
**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): October 19, 2010

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.)

1266 Kifer Road
Sunnyvale, California 94086
(Address of principal executive offices, including 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))
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Item 2.02. Results of Operations and Financial Condition.

On October 19, 2010, Intuitive Surgical, Inc. ("Intuitive") issued a press release announcing its financial results for the quarter ended September 30, 2010. 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 October 19, 2010.

EXHIBIT INDEX

**Exhibit
No.**

Description

99.1 Press Release issued by Intuitive Surgical, Inc., dated October 19, 2010.

FOR IMMEDIATE RELEASE

Contacts: Calvin Darling 408-523-2277

INTUITIVE SURGICAL ANNOUNCES THIRD QUARTER EARNINGS

SUNNYVALE, CALIF. October 19, 2010 – Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported third quarter of 2010 revenue of \$344 million, up from \$280 million for the third quarter of 2009. Third quarter of 2010 revenue growth was driven by continued robotic procedure adoption and higher *da Vinci* Surgical System sales. For comparison purposes, as previously reported, third quarter 2009 revenue was impacted by the recognition of \$6 million in revenue deferred in the first quarter of 2009 related to *da Vinci Si* system upgrade offers made.

Third quarter of 2010 instruments and accessories revenue increased to \$128 million from \$101 million in the third quarter of 2009. The growth in instruments and accessories revenue largely resulted from growth in *da Vinci* surgical procedures of approximately 33%, led by growth in *da Vinci* hysterectomy (dVH) procedure volume.

Third quarter of 2010 systems revenue was \$160 million, compared to \$136 million during the third quarter of 2009. 105 *da Vinci* Surgical Systems were sold during the third quarter of 2010 compared to 86 sold during the third quarter of 2009. Third quarter of 2010 service revenue increased to \$57 million from \$44 million during the third quarter of 2009, reflecting growth in the installed base of *da Vinci* Surgical Systems.

Third quarter of 2010 operating income increased to \$132 million from \$105 million during the third quarter of 2009. Third quarter 2009 operating income included the impact of recognizing \$6 million of revenue that was originally deferred in the first quarter of 2009. Since there was no cost deferred in association with the deferred revenue, the \$6 million of revenue recognized had an equal impact on total revenue, operating income and pretax income in the third quarter of 2009. Operating results for the third quarter of 2010 included \$30 million of non-cash stock-based compensation expense compared with \$25 million for the third quarter of 2009.

Third quarter of 2010 net income was \$87 million, or \$2.14 per diluted share, compared with \$65 million, or \$1.64 per diluted share for the third quarter of 2009. Revenue recognized in the third quarter of 2009 related to the first quarter 2009 revenue deferral increased net income in the third quarter of 2009 by approximately \$4 million, or \$0.09 per diluted share.

Commenting on the announcement, Gary Guthart, President and CEO of Intuitive Surgical, said, “In the face of seasonal and broader economic challenges, we continue to focus on developing our organization, improving our performance and creating and bringing to market exceptional products that deliver superior patient value.”

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 800-230-1059 for participants located in the United States and 612-234-9960 for participants located outside the United States. The meeting host is Dr. Gary Guthart. 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

Intuitive Surgical, Inc. (NASDAQ: ISRG), headquartered in Sunnyvale, California, is the global technology leader in robotic-assisted, minimally invasive surgery. Intuitive Surgical develops, manufactures, and markets robotic technologies designed to improve clinical outcomes and help patients return more quickly to active and productive lives. The Company’s mission is to extend the benefits of minimally invasive surgery to the broadest possible base of patients. Intuitive Surgical — Taking surgery beyond the limits of the human hand™.

About the *da Vinci*® Surgical System

The *da Vinci*® Surgical System is a breakthrough 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 four interactive robotic arms, a high-performance vision system and proprietary *EndoWrist*® instruments. Powered by state-of-the-art robotic and computer 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 breakthrough surgical capabilities. By providing surgeons with superior visualization, enhanced dexterity, greater precision and ergonomic comfort, the *da Vinci*® Surgical System makes it possible for more surgeons to perform minimally invasive procedures involving complex dissection or reconstruction. This ultimately has the potential to raise the standard of care for complex surgeries, translating into numerous potential patient benefits, including less pain, a shorter recovery and quicker return to normal daily activities.

