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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 8-K

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

**Date of Report: April 19, 2007**  
(Date of earliest event reported)

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# INTUITIVE SURGICAL, INC.

(exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**000-30713**  
(Commission File Number)

**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)

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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 April 19, 2007, Intuitive Surgical, Inc. ("Intuitive") issued a press release announcing its financial results for the quarter ended March 31, 2007. 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.

Intuitive is making reference to non-GAAP financial information in the press release. A reconciliation of the non-GAAP financial measure to the comparable GAAP financial measure is contained in the attached press release.

**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, April 19, 2007.

**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 19, 2007

By /s/ Marshall L. Mohr  
Name: Marshall L. Mohr  
Title: Senior Vice President and  
Chief Financial Officer

**EXHIBIT INDEX**

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<b>Exhibit No.</b>	<b>Description</b>
99.1	Press Release issued by Intuitive Surgical, April 19, 2007

FOR IMMEDIATE RELEASE

Contacts: Ben Gong 408-523-2175  
 Sarah Norton 408-523-2161

**INTUITIVE SURGICAL ANNOUNCES \$114.2 MILLION FIRST QUARTER REVENUE, UP 48%; NET INCOME INCREASES 65%**

SUNNYVALE, CALIF. April 19, 2007 – Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported first quarter 2007 revenue of \$114.2 million, increasing 48% from \$77.3 million for the first quarter of 2006. Higher revenue was driven by strong recurring revenue growth and increased **da Vinci**<sup>®</sup> Surgical System sales.

First quarter 2007 instruments and accessories revenue increased 73% to \$40.3 million from \$23.3 million during the first quarter of 2006. First quarter 2007 systems revenue increased 32% to \$56.1 million from \$42.4 million during the first quarter of 2006. First quarter 2007 service and training revenue increased 53% to \$17.8 million from \$11.6 million during the first quarter of 2006.

Revenue (\$ Millions)	Three Months Ended		
	March 31,		
	2007	2006	Increase
Instruments/Accessories	\$ 40.3	\$23.3	\$ 17.0
Systems	56.1	42.4	13.7
Service/Training	17.8	11.6	6.2
	<u>\$114.2</u>	<u>\$77.3</u>	<u>\$ 36.9</u>

First quarter 2007 operating income increased 58% to \$34.3 million, compared with \$21.7 million for the first quarter of 2006. Operating results for the first quarter of 2007 included \$8.1 million of stock-based compensation expense in accordance with the Financial Accounting Standards Board SFAS 123R, compared with \$5.1 million for the first quarter of 2006. First quarter 2007 operating income before stock-based compensation expense (“non-GAAP operating income”) was \$42.4 million, up 58% compared with \$26.8 million for the first quarter of 2006.

First quarter 2007 net income increased 65% to \$23.8 million, compared with \$14.5 million for the first quarter of 2006. Diluted earnings per share increased to \$0.62 for the first quarter of 2007 from \$0.38 for the first quarter of 2006.

Intuitive ended the first quarter of 2007 with cash, cash equivalents and investments of \$385 million, up \$55 million from December 31, 2006.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical, said, “We are particularly pleased with our sequential quarter over quarter procedure growth which we believe is the primary long term driver of our business.”

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](http://www.intuitivesurgical.com).

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### About Intuitive's Products:

The **da Vinci**<sup>®</sup> Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance InSite<sup>®</sup> 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<sup>®</sup> 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**<sup>®</sup> 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**<sup>®</sup> 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**<sup>®</sup> Control Center is a centralized system designed to voice control a series of networked "smart" medical devices.

**Intuitive**<sup>®</sup>, **da Vinci**<sup>®</sup>, **da Vinci**<sup>®</sup> S<sup>TM</sup>, **InSite**<sup>®</sup>, **EndoWrist**<sup>®</sup>, **Hermes**<sup>®</sup>, and **Aesop**<sup>®</sup> are trademarks or registered trademarks of Intuitive Surgical, Inc.

