
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: October 16, 2008

(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))
-
-

Item 2.02. Results of Operations and Financial Condition.

On October 16, 2008, Intuitive Surgical, Inc. (“Intuitive”) issued a press release announcing its financial results for the quarter ended September 30, 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, October 16, 2008.

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: October 16, 2008

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, October 16, 2008

FOR IMMEDIATE RELEASE

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

INTUITIVE SURGICAL ANNOUNCES \$236 MILLION THIRD QUARTER REVENUE, UP 50%

SUNNYVALE, CALIF. October 16, 2008 – Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported third quarter 2008 revenue of \$236.0 million, increasing 50% from \$156.9 million for the third quarter of 2007. Third quarter 2008 revenue growth was driven by continued robotic procedure adoption and higher *da Vinci*® Surgical System sales.

Third quarter 2008 instruments and accessories revenue increased 53% to \$76.0 million from \$49.5 million during the third quarter of 2007. Third quarter 2008 *da Vinci*® Surgical Systems revenue increased 48% to \$126.3 million from \$85.5 million during the third quarter of 2007. Third quarter 2008 service and training revenue increased 54% to \$33.7 million from \$21.9 million during the third quarter of 2007.

<u>Revenue (\$Millions)</u>	<u>Three Months Ended</u> <u>September 30,</u>			<u>Nine Months Ended</u> <u>September 30,</u>		
	<u>2008</u>	<u>2007</u>	<u>Increase</u>	<u>2008</u>	<u>2007</u>	<u>Increase</u>
Instruments/Accessories	\$ 76.0	\$ 49.5	\$ 26.5	\$ 211.4	\$ 135.6	\$ 75.8
Systems	126.3	85.5	40.8	341.6	215.8	125.8
Service/Training	33.7	21.9	11.8	90.4	60.0	30.4
	<u>\$236.0</u>	<u>\$ 156.9</u>	<u>\$ 79.1</u>	<u>\$643.4</u>	<u>\$411.4</u>	<u>\$232.0</u>

Third quarter 2008 operating income increased 58% to \$85.0 million, compared with \$54.0 million for the third quarter of 2007. Operating results for the third quarter of 2008 included \$21.0 million of non-cash stock-based compensation expense in accordance with the Financial Accounting Standards Board SFAS 123R, compared with \$8.7 million for the third quarter of 2007.

Third quarter 2008 net income increased 41% to \$57.6 million, compared with \$40.9 million for the third quarter of 2007. Diluted earnings per share increased to \$1.44 for the third quarter of 2008 from \$1.04 for the third quarter of 2007.

Intuitive ended the third quarter of 2008 with cash, cash equivalents and investments of \$821 million, up \$82 million from June 30, 2008 and up \$186 million from December 31, 2007.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical, said, “We are pleased with our third quarter operating results. These results reflect the continued adoption of robotic surgery as a growing number of patients benefit from the improved clinical outcomes and reduced surgical trauma that our *da Vinci* products enable.”

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.

###

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; the impact of the tightening credit market and its impact on health care spending; 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 SURGICAL, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue:				
Products	\$ 202,267	\$ 135,053	\$ 552,998	\$ 351,387
Services	33,725	21,851	90,376	59,995
Total revenue	<u>235,992</u>	<u>156,904</u>	<u>643,374</u>	<u>411,382</u>
Cost of revenue:				
Products	53,517	38,305	148,405	103,067
Services	12,900	10,129	39,532	29,229
Total cost of revenue (1)	<u>66,417</u>	<u>48,434</u>	<u>187,937</u>	<u>132,296</u>
Gross profit	169,575	108,470	455,437	279,086
Operating expenses:				
Selling, general and administrative	62,692	40,163	168,830	112,989
Research and development	21,851	14,319	58,509	32,736
Total operating expenses (1)	<u>84,543</u>	<u>54,482</u>	<u>227,339</u>	<u>145,725</u>
Income from operations	85,032	53,988	228,098	133,361
Interest and other income, net (2)	4,594	12,220	18,843	22,060
Income before income taxes	89,626	66,208	246,941	155,421
Provision for income taxes (3)	32,032	25,289	93,384	60,037
Net Income	<u>\$ 57,594</u>	<u>\$ 40,919</u>	<u>\$ 153,557</u>	<u>\$ 95,384</u>
Earnings per share:				
Basic	<u>\$ 1.48</u>	<u>\$ 1.08</u>	<u>\$ 3.96</u>	<u>\$ 2.53</u>
Diluted	<u>\$ 1.44</u>	<u>\$ 1.04</u>	<u>\$ 3.84</u>	<u>\$ 2.46</u>
Shares used in computing earnings per share:				
Basic	<u>39,015</u>	<u>38,033</u>	<u>38,790</u>	<u>37,653</u>
Diluted	<u>40,108</u>	<u>39,271</u>	<u>39,978</u>	<u>38,776</u>

- (1) Includes stock compensation expense of \$3.1 million and \$1.4 million in total cost of revenue and \$17.9 million and \$7.3 million in total operating expenses for the three months ended September 30, 2008 and 2007, respectively; \$8.3 million and \$4.1 million in total cost of revenue and \$47.0 million and \$22.1 million in total operating expenses for the nine months ended September 30, 2008 and 2007, respectively.
- (2) Includes non-operating foreign exchange losses of \$1.5 million and \$1.8 million of foreign exchange gains during the three months ended September 30, 2008 and 2007, respectively, due to the impact of the strengthening of the US dollar on foreign currency denominated assets; and \$4.1 million of non-recurring gains on sale of equity securities during the three and nine months ended September 30, 2007.
- (3) Includes a \$3.1 million increase in 2007 research and development credits recorded after the Company's 2007 tax returns were filed in September 2008.

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

	<u>9/30/2008</u>	<u>6/30/2008</u>	<u>12/31/07</u>
Cash, cash equivalents, and investments	\$ 821,431	\$ 739,782	\$ 635,381
Accounts receivable, net	173,708	162,088	130,370
Inventory	52,498	42,594	32,416
Property and equipment, net	98,081	94,568	68,093
Goodwill	110,740	110,740	110,740
Deferred tax assets	38,973	32,459	24,577
Other assets	69,240	49,156	38,421
Total assets	<u>\$ 1,364,671</u>	<u>\$ 1,231,387</u>	<u>\$ 1,039,998</u>
Accounts payable and other accrued liabilities	\$ 108,442	\$ 91,347	\$ 96,632
Deferred revenue	72,801	66,053	54,692
Total liabilities	181,243	157,400	151,324
Stockholders' equity	1,183,428	1,073,987	888,674
Total liabilities and stockholders' equity	<u>\$ 1,364,671</u>	<u>\$ 1,231,387</u>	<u>1,039,998</u>