Intuitive®, *da Vinci®*, *da Vinci S®*, *da Vinci® Si™*, *da Vinci® Si-e HD Surgical System™*, *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 global and regional economic conditions and related credit markets and related impact on health care spending; health care reform legislation in the United States and its implications on hospital spending, reimbursement and fees which will be levied on certain medical device companies; timing and success of product development and market acceptance of developed products; procedure counts; 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 under the heading "Risk Factors" in our report on Form 10-K for the year ended December 31, 2009, 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 MILLIONS, EXCEPT PER SHARE DATA)

	Three months ended		
	September 30, 2010	June 30, 2010	September 30, 2009
Revenue:			
Instruments & Accessories	\$ 127.5	\$ 127.5	\$ 100.8
Systems	159.6	167.8	135.5
Services	57.3	55.4	43.8
Total revenue (1)	344.4	350.7	280.1
Cost of revenue:			
Products	72.8	72.7	65.3
Services	21.0	21.2	15.8
Total cost of revenue (2) (3)	93.8	93.9	81.1
Gross profit	250.6	256.8	199.0
Operating expenses:			
Selling, general and administrative	91.6	88.6	69.9
Research and development (3)	26.9	28.5	24.6
Total operating expenses (2)	118.5	117.1	94.5
Income from operations	132.1	139.7	104.5
Interest and other income, net	5.0	4.5	4.3
Income before income taxes	137.1	144.2	108.8
Provision for income taxes	50.5	55.5	44.3
Net Income	\$ 86.6	\$ 88.7	\$ 64.5
Earnings per share:			
Basic	\$ 2.20	\$ 2.26	\$ 1.69
Diluted (1)	\$ 2.14	\$ 2.19	\$ 1.64
Shares used in computing earnings per share:			
Basic	39.4	39.3	38.1
Diluted	40.5	40.5	39.2

(1) In April 2009, the Company offered certain customers the opportunity to upgrade the *da Vinci S* Surgical Systems purchased during the first quarter of 2009 to *da Vinci Si* Surgical Systems, at a discount from the list price of the upgrade. These customers were also given the opportunity to return certain *da Vinci S* accessories in exchange for *da Vinci Si* accessories. The customers were given until June 30, 2009 to accept the offer. In the first quarter of 2009, the Company had deferred \$20.1 million of revenue associated with these offers. In the second quarter of 2009, the Company recognized \$13.8 million of revenue originally deferred in the first quarter and associated with offers declined, upgrades completed or accessories delivered. The remaining \$6.3 million of revenue was recognized in the third quarter of 2009 when upgrades were completed.

Excluding the \$6.3 million of revenue recognized, the total revenue and diluted earnings per share during the three months ended September 30, 2009 were \$273.8 million and \$1.55, respectively. The deferral has no impact on the quarter ended September 30, 2010.

(2) Includes stock compensation expense of \$4.7 million, \$4.6 million and \$3.7 million in total cost of revenue and \$25.7 million, \$25.7 million and \$20.9 million in total operating expenses for the three months ended September 30, 2010, June 30, 2010 and September 30, 2009, respectively.

(3) Includes amortization of purchased intellectual property of \$4.3 million, \$3.8 million and \$3.8 million in total cost of revenue and research and development expenses for the three months ended September 30, 2010, June 30, 2010 and September 30, 2009, respectively.

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

	Nine months ended September 30,	
	2010	2009
Revenue:		
Instruments & Accessories	\$ 377.7	\$276.2
Systems	482.7	328.5
Services	163.3	124.4
Total revenue	1,023.7	729.1
Cost of revenue:		
Products	213.5	166.1
Services	62.3	45.1
Total cost of revenue (1) (2)	275.8	211.2
Gross profit	747.9	517.9
Operating expenses:		
Selling, general and administrative	263.0	199.6
Research and development (2)	83.4	69.3
Total operating expenses (1)	346.4	268.9
Income from operations	401.5	249.0
Interest and other income, net	13.6	14.5
Income before income taxes	415.1	263.5
Provision for income taxes	154.5	108.5
Net Income	\$ 260.6	\$155.0
Earnings per share:		
Basic	\$ 6.65	\$ 4.05
Diluted	\$ 6.45	\$ 3.97
Shares used in computing earnings per share:		
Basic	39.2	38.3
Diluted	40.4	39.0

- (1) Includes stock compensation expense of \$13.3 million and \$10.6 million in total cost of revenue and \$74.2 million and \$61.3 million in total operating expenses for the nine months ended September 30, 2010 and 2009, respectively.
- (2) Includes amortization of purchased intellectual property of \$11.9 million and \$11.4 million in total cost of revenue and research and development expenses for the nine months ended September 30, 2010 and 2009, respectively.

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

	<u>9/30/2010</u>	<u>12/31/2009</u>
Cash, cash equivalents, and investments	\$1,620.6	\$1,172.0
Accounts receivable, net	207.9	205.4
Inventory	85.0	57.6
Property and equipment, net	156.6	125.7
Goodwill	116.9	110.7
Deferred tax assets	72.6	60.7
Other assets	92.2	77.6
Total assets	<u>\$2,351.8</u>	<u>\$1,809.7</u>
Accounts payable and other accrued liabilities	\$ 225.7	\$ 172.0
Deferred revenue	117.8	100.4
Total liabilities	343.5	272.4
Stockholders' equity	2,008.3	1,537.3
Total liabilities and stockholders' equity	<u>\$2,351.8</u>	<u>\$1,809.7</u>