
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 26, 2004
(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.)

950 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 26, 2004, Intuitive Surgical issued a press release announcing its financial results for the third quarter ended September 30, 2004. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 2.02.

Item 9.01. Financial Statements and Exhibits.

Press release issued by Intuitive Surgical, dated October 26, 2004

(2)

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 26, 2004

By /s/ LONNIE M. SMITH
Name: Lonnie M. Smith
Title: President and Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release issued by Intuitive Surgical, dated October 26, 2004.

Intuitive Surgical Announces Record \$35.5 Million Third Quarter Revenue, Up 52% and \$6.1 Million Net Income, \$0.17 per Share

SUNNYVALE, CA -- (MARKET WIRE) -- 10/26/2004 -- Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported record third quarter 2004 sales of \$35.5 million, increasing 52% from \$23.4 million for the third quarter of 2003. Higher sales were driven by continued recurring revenue growth and higher da Vinci® Surgical System shipments. Third quarter 2004 recurring revenue, consisting of instrument, accessory, service and training revenue, totaled \$16.5 million, up 110% over the prior year. Third quarter 2004 recurring revenue increased to 46% of total sales from 34% during the third quarter of 2003.

Third quarter 2004 system revenue increased to \$19.0 million from \$15.5 million during the third quarter 2003. Intuitive sold 18 da Vinci® Surgical Systems during the third quarter of 2004, compared to 15 in the third quarter of 2003. Intuitive ended the third quarter 2004 with 261 cumulative da Vinci® Surgical Systems sold, compared to 192 at the end of the third quarter 2003.

	Three Months Ended,			Nine Months Ended,		
	9/30/04	9/30/03	Increase	9/30/04	9/30/03	Increase
	-----	-----	-----	-----	-----	-----
Revenue (\$Millions)						
Systems	\$19.0	\$15.5	\$3.5	\$51.7	\$44.3	\$7.4
Instruments/ Accessories	\$10.3	\$5.0	\$5.3	\$25.9	\$12.7	\$13.2
Service/ Training	\$6.2	\$2.9	\$3.3	\$16.0	\$7.1	\$8.9
	-----	-----	-----	-----	-----	-----
	\$35.5	\$23.4	\$12.1	\$93.6	\$64.1	\$29.5
	=====	=====	=====	=====	=====	=====
Cumulative da Vinci® Surgical System Unit Sales						
Shipments	18	15	3	51	43	8
Cumulative Shipments	261	192	69	261	192	69

Gross profit increased to \$22.7 million, or 64.0% of sales, for the third quarter 2004, compared to \$12.1 million, or 51.6% of sales for the third quarter 2003.

Third quarter 2004 operating expenses of \$17.2 million were \$1.5 million higher than the third quarter 2003.

The company reported third quarter 2004 net income of \$6.1 million, or \$0.17 per diluted share, compared to a net loss of \$3.4 million, or (\$0.12) per diluted share for the third quarter 2003.

Intuitive was \$14.8 million cash flow positive for the third quarter 2004, ending the period with \$121.2 million in cash and short-term investments.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical said, "We are pleased with the strength of our third quarter revenue and earnings performance. Our continued sales and earnings growth demonstrates the ongoing market adoption of our da Vinci® Surgical System platform as well as the power of our business model."

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 484-630-4228 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 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.

The Aesop® 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® Control Center is a centralized system designed to voice control a series of networked "smart" medical devices.

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®, da Vinci®, InSite®, EndoWrist®, Hermes®, and Aesop® are registered trademarks of Intuitive Surgical, Inc.

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

	Three Months Ended, 9/30/04		Nine Months Ended, 9/30/04	
	9/30/04	9/30/03	9/30/04	9/30/03
Sales:				
Products	\$ 29,262	\$ 20,515	\$ 77,583	\$ 56,958
Services	6,231	2,878	16,026	7,123
Total sales	35,493	23,393	93,609	64,081
Cost of sales:				
Products	9,798	9,397	27,871	24,075
Services	2,973	1,932	7,552	5,513
Total cost of sales	12,771	11,329	35,423	29,588
Gross profit	22,722	12,064	58,186	34,493
Gross profit %	64.0%	51.6%	62.2%	53.8%
Operating costs and expenses:				
Selling, general, and administrative	12,600	11,320	34,378	29,303
Research and development	4,635	4,407	13,571	11,457
Total operating costs and expenses	17,235	15,727	47,949	40,760
Income (loss) from operations	5,487	(3,663)	10,237	(6,267)
Other income, net	692	310	1,924	1,499
Income (loss) before income tax provision	6,179	(3,353)	12,161	(4,768)
Income tax provision	66	0	365	0
Net income (loss)	\$ 6,113	\$ (3,353)	\$ 11,796	\$ (4,768)
Net earnings (loss) per share -				
Basic	\$ 0.18	\$ (0.12)	\$ 0.35	\$ (0.22)
Diluted	\$ 0.17	\$ (0.12)	\$ 0.34	\$ (0.22)
Weighted average shares outstanding used to compute net earnings (loss) per share -				
Basic	33,823	26,878	33,556	21,296
Diluted	35,305	26,878	34,534	21,296

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

	Unaudited 9/30/04	12/31/03(a)
Assets		
Current assets:		
Cash and cash equivalents	11,268	11,335
Short-term investments	109,947	101,614
Accounts receivable, net	26,361	26,820
Inventories, net	6,596	8,788
Prepaid expenses and other current assets	3,688	3,203
Restricted cash equivalents	204	188
Total current assets	158,064	151,948

Property and equipment, net	27,779	10,288
Restricted cash equivalents	319	642
Intangible assets, net	6,688	8,089
Goodwill	143,332	143,106
Other assets	641	921
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Total assets	\$ 336,823	\$ 314,994
	=====	=====
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	5,214	5,894
Accrued compensation and employee benefits	7,450	5,267
Restructuring accrual	806	971
Other accrued liabilities	7,488	9,134
Deferred revenue	14,092	11,345
Current portion of notes payable	813	1,030
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Total current liabilities	35,863	33,641
Long-term notes payable	52	695
Deferred revenue	1,077	1,148
Other accrued liabilities	57	553
Stockholders' equity		
Common stock	34	33
Preferred stock	-	-
Additional paid-in capital	426,390	416,559
Deferred compensation	-	(99)
Accumulated deficit	(126,618)	(138,414)
Accumulated other comprehensive income	(32)	878
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Total stockholders' equity	299,774	278,957
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Total liabilities and stockholders' equity	\$ 336,823	\$ 314,994
	=====	=====

(a) - Derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003 but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

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