
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: April 29, 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)

Commission File Number:
000-30713

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)

Item 5. Other Events and Required FD Disclosure.

On April 29, 2004, Intuitive Surgical, Inc. announced its financial results for the first quarter ended March 31, 2004. These financial results are attached hereto as Exhibit 99.1 and are incorporated by reference to this Item 5 for the purpose of causing such financial results to be filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

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 Exchange Act 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 April 29, 2004, Intuitive Surgical issued a press release announcing its financial results for the first quarter ended March 31, 2004. A copy of the press release is attached hereto as Exhibit 99.2 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.

Date: April 29, 2004

/s/ LONNIE M. SMITH

By

Name: Lonnie M. Smith
Title: Chief Executive Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Financial Results for the First Quarter Ended March 31, 2004.
99.2	Press Release issued by Intuitive Surgical, dated April 29, 2004.

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

	Three Months Ended,	
	3/31/04	3/31/03
Sales:		
Products	\$ 22,471	\$ 17,292
Services	4,588	1,943
Total sales	27,059	19,235
Cost of sales:		
Products	8,813	7,772
Services	2,410	1,722
Total cost of sales	11,223	9,494
Gross profit	15,836	9,741
Gross profit %	58.5%	50.6%
Operating costs and expenses:		
Selling, general, and administrative	10,243	9,453
Research and development	5,310	3,423
Total operating costs and expenses	15,553	12,876
Income (loss) from operations	283	(3,135)
Other income, net	606	842
Income (loss) before income tax provision	889	(2,293)
Income tax provision	36	—
Net income (loss)	\$ 853	\$ (2,293)
Net earnings (loss) per share—		
Basic	\$ 0.03	\$ (0.12)
Diluted	\$ 0.02	\$ (0.12)
Weighted average shares outstanding used to compute net earnings (loss)		
per share—		
Basic	33,282	18,431
Diluted	34,137	18,431

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

	<u>Unaudited</u>	<u>12/31/03 (a)</u>
	<u>3/31/04</u>	<u>12/31/03 (a)</u>
Assets		
Current assets:		
Cash and cash equivalents	13,346	11,335
Short-term investments	102,489	101,614
Accounts receivable, net	27,324	26,820
Inventories, net	7,983	8,788
Prepaid expenses	3,338	3,203
Restricted cash equivalents	213	188
Total current assets	154,693	151,948
Property and equipment, net	9,384	10,288
Restricted cash equivalents	348	642
Intangible assets, net	7,622	8,089
Goodwill	143,332	143,106
Other assets	960	921
Total assets	\$ 316,339	\$ 314,994
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	4,670	5,894
Accrued compensation and employee benefits	3,651	5,267
Warranty accrual	334	702
Restructuring accrual	1,160	971
Other accrued liabilities	6,413	8,432
Deferred revenue	12,998	11,345
Current portion of notes payable	998	1,030
Total current liabilities	30,224	33,641
Long-term debt	435	695
Deferred revenue	991	1,148
Other accrued liabilities	534	553
Stockholders' equity		
Common stock	33	33
Preferred stock	—	—
Additional paid-in capital	420,675	416,559
Deferred compensation	(84)	(99)
Accumulated deficit	(137,561)	(138,414)
Accumulated other comprehensive income	1,092	878
Total stockholders' equity	284,155	278,957
Total liabilities and stockholders' equity	\$ 316,339	\$ 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.

FOR IMMEDIATE RELEASE

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

INTUITIVE SURGICAL ANNOUNCES \$27.1 MILLION FIRST QUARTER REVENUE, UP 41%

SUNNYVALE, CALIF. April 29, 2004 – Intuitive Surgical, Inc. (NASDAQ: ISRG), the leader in operative surgical robotics, today reported first quarter 2004 sales of \$27.1 million, increasing 41% from \$19.2 million for the first quarter of 2003. Higher sales were driven by continued recurring revenue growth and **da Vinci**[®] Surgical System fourth arm upgrade shipments. First quarter 2004 recurring revenue, consisting of instrument, accessory, service and training revenue, totaled \$12.5 million, up 125% over the prior year and up \$2.4 million, or 24%, sequentially from the fourth quarter of 2003. First quarter 2004 recurring revenue increased to 46% of total sales from 29% during the first quarter of 2003.

First quarter 2004 system revenue increased to \$14.6 million from \$13.7 million during the first quarter 2003. Intuitive sold 14 **da Vinci**[®] Surgical Systems during the first quarter of 2004, equal to the first quarter of 2003. Intuitive also shipped 11 **da Vinci**[®] Surgical System fourth arms during the first quarter 2004. Intuitive ended the first quarter 2004 with 224 cumulative **da Vinci**[®] Surgical Systems sold, compared to 163 at the end of the first quarter 2003.

	Three Months Ended,		
	3/31/04	3/31/03	Increase
Revenue (\$Millions)			
Systems	\$ 14.6	\$ 13.7	\$ 0.9
Instruments/Accessories	7.9	3.6	4.3
Service/Training	4.6	1.9	2.7
	<u>\$ 27.1</u>	<u>\$ 19.2</u>	<u>\$ 7.9</u>
Cumulative da Vinci[®] Surgical System Unit Sales			
Placements	14	14	—
Cumulative Placements	224	163	61

Gross profit increased to \$15.8 million, or 58.5% of sales, for the first quarter 2004, compared to \$9.7 million, or 50.6% of sales for the first quarter 2003. Higher first quarter 2004 gross profit margin resulted primarily from lower product material costs and productivity gains.

First quarter 2004 operating expenses of \$15.6 million increased \$2.7 million from first quarter 2003 operating expenses of \$12.9 million. First quarter 2004 operating expenses included a \$0.7 million charge taken in the first quarter 2004 to shut down the former Computer Motion Goleta, California site and consolidate operations at the Intuitive corporate headquarters in Sunnyvale, California.

Intuitive reported first quarter 2004 net income of \$0.9 million, or \$0.02 per diluted share, compared to a net loss of \$2.3 million, or \$0.12 per share for the first quarter 2003.

Intuitive ended the first quarter 2004 with \$115.8 million in cash and short-term investments, up \$2.9 million from \$112.9 million at December 31, 2003.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical said, "We are pleased with our accelerating recurring revenue growth and our return to profitability this quarter, post our acquisition of Computer Motion. We expect to grow our profitability in future quarters."

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**[®] 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.

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

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