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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: October 18, 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 October 18, 2007, Intuitive Surgical, Inc. (“Intuitive”) issued a press release announcing its financial results for the quarter ended September 30, 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.

**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, October 18, 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: October 18, 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, October 18, 2007

FOR IMMEDIATE RELEASE

Contacts: Ben Gong 408-523-2175  
Cindy Marple 408-523-2161

**INTUITIVE SURGICAL ANNOUNCES \$156.9 MILLION THIRD QUARTER REVENUE, UP 64%**

SUNNYVALE, CALIF. October 18, 2007 – Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported third quarter 2007 revenue of \$156.9 million, increasing 64% from \$95.8 million for the third quarter of 2006. Third quarter 2007 revenue growth was driven by continued robotic procedure adoption and higher *da Vinci*® Surgical System sales.

Third quarter 2007 instruments and accessories revenue increased 70% to \$49.5 million from \$29.0 million during the third quarter of 2006. Third quarter 2007 *da Vinci*® Surgical Systems revenue increased 63% to \$85.5 million from \$52.4 million during the third quarter of 2006. Third quarter 2007 service and training revenue increased 52% to \$21.9 million from \$14.4 million during the third quarter of 2006.

Revenue (\$Millions)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2007	2006	Increase	2007	2006	Increase
Instruments/Accessories	\$ 49.5	\$29.0	\$ 20.5	\$135.6	\$ 78.4	\$ 57.2
Systems	85.5	52.4	33.1	215.8	142.9	72.9
Service/Training	21.9	14.4	7.5	60.0	38.8	21.2
	<u>\$156.9</u>	<u>\$95.8</u>	<u>\$ 61.1</u>	<u>\$411.4</u>	<u>\$260.1</u>	<u>\$151.3</u>

Third quarter 2007 operating income increased 110% to \$54.0 million, compared with \$25.7 million for the third quarter of 2006. Operating results for the third quarter of 2007 included \$8.7 million of stock-based compensation expense in accordance with the Financial Accounting Standards Board SFAS 123R, compared with \$6.9 million for the third quarter of 2006.

Third quarter 2007 results included unusual, non-operating income resulting from gains on sales of equity investments of \$4.1 million and foreign exchange gains of \$1.8 million, impacting net income by approximately \$3.7 million, or \$0.09 per share, net of tax. Including the impact of these items, third quarter 2007 net income increased 137% to \$40.9 million, compared with \$17.3 million for the third quarter of 2006. Diluted earnings per share increased to \$1.04 for the third quarter of 2007 from \$0.45 for the third quarter of 2006.

Intuitive ended the third quarter of 2007 with cash, cash equivalents and investments of \$533 million, up \$86 million from June 30, 2007 and \$203 million from December 31, 2006.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical, said, “We are pleased with our third quarter revenue and income growth. Robotic surgery momentum is strong as patient demand and adoption within the medical community continue to grow.”

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).

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; 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, 2007	June 30, 2007	September 30, 2006
<b>Revenue:</b>			
Products	\$ 135,053	\$ 119,885	\$ 81,433
Services	21,851	20,364	14,399
Total revenue	156,904	140,249	95,832
<b>Cost of revenue:</b>			
Products	38,305	35,656	26,663
Services	10,129	10,485	6,936
Total cost of revenue*	48,434	46,141	33,599
Gross profit	108,470	94,108	62,233
<b>Operating expenses:</b>			
Selling, general and administrative	40,163	38,883	28,578
Research and development	14,319	10,192	7,979
Total operating expenses*	54,482	49,075	36,557
Income from operations	53,988	45,033	25,676
Interest and other income, net	12,220	5,232	3,146
Income before income taxes	66,208	50,265	28,822
Provision for income taxes	25,289	19,602	11,559
Net Income	<u>\$ 40,919</u>	<u>\$ 30,663</u>	<u>\$ 17,263</u>
<b>Earnings per share:</b>			
Basic	<u>\$ 1.08</u>	<u>\$ 0.81</u>	<u>\$ 0.47</u>
Diluted	<u>\$ 1.04</u>	<u>\$ 0.79</u>	<u>\$ 0.45</u>
<b>Shares used in computing earnings per share:</b>			
Basic	<u>38,033</u>	<u>37,636</u>	<u>36,875</u>
Diluted	<u>39,271</u>	<u>38,657</u>	<u>38,184</u>

\* Includes stock-based compensation expense of \$1.4 million, \$1.5 million and \$1.1 million in total cost of revenue and and \$7.3 million, \$7.9 million and \$5.9 million in total operating expenses for the three months ended September 30, 2007, June 30, 2007 and September 30, 2006, respectively.

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

	Nine months Ended September 30,	
	2007	2006
<b>Revenue:</b>		
Products	\$ 351,387	\$ 221,312
Services	59,995	38,803
Total revenue	<u>411,382</u>	<u>260,115</u>
<b>Cost of revenue:</b>		
Products	103,067	68,454
Services	29,229	18,770
Total cost of revenue*	<u>132,296</u>	<u>87,224</u>
Gross profit	279,086	172,891
<b>Operating expenses:</b>		
Selling, general and administrative	112,989	79,652
Research and development	32,736	21,330
Total operating expenses*	<u>145,725</u>	<u>100,982</u>
Income from operations	133,361	71,909
Interest and other income, net	22,060	8,602
Income before income taxes	155,421	80,511
Provision for income taxes	60,037	32,108
Net Income	<u>\$ 95,384</u>	<u>\$ 48,403</u>
<b>Earnings per share:</b>		
Basic	\$ 2.53	\$ 1.32
Diluted	<u>\$ 2.46</u>	<u>\$ 1.27</u>
<b>Shares used in computing earnings per share:</b>		
Basic	37,653	36,646
Diluted	<u>38,776</u>	<u>38,044</u>

\* Includes stock compensation expense of \$4.1 million and \$2.8 million in total cost of revenue and \$22.1 million and \$15.6 million in total operating expenses for the nine months ended September 30, 2007 and 2006, respectively.



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

	<u>9/30/2007</u>	<u>6/30/2007</u>	<u>12/31/2006</u>
Cash, cash equivalents, and investments	\$ 533,489	\$ 447,512	\$ 330,296
Accounts receivable, net	120,456	105,649	94,680
Inventory	26,773	24,040	24,295
Property and equipment, net	64,153	62,040	59,939
Goodwill	112,170	118,207	118,240
Deferred tax assets	36,211	34,118	31,677
Other assets	18,995	17,132	12,663
Total assets	<u>\$ 912,247</u>	<u>\$ 808,698</u>	<u>\$ 671,790</u>
Accounts payable and other accrued liabilities	\$ 63,525	\$ 53,956	\$ 44,700
Deferred revenue	48,571	43,393	37,385
Total liabilities	112,096	97,349	82,085
Stockholders' equity	800,151	711,349	589,705
Total liabilities and stockholders' equity	<u>\$ 912,247</u>	<u>\$ 808,698</u>	<u>\$ 671,790</u>