

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: February 2, 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 February 2, 2006, Intuitive Surgical issued a press release announcing its financial results for the fourth quarter ended December 31, 2005. 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 February 2, 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: February 2, 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, dated February 2, 2006.

Intuitive Surgical Announces Record \$72.1 Million Fourth Quarter Revenue, Up 60%

SUNNYVALE, CA -- 02/02/2006 -- Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported fourth quarter 2005 sales of \$72.1 million, increasing 60% from \$45.2 million for the fourth quarter of 2004. Higher sales were driven by increased da Vinci® Surgical System sales and continued growth in recurring revenue.

Intuitive sold 40 da Vinci® Surgical Systems during the fourth quarter of 2005, compared to 25 in the fourth quarter of 2004. Fourth quarter 2005 system revenue increased to \$41.3 million from \$27.1 million during the fourth quarter of 2004.

Fourth quarter 2005 recurring revenue, consisting of instrument, accessory, service and training revenue, increased 70% to \$30.8 million from \$18.1 million during the fourth quarter of 2004. Recurring revenue growth resulted from a larger installed base of da Vinci® Surgical Systems and increased system usage.

Intuitive reported net sales of \$227.3 million for the year ended December 31, 2005, increasing 64% from \$138.8 million in 2004.

	Quarter Ended,			Year Ended,		
	12/31/05	12/31/04	Increase	12/31/05	12/31/04	Increase
Revenue (\$Millions)						
Systems	\$ 41.3	\$ 27.1	\$ 14.2	\$ 124.6	\$ 78.8	\$ 45.8
Instruments/ Accessories	20.6	11.6	9.0	67.8	37.6	30.2
Service/Training	10.2	6.5	3.7	34.9	22.4	12.5
	\$ 72.1	\$ 45.2	\$ 26.9	\$ 227.3	\$ 138.8	\$ 88.5
da Vinci® Surgical System Unit Sales	40	25	15	115	76	39

Fourth quarter 2005 operating income increased to \$23.5 million, up from \$10.9 million reported for the fourth quarter of 2004.

During the fourth quarter 2005, the company released a valuation allowance on its deferred tax asset, resulting in a negative income tax expense of \$24.1 million for the period. Including the impact of this tax event, the company reported fourth quarter 2005 net income of \$49.5 million, or \$1.31 per diluted share, compared to \$11.7 million, or \$0.32 per diluted share for the fourth quarter of 2004. Cash, cash equivalents and short-term investments ended the period at \$202.7 million, up \$13.3 million from last quarter.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical, said, "We are pleased with our fourth quarter revenue and earnings growth. These financial results reflect the continued adoption of da Vinci Surgery in the marketplace and the progress we have made toward our mission of extending the benefits of minimally invasive surgery to the broadest possible base of patients."

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.

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,		Fiscal Year Ended,	
	12/31/05	12/31/04	12/31/05	12/31/04
Sales:				
Products	\$ 61,919	\$ 38,754	\$ 192,417	\$ 116,338
Services	10,176	6,440	34,921	22,465
Total sales	72,095	45,194	227,338	138,803
Cost of sales:				
Products	18,785	12,601	58,357	40,472
Services	4,748	2,789	15,412	10,341
Total cost of sales	23,533	15,390	73,769	50,813
Gross profit	48,562	29,804	153,569	87,990
Gross profit %	67.4%	65.9%	67.6%	63.4%
Operating costs and expenses:				
Selling, general, and administrative	20,784	14,616	67,443	48,994
Research and development	4,268	4,241	17,354	17,812
Total operating costs and expenses	25,052	18,857	84,797	66,806
Income from operations	23,510	10,947	68,772	21,184
Other income, net	1,928	1,096	5,035	3,020
Income before income tax provision	25,438	12,043	73,807	24,204
Income tax provision/(benefit)	(24,087)	361	(20,327)	726
Net income	\$ 49,525	\$ 11,682	\$ 94,134	\$ 23,478
Net earnings per share -				
Basic	\$ 1.38	\$ 0.34	\$ 2.68	\$ 0.70
Diluted	\$ 1.31	\$ 0.32	\$ 2.51	\$ 0.67
Weighted average shares outstanding used to compute net earnings per share -				
Basic	35,819	34,098	35,070	33,693
Diluted	37,675	36,244	37,488	34,976

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

	(Unaudited)	
	12/31/05	12/31/04 (a)
Assets		
Current assets:		
Cash and cash equivalents	5,508	5,771
Investments	197,231	126,267
Accounts receivable, net	52,849	35,443
Inventory	15,170	5,966
Prepays	6,131	3,032

Deferred tax asset	5,290	-
Restricted cash	319	205
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Total current assets	282,498	176,684
Property and equipment, net	52,225	27,065
Restricted cash	-	319
Intangible assets, net	5,353	6,221
Deferred tax asset	36,574	-
Goodwill	124,638	143,332
Other assets	1,405	608
	-----	-----
Total assets	\$ 502,693	\$ 354,229
	=====	=====
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	7,950	4,485
Accrued compensation and employee benefits	14,997	10,321
Deferred revenue	25,313	15,372
Restructuring accrual	293	541
Other accrued liabilities	9,434	7,057
Deferred tax liability	291	-
Current portion of notes payable	-	609
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Total current liabilities	58,278	38,385
Deferred revenue	198	505
Other accrued liabilities	811	407
Deferred tax liability	815	-
Stockholders' equity		
Common stock	36	34
Preferred stock	-	-
Additional paid-in capital	465,021	430,362
Accumulated deficit	(20,989)	(114,936)
Treasury stock	-	(136)
Accumulated other comprehensive loss	(1,477)	(392)
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Total stockholders' equity	442,591	314,932
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Total liabilities and stockholders' equity	\$ 502,693	\$ 354,229
	=====	=====

(a) - Derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 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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