

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 27, 2006
(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 April 27, 2006, Intuitive Surgical issued a press release announcing its financial results for the first quarter ended March 31, 2006. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 2.02.

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

Item 9.01. Financial Statements and Exhibits.

[Press release issued by Intuitive Surgical, April 27, 2006.](#)

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 27, 2006

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, April 27, 2006

Intuitive Surgical Announces Record \$77.3 Million First Quarter Revenue, Up 86%

SUNNYVALE, CA -- 04/27/2006 -- Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported first quarter 2006 revenue of \$77.3 million, up 86% from \$41.6 million for the first quarter of 2005. Higher revenue was driven by increased da Vinci® Surgical System sales and continued growth in recurring revenue.

Intuitive sold 35 da Vinci® Surgical Systems during the first quarter of 2006, compared with 19 in the first quarter of 2005. First quarter 2006 system sales were positively impacted by the launch of the new da Vinci® S™ System during the quarter as 25 of the 35 system sales were da Vinci® S™ Systems. First quarter 2006 system revenue increased 99% to \$42.4 million from \$21.3 million during the first quarter of 2005.

First quarter 2006 instrument and accessory revenue increased 81% to \$23.3 million from \$12.9 million during the first quarter of 2005. Instrument and accessory revenue growth resulted from a larger installed base of da Vinci® Surgical Systems and increased system usage.

	Quarter Ended,		
	3/31/06	3/31/05	Increase
Revenue (\$Millions)			

Systems	\$ 42.4	\$ 21.3	\$ 21.1
Instruments/Accessories	23.3	12.9	10.4
Service/Training	11.6	7.4	4.2
	-----	-----	-----
	\$ 77.3	\$ 41.6	\$ 35.7
	=====	=====	=====
da Vinci® Surgical System Unit Sales	35	19	16
	=====	=====	=====

First quarter 2006 operating income was \$21.7 million compared with \$8.9 million for the first quarter of 2005. The results for the first quarter of 2006 included \$5.1 million of stock compensation expense in accordance with Statement of Financial Accounting Standards "SFAS" number 123R. Excluding this expense, first quarter 2006 operating income was \$26.8 million.

As anticipated, during the first quarter of 2006, Intuitive began to report results on a fully taxed basis. The company's first quarter, 2006 effective tax rate was 39.6%, compared with 5.5% reported for the first quarter of 2005. Although the company has moved to fully taxed reporting, only a small portion of 2006 reported tax expense will result in cash outlay due to the anticipated utilization of net operating loss carry forwards.

Reported net income on a generally accepted accounting principles (GAAP) basis, which includes non-cash stock compensation expense, was \$14.5 million, or \$0.38 per diluted share, compared with \$9.1 million, or \$0.25 per diluted share, for the first quarter of 2005. Excluding the impact of stock compensation expenses, first quarter 2006 net income was \$17.5 million, or \$0.46 per share. A complete reconciliation between GAAP results and results excluding stock compensation is provided in the attached tables.

Intuitive ended the first quarter of 2006 with cash, cash equivalents and investments of \$221.5 million, up \$18.8 million from the previous quarter end. Cash provided by operations for the first quarter of 2006 was \$16.1 million, net of \$13.5 million utilized during the quarter to fund working capital requirements.

Commenting on the results Lonnie Smith, Chairman and CEO of Intuitive Surgical said, "We are very pleased with our first quarter revenue growth and the positive market response to our da Vinci® S™ System. We remain dedicated to taking surgery beyond the limits of the human hand™ and believe that our technology has broad and significant implications for the future of healthcare."

The company will report 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.

