated with *da Vinci Xi* System trade-out offers.

First quarter 2015 instrument and accessory revenue increased by approximately 9% to \$277 million, compared with \$255 million for the first quarter of 2014. Non-GAAP instrument and accessory revenue was equal to GAAP instrument and accessory revenue and increased by approximately 8%, compared with \$257 million in the first quarter of 2014. First quarter 2014 non-GAAP instrument and accessory revenue included \$2 million of net revenue associated with *da Vinci Xi* System trade-out offers.

First quarter 2015 systems revenue increased by approximately 33% to \$141 million, compared with \$106 million for the first quarter of 2014. Non-GAAP systems revenue was equal to GAAP systems revenue and increased by approximately 9%, compared with \$130 million in the first quarter of 2014. First quarter 2014 non-GAAP systems revenue included \$24 million of net revenue associated with *da Vinci Xi* System trade-out offers. Intuitive Surgical shipped 99 *da Vinci* Surgical Systems in the first quarter of 2015, compared with 87 in the same period last year.

First quarter 2015 service revenue increased by approximately 10% to \$114 million, compared with \$104 million for the first quarter of 2014. GAAP and non-GAAP service revenue were the same in both quarters.

First quarter 2015 income from operations increased to \$130 million, compared with \$57 million in the first quarter of 2014. First quarter 2015 non-GAAP income from operations decreased to \$185 million, compared with \$189 million in the first quarter of 2014.

First quarter 2015 GAAP net income was \$97 million, or \$2.57 per diluted share, compared with \$44 million, or \$1.13 per diluted share, for the first quarter of 2014. First quarter 2015 non-GAAP net income was \$135 million, or \$3.57 per diluted share, compared with \$139 million, or \$3.54 per diluted share, for the first quarter of 2014.

Intuitive Surgical ended the first quarter of 2015 with \$2.7 billion in cash, cash equivalents, and investments, an increase of \$170 million during the quarter, primarily driven by cash generated from operations.

Commenting on the announcement, Dr. Gary Guthart, President and CEO of Intuitive Surgical, said, "We are pleased with our procedure performance in the quarter and we remain focused on improving the efficiency and costs of our operations for our newly launched products."

Additional supplemental financial and procedure information has been posted to the Investor Relations section of the Intuitive website at: <http://phx.corporate-ir.net/phoenix.zhtml?c=122359&p=irol-IRHome>.

Webcast and Conference Call Information

Intuitive Surgical will hold a teleconference at 1:30 p.m. PDT today to discuss the first quarter 2015 financial results. The call is being webcast by NASDAQ OMX and can be accessed at Intuitive Surgical's website at www.intuitivesurgical.com or by dialing (877) 209-9921 or (612) 332-0923.

About Intuitive Surgical, Inc.

Intuitive Surgical, Inc. (Nasdaq: ISRG), headquartered in Sunnyvale, Calif., is the global leader in robotic-assisted, minimally invasive surgery. Intuitive Surgical develops, manufactures, and markets the *da Vinci* Surgical System.

About the *da Vinci* Surgical System

The *da Vinci* Surgical System is a surgical platform designed to enable complex surgery using a minimally invasive approach. The *da Vinci* Surgical System consists of an ergonomic surgeon console or consoles, a patient-side cart with three or four interactive arms, a high-performance vision system and proprietary *EndoWrist*® instruments. Powered by state-of-the-art technology, the *da Vinci* Surgical System is designed to scale, filter and seamlessly translate the surgeon's hand movements into more precise movements of the *EndoWrist* instruments. The net result is an intuitive interface with improved surgical capabilities. By providing surgeons with superior visualization, enhanced dexterity, greater precision and ergonomic comfort, the *da Vinci* Surgical System makes it possible for skilled surgeons to perform more minimally invasive procedures involving complex dissection or reconstruction. For more information about clinical evidence related to *da Vinci* Surgery, please visit www.intuitivesurgical.com/company/clinical-evidence/.

da Vinci® and *EndoWrist*® are trademarks of Intuitive Surgical, Inc.

