

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): August 7, 2003

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 Number)

950 Kifer Road
Sunnyvale, California 94086
(408) 523-2100

(Address, including zip code, and telephone number, including
area code, of the Registrant's principal executive offices)

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ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information in this Item, including that incorporated herein by reference, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Item, including that incorporated herein by reference, shall not be deemed incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On August 7, 2003, Intuitive Surgical issued a press release announcing its financial results for the second quarter ended June 30, 2003. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 12.

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.

By: /s/ LONNIE M. SMITH

Lonnie M. Smith
Chairman and Chief Executive Officer

Date: August 7, 2003

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release issued by Intuitive Surgical, Inc., dated August 7, 2003.

FOR IMMEDIATE RELEASE

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

INTUITIVE SURGICAL ANNOUNCES PROFITABLE SECOND QUARTER; RECORD \$21.5 MILLION
REVENUE

SUNNYVALE, CALIF. August 7, 2003 - Intuitive Surgical, Inc. (NASDAQ: ISRG), the leader in operative surgical robotics, today reported its first profitable quarter with second quarter 2003 net income of \$0.9 million, or \$0.05 per share, compared to a net loss of \$3.7 million, or \$0.21 per share, during the second quarter of 2002. Second quarter 2003 profitability was driven by record sales, a significant improvement in gross margin, and reduced operating expenses.

On June 30, 2003, Intuitive completed its acquisition of Computer Motion. Accordingly, the company's balance sheet as of June 30, 2003 includes the fair value of the assets and liabilities assumed in the acquisition, including \$142.7 million of goodwill and \$8.6 million of other amortizable intangible assets. Since the transaction closed on the last day of the quarter, none of Computer Motion's operating results have been consolidated into Intuitive's second quarter income statement prepared according to generally accepted accounting principles.

Second quarter 2003 total sales of \$21.5 million, increased 11% from \$19.4 million in total sales in the second quarter of 2002, driven primarily by continued recurring revenue growth. Second quarter 2003 recurring revenue totaled \$6.4 million, up \$2.6 million over the prior year period and up \$1.0 million sequentially from the first quarter of 2003.

The company shipped 14 DA VINCI(R) Surgical Systems during the second quarter 2003, compared to 16 during the second quarter last year. Second quarter 2003 system revenue was bolstered by Intuitive's launch of a fourth surgical arm system enhancement, shipping 9 units during the quarter. Overall second quarter 2003 system revenue decreased slightly to \$15.1 million from \$15.6 million during the second quarter last year.

	SECOND QUARTER			YEAR-TO-DATE		
	2003	2002	VAR.	2003	2002	VAR.
REVENUE (\$ MILLIONS)						
DA VINCI(R) Surgical Systems	\$ 15.1	\$ 15.6	(\$ 0.5)	\$ 28.9	\$ 27.3	\$ 1.6
Instruments/Accessories	\$ 4.2	\$ 2.7	\$ 1.5	\$ 7.8	\$ 4.4	\$ 3.4
Service	\$ 2.2	\$ 1.1	\$ 1.1	\$ 4.0	\$ 2.1	\$ 1.9
	\$ 21.5	\$ 19.4	\$ 2.1	\$ 40.7	\$ 33.8	\$ 6.9
SYSTEM POPULATION						
Placements	14	16	(2)	28	29	(1)
Cumulative Placements	177	118	59	177	118	59

Gross margin for the second quarter of 2003 was 63.2%, compared with 52.4% for the second quarter of 2002. Improved 2003 gross margin was driven by significantly lower warranty costs resulting from system reliability improvements and improved factory productivity.

Second quarter 2003 operating expenses of \$13.0 million were \$1.4 million less than \$14.4 million incurred during the second quarter of 2002 and \$0.6 million less than \$13.6 million of operating expenses during the first quarter of 2003. Lower operating expenses were driven by the elimination of litigation expenses related to the company's dispute with Computer Motion and reductions in fixed costs in anticipation of Intuitive's acquisition of Computer Motion.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical said, "Achieving profitability represents an important milestone for our company. We are very pleased with our continued recurring revenue growth, improving gross margins, and our reduced operating expenses. We look forward to building upon this success as we merge our operations with Computer Motion. While we expect to incur a third quarter net loss due to increased operating costs assumed in the acquisition, we anticipate returning to profitability in the fourth quarter and beyond."

The company will also announce these results at a conference call today at 1:30 PM PST. 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(R) Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance InSite(R) 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(R) 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(R) 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 ZEUS(R) is an advanced microsurgery robotics suite, consisting of an ergonomic surgeon control console and three table-mounted robotic arms, which act as the surgeon's hands and eyes during endoscopic surgery.