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

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

	Quarter Ended March 31,	
	2006	2005
Revenue:		
Products	\$ 65,668	\$ 34,183
Services	11,590	7,431
	77,258	41,614
Total revenue		
Cost of revenue:		
Products	19,921	11,155
Services	5,656	3,196
	25,577	14,351
Total cost of revenue		
Gross profit	51,681	27,263
Operating costs and expenses:		
Selling, general, and administrative	23,810	14,204
Research and development	6,145	4,145
	29,955	18,349
Total operating costs and expenses		
Income from operations	21,726	8,914
Other income, net	2,201	723
	23,927	9,637
Income before income tax provision		
Income tax provision	9,469	533
	14,458	9,104
Net income	\$ 14,458	\$ 9,104
	=====	=====
Net earnings per share -		
Basic	\$ 0.40	\$ 0.26
	=====	=====
Diluted	\$ 0.38	\$ 0.25
	=====	=====
Weighted average shares outstanding		
used to compute net earnings		
per share -		
Basic	36,379	34,517
	=====	=====
Diluted	37,824	37,021
	=====	=====

INTUITIVE SURGICAL, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

Quarter Ended March 31, 2006

	Reported	Non-GAAP (Pro Forma) Entries *	Non-GAAP (Pro Forma)	Quarter Ended March 31, 2005 As Reported
Revenue:				
Products	\$ 65,668	\$ -	\$ 65,668	\$ 34,183
Services	11,590	-	11,590	7,431
Total revenue	77,258	-	77,258	41,614
Cost of revenue:				
Products	19,921	(471)	19,450	11,155
Services	5,656	(296)	5,360	3,196
Total cost of revenue	25,577	(767)	24,810	14,351
Gross profit	51,681	767	52,448	27,263
Operating costs and expenses:				
Selling, general, and administrative	23,810	(3,199)	20,611	14,204
Research and development	6,145	(1,098)	5,047	4,145
Total operating costs and expenses	29,955	(4,297)	25,658	18,349
Income from operations	21,726	5,064	26,790	8,914
Other income, net	2,201	-	2,201	723
Income before income tax provision	23,927	5,064	28,991	9,637
Income tax provision	9,469	2,004	11,473	533
Net income	\$ 14,458	\$ 3,060	\$ 17,518	\$ 9,104
Net earnings per share -				
Basic	\$ 0.40	\$ 0.08	\$ 0.48	\$ 0.26
Diluted	\$ 0.38	\$ 0.08	\$ 0.46	\$ 0.25
Weighted average shares outstanding used to compute net earnings per share -				
Basic	36,379		36,379	34,517
Diluted	37,824		37,824	37,021

* Non-GAAP (Pro forma) entries are to eliminate the impact of stock option expenses.

Note - To supplement our consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), we have presented "Non-GAAP (pro forma)" information, which reflects our results based on GAAP excluding stock compensation expense under SFAS 123R. This "Non-GAAP" information is provided to enhance the user's overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the "Non-GAAP" results provide useful information to both management and investors by excluding SFAS 123R compensation charges that we believe are not indicative of our core operating results. Further, these "Non-GAAP" results are one of the primary indicators management uses for assessing our performance, allocating resources and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	3/31/06	12/31/05
Cash, cash equivalents, and investments	\$ 221,491	\$ 202,739
Accounts receivable, net	56,975	52,849
Inventory, net	20,368	15,170
Property and equipment, net	53,861	52,225
Goodwill	124,638	124,638
Deferred tax assets	32,760	40,758
Other assets	14,410	13,208
	-----	-----
Total Assets	\$ 524,503	\$ 501,587
	=====	=====
Accounts payable and other accrued liabilities	\$ 28,015	\$ 33,485
Deferred revenue	27,797	25,511
	-----	-----
Total liabilities	55,812	58,996
Stockholders' equity	468,691	442,591
	-----	-----
Total liabilities and stockholders' equity	\$ 524,503	\$ 501,587
	=====	=====

INTUITIVE SURGICAL, INC.

UNAUDITED SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS DATA
(IN THOUSANDS)

	Three months ended	
	3/31/06	3/31/05
	-----	-----
Net Income	\$ 14,458	\$ 9,104
Depreciation and amortization	2,174	1,667
Deferred income tax	7,999	-
Stock option expense	5,064	-
Changes in operating assets and liabilities	(13,490)	1,635
Other, net	(89)	(58)
	-----	-----
Net cash provided by operating activities	\$ 16,116	\$ 12,348
	=====	=====
Acquisition of property and equipment	(\$ 3,204)	(\$ 1,001)
	-----	-----
Proceeds from issuance of common stock	\$ 6,501	\$ 6,958
	=====	=====

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