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding improving efficiency and costs of operations for newly launched products. 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, but not limited to, the following: the impact of global and regional economic and credit market conditions on health care spending; health care reform legislation in the United States and its impact on hospital spending, reimbursement and fees which will be levied on certain medical device revenues; decreases in hospital admissions and actions by payers to limit or manage surgical procedures; timing and success of product development and market acceptance of developed products; procedure counts; regulatory approvals, clearances and restrictions or any dispute that may occur with any regulatory body; 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 we operate; unanticipated manufacturing disruptions or the inability to meet demand for products; the results of legal proceedings to which we are or may become a party; product liability and other litigation claims; adverse publicity regarding the Company and the safety of our products and adequacy of training; our ability to expand into foreign markets; and other risk factors under the heading "Risk Factors" in our report on Form 10-K for the year ended December 31, 2014, as updated by our quarterly reports on Form 10-Q and our other filings with the Securities and Exchange Commission. Statements using words such as "estimates," "projects," "believes," "anticipates," "plans," "expects," "intends," "may," "will," "could," "should," "would," "targeted" and similar words and 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, except as required by law.

*About Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), we use the following non-GAAP financial measures: non-GAAP revenue, non-GAAP gross profit, non-GAAP income from operations, non-GAAP net income, and non-GAAP net income per share ("EPS"). The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding non-cash charges, such as amortization of intangible assets and share-based compensation ("SBC") expenses, and other special items. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance and liquidity. We believe these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the performance of our business.

Non-GAAP revenue. We define non-GAAP revenue as revenue excluding the impact of reserve adjustments recorded in connection with trade-in rights provided to certain customers in connection with the launch of our *da Vinci Xi* Surgical System that are accounted for as a right of return.

Non-GAAP gross profit. We define non-GAAP gross profit as gross profit excluding the amortization of intangible assets, expenses related to SBC, and the impact of revenue and costs deferred in connection with trade-in rights provided to certain customers in connection with the launch of our *da Vinci Xi* Surgical System that are accounted for as a right of return.

Non-GAAP income from operations. We define non-GAAP income from operations as income from operations excluding the amortization of intangible assets, expenses related to SBC, and other special items.

Non-GAAP net income and EPS. We define non-GAAP net income as net income excluding the amortization of intangible assets, expenses related to SBC, non-cash impairment of investments, and other special items, net of the related tax effects. The tax effects are determined by applying a calculated non-GAAP effective tax rate, which is commonly referred to as the with-and-without method. Without excluding these tax effects, investors would only see the gross effect that excluding these expenses had on our operating results. We define non-GAAP EPS as non-GAAP net income divided by the weighted average outstanding shares, on a fully-diluted basis.

There are a number of limitations related to the use of non-GAAP measures versus measures calculated in accordance with GAAP. Non-GAAP gross profit, non-GAAP income from operations, non-GAAP net income, and non-GAAP EPS exclude amortization of intangible assets and SBC, which are recurring expenses. SBC has been and will continue to be for the foreseeable future a significant recurring expense in our business. In addition, the components of the costs that we exclude in our calculation of non-GAAP net income and non-GAAP EPS may differ from the components that our peer companies exclude when they report their results of operations. Management compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income and non-GAAP EPS and evaluating non-GAAP net income and non-GAAP EPS together with net income and EPS calculated in accordance with GAAP.