The AESOP(R) 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 SOCRATES(TM) Robotic Telecollaboration System is an integrated array of telecommunication equipment, networked medical devices and robotics that provides an efficient and economical pathway to enable remote surgical telecollaboration.

The HERMES(R) Control Center is a centralized system designed to voice control a series of networked "smart" medical devices.

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This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements about future financial and operating results. You can identify these forward-looking statements when you see us using words such as "intends," "expects," "anticipates," "estimates" and other similar expressions. These statements are based on current expectations and beliefs and are subject to a number of risks,

uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. Actual results could differ materially from those expressed or implied in any forward-looking statements as a result of certain risks and uncertainties, including, without limitation, competition and market acceptance of products; ability to obtain regulatory approvals and third-party reimbursements; ability to raise additional capital; liabilities or other issues arising from the recent acquisition of Computer Motion; and other factors described in the Securities and Exchange Commission reports filed by Intuitive Surgical. Intuitive Surgical undertakes no obligation to publicly update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

INTUITIVE(R), DA VINCI(R), INSITE(R), ENDOWRIST(R), ZEUS(R), HERMES(R), AND AESOP(R) are registered trademarks of Intuitive Surgical, Inc.

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

	3 Months Ended	
	6/30/03	6/30/02
	-----	-----
Sales:		
Products	\$19,231	\$ 18,243
Services	2,222	1,144
	-----	-----
Total Sales	21,453	19,387
Cost of sales	7,906	9,225
	-----	-----
Gross profit	13,547	10,162
Gross profit %	63.2%	52.4%
Operating costs and expenses:		
Selling, general, and administrative	9,389	9,784
Research and development	3,627	4,645
	-----	-----
Total operating costs and expenses	13,016	14,429
Income/(loss) from operations	531	(4,267)
Interest income/(expense)	347	527
	-----	-----
Net income/(loss)	\$ 878	\$ (3,740)
	=====	=====
Net income/(loss) per share:		
Basic	\$ 0.05	\$ (0.21)
	=====	=====
Diluted	\$ 0.05	\$ (0.21)
	=====	=====
Weighted average shares outstanding:		
used to compute net loss per share		
Basic	18,580	18,192
Diluted	18,973	18,192

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

	6 Months Ended	
	6/30/03	6/30/02
	-----	-----
Sales:		
Products	\$ 36,666	\$ 31,700
Services	4,022	2,096
	-----	-----
Total Sales	40,688	33,796
Cost of sales	16,644	16,732
	-----	-----
Gross profit	24,044	17,064
Gross profit %	59.1%	50.5%
Operating costs and expenses:		
Selling, general, and administrative	19,598	18,569
Research and development	7,050	8,877
	-----	-----
Total operating costs and expenses	26,648	27,446
Income/(loss) from operations	(2,604)	(10,382)
Interest income/(expense)	1,189	1,025
	-----	-----
Net income/(loss)	\$ (1,415)	\$ (9,357)
	=====	=====
Net income/(loss) per share - basic and diluted	\$ (0.08)	\$ (0.51)
	=====	=====
Weighted average shares outstanding		
used to compute net loss per share	18,506	18,173
	=====	=====

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

	UNAUDITED 6/30/03 -----	12/31/02 * -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,681	\$ 17,607
Short-term investments	25,169	33,232
Accounts receivable, net	21,855	16,887
Inventories, net	13,601	8,738
Prepaid expenses	2,046	2,161
	-----	-----
Total current assets	80,352	78,625
Property and equipment, net	11,630	10,388
Goodwill	142,658	--
Other assets	10,843	2,568
	-----	-----
Total assets	\$ 245,483 =====	\$ 91,581 =====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 17,204	\$ 9,282
Accrued compensation and employee benefits	5,282	4,666
Warranty provision	2,005	2,269
Restructuring Reserve	3,444	--
Accrued liabilities	2,485	3,497
Deferred revenue	7,131	4,838
Current portion of notes payable	1,244	1,511
	-----	-----
Total current liabilities	38,795	26,063
Notes payable	1,235	1,838
Long term deferred revenue	877	--
Stockholders' equity		
Common stock	27	36
Additional paid-in capital	334,162	191,020
Deferred compensation	(434)	(223)
Accumulated deficit	(130,206)	(128,791)
Accumulated other comprehensive income	1,027	1,638
	-----	-----
Total stockholders' equity	204,576	63,680
Total liabilities and stockholders' equity	\$ 245,483 =====	\$ 91,581 =====

* - Derived from the audited financial statements included in the company's annual report on Form 10K/A for the year ended December 31, 2002 but does not include all of the information and footnotes

required by accounting principles generally accepted in the United States for complete financial statements.