About non-GAAP Financial Measures:

To supplement our consolidated financial statements presented in accordance with GAAP, Intuitive has presented non-GAAP operating income, which is defined as non-GAAP financial information by the SEC. Non-GAAP operating income is defined as income from operations before stock-based compensation expenses. Intuitive’s management considers this measure to be an important indicator of the operational strength of the Company. Intuitive excludes stock-based compensation expenses from its non-GAAP operating income because they are non-cash expenses that Intuitive does not believe are reflective of ongoing operating results. In addition, because of the varying methodologies for determining stock-based compensation expense, and the subjective assumptions involved in those determinations, Intuitive believes excluding stock-based compensation expense enhances the ability of management and investors to understand the impact of stock-based compensation expense on our operating income. The presentation of non-GAAP 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. For more information on this non-GAAP financial measure, please see the table captioned “Reconciliation of GAAP to Non-GAAP Operating Income “ included in this press release.

Intuitive’s management believes that this non-GAAP financial measure provides meaningful supplemental information regarding the Company’s performance and liquidity. Intuitive believes that both management and investors benefit from referring to this non-GAAP financial measure in assessing Intuitive’s performance and when planning, forecasting and analyzing future periods.

Intuitive has computed its non-GAAP financial measure using the same consistent method from quarter to quarter.

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

	3 months ended 3/31/2007	3 months ended 3/31/2006
<b>Revenue:</b>		
Products	\$ 96,449	\$65,668
Services	17,780	11,590
Total revenue	114,229	77,258
<b>Cost of revenue:</b>		
Products	29,106	19,921
Services	8,615	5,656
Total cost of revenue *	37,721	25,577
Gross Profit	76,508	51,681
<b>Operating costs and expenses:</b>		
Selling, general and administrative	33,945	23,810
Research and development	8,224	6,145
Total operating costs and expenses*	42,169	29,955
<b>Income from operations</b>	34,339	21,726
<b>Interest and other income, net</b>	4,608	2,201
<b>Income before income taxes</b>	38,947	23,927
<b>Income tax expense</b>	15,145	9,469
<b>Net Income</b>	<u>\$ 23,802</u>	<u>\$14,458</u>
<b>Net Income per common share:</b>		
Basic	<u>\$ 0.64</u>	<u>\$ 0.40</u>
Diluted	<u>\$ 0.62</u>	<u>\$ 0.38</u>
<b>Shares used in computing basic and diluted net income per common share:</b>		
Basic	<u>37,289</u>	<u>36,379</u>
Diluted	<u>38,398</u>	<u>37,824</u>

\* Includes stock compensation expense of \$1.2 million and \$0.8 million in total cost of revenue and \$6.9 million and \$4.3 million in total operating costs and expenses for the three months ended March 31, 2007 and 2006, respectively.

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

	<u>3/31/07</u>	<u>12/31/06</u>
Cash, cash equivalents, and investments	\$ 384,826	\$ 330,296
Accounts receivable, net	90,482	94,680
Inventory	26,261	24,295
Property, plant and equipment, net	60,278	59,939
Goodwill	118,207	118,240
Deferred tax assets, net	30,937	31,677
Other assets	13,177	12,663
Total assets	<u>\$ 724,168</u>	<u>\$ 671,790</u>
Accounts payable and other accrued liabilities	\$ 40,958	\$ 44,700
Deferred revenue	39,974	37,385
Total liabilities	80,932	82,085
Stockholders' equity	643,236	589,705
Total liabilities and stockholders' equity	<u>\$ 724,168</u>	<u>\$ 671,790</u>

**INTUITIVE SURGICAL, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP OPERATING INCOME**  
**(IN THOUSANDS)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2007</u>	<u>2006</u>
GAAP income from operations	\$34,339	\$21,726
Stock-based compensation expense	8,105	5,064
Non-GAAP operating income	<u>\$42,444</u>	<u>\$26,790</u>