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

In millions (except per share data)	Three months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenue:			
Instruments and accessories	\$ 277.2	\$ 280.7	\$ 254.8
Systems	141.0	214.0	106.0
Services	113.9	110.0	103.9
Total revenue	532.1	604.7	464.7
Cost of revenue:			
Product	153.5	172.3	113.8
Service	41.8	39.0	35.5
Total cost of revenue	195.3	211.3	149.3
Gross profit	336.8	393.4	315.4
Operating expenses:			
Selling, general, and administrative	162.0	160.0	215.8
Research and development	44.4	47.3	43.0
Total operating expenses	206.4	207.3	258.8
Income from operations	130.4	186.1	56.6
Interest and other income (expense), net	4.3	(1.3)	3.9
Income before taxes	134.7	184.8	60.5
Income tax expense	37.7	38.0	16.2
Net income	\$ 97.0	\$ 146.8	\$ 44.3
Net income per share:			
Basic	\$ 2.64	\$ 4.03	\$ 1.16
Diluted	\$ 2.57	\$ 3.94	\$ 1.13
Shares used in computing net income per share:			
Basic	36.7	36.4	38.3
Diluted	37.7	37.3	39.1

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

In millions	March 31, 2015	December 31, 2014
Cash, cash equivalents and investments	\$ 2,667.0	\$ 2,497.0
Accounts receivable, net	292.4	315.1
Inventories	202.4	181.7
Property, plant and equipment, net	404.7	387.4
Goodwill	198.0	198.0
Deferred tax assets	167.5	171.3
Other assets	194.2	208.9
Total assets	<u>\$ 4,126.2</u>	<u>\$ 3,959.4</u>
Accounts payable and other accrued liabilities	\$ 323.4	\$ 358.1
Deferred revenue	217.4	221.9
Total liabilities	540.8	580.0
Stockholders' equity	3,585.4	3,379.4
Total liabilities and stockholders' equity	<u>\$ 4,126.2</u>	<u>\$ 3,959.4</u>

INTUITIVE SURGICAL, INC.
UNAUDITED RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(IN MILLIONS, EXCEPT PER SHARE DATA)

In millions (except per share data)	Three Months Ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP revenue	\$ 532.1	\$ 604.7	\$ 464.7
Deferral (recognition) of revenue related to <i>Xi</i> trade-out offers	—	(3.9)	25.6
Non-GAAP revenue	\$ 532.1	\$ 600.8	\$ 490.3
GAAP gross profit	\$ 336.8	\$ 393.4	\$ 315.4
<i>Xi</i> trade-out offers	—	(2.2)	19.5
Share-based compensation expense	8.8	8.4	7.5
Amortization of intangible assets	3.3	3.6	1.8
Non-GAAP gross profit	\$ 348.9	\$ 403.2	\$ 344.2
GAAP income from operations	\$ 130.4	\$ 186.1	\$ 56.6
<i>Xi</i> trade-out offers	—	(2.2)	19.5
Share-based compensation expense	41.2	41.2	40.8
Amortization of intangible assets	6.2	6.5	4.7
Product liability litigation charges	7.2	5.4	67.4
Non-GAAP income from operations	\$ 185.0	\$ 237.0	\$ 189.0
GAAP net income	\$ 97.0	\$ 146.8	\$ 44.3
<i>Xi</i> trade-out offers	—	(2.2)	19.5
Share-based compensation expense	41.2	41.2	40.8
Amortization of intangible assets	6.2	6.5	4.7
Product liability litigation charges	7.2	5.4	67.4
Impairment of investments	—	4.3	—
Tax adjustments	(17.0)	(18.5)	(38.2)
Non-GAAP net income	\$ 134.6	\$ 183.5	\$ 138.5
GAAP net income per share - diluted	\$ 2.57	\$ 3.94	\$ 1.13
<i>Xi</i> trade-out offers	—	(0.06)	0.50
Share-based compensation expense	1.09	1.10	1.04
Amortization of intangible assets	0.16	0.17	0.12
Product liability litigation charges	0.19	0.14	1.72
Impairment of investments	—	0.12	—
Tax adjustments	(0.44)	(0.49)	(0.97)
Non-GAAP net income per share - diluted	\$ 3.57	\$ 4.92	\$ 3.54