
**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): January 21, 2021

INTUITIVE SURGICAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-30713
(Commission
File Number)

77-0416458
(I.R.S. Employer
Identification No.)

1020 Kifer Road
Sunnyvale, California 94086
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (408) 523-2100

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))

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	ISRG	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On January 21, 2021, Intuitive Surgical, Inc. (“Intuitive”) issued a press release announcing its financial results for the quarter ended December 31, 2020. A copy of the press release is furnished hereto as Exhibit 99.1.

The information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into any filing of Intuitive under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

d) Exhibits.

Exhibit No. Description

99.1	Press release issued by Intuitive Surgical, Inc., dated January 21, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 21, 2021

INTUITIVE SURGICAL, INC.

By: /s/ Marshall L. Mohr

Name: Marshall L. Mohr

Title: Executive Vice President and Chief Financial Officer

Contact: Investor Relations
(408) 523-2161

INTUITIVE ANNOUNCES FOURTH QUARTER EARNINGS

SUNNYVALE, CALIF. January 21, 2021 – Intuitive (the “Company”) (Nasdaq: ISRG), a global technology leader in minimally invasive care and the pioneer of robotic-assisted surgery, today announced financial results for the quarter ended December 31, 2020. Reported revenue and procedure results are consistent with the Company’s press release issued on January 13, 2021.

Q4 Highlights

- Worldwide da Vinci procedures increased approximately 6% compared with the fourth quarter of 2019, reflecting continued disruption caused by the COVID-19 pandemic.
- The Company shipped 326 da Vinci Surgical Systems, a decrease of 3% compared with 336 in the fourth quarter of 2019.
- The Company grew its da Vinci Surgical System installed base to 5,989 systems as of December 31, 2020, an increase of 7% compared with 5,582 as of the end of the fourth quarter of 2019.
- Fourth quarter 2020 revenue of \$1.33 billion increased 4% compared with \$1.28 billion in the fourth quarter of 2019.
- Fourth quarter 2020 GAAP net income was \$365 million, or \$3.02 per diluted share, compared with \$358 million, or \$2.99 per diluted share, in the fourth quarter of 2019.
- Fourth quarter 2020 non-GAAP* net income was \$434 million, or \$3.58 per diluted share, compared with \$417 million, or \$3.48 per diluted share, in the fourth quarter of 2019.
- Fourth quarter 2020 operating expenses included a \$25 million contribution to the Intuitive Foundation.

Q4 Financial Summary

Gross profit, income from operations, net income, net income per diluted share, and diluted shares are reported on a GAAP and non-GAAP* basis. The non-GAAP* measures are described below and are reconciled to the corresponding GAAP measures at the end of this release.

Fourth quarter 2020 revenue was \$1.33 billion, an increase of 4% compared with \$1.28 billion in the fourth quarter of 2019. Higher fourth quarter revenue was driven by growth in da Vinci procedure volume, offset by fewer system placements, primarily as a result of the significant impact of the COVID-19 pandemic.

Fourth quarter 2020 instruments and accessories revenue increased by 11% to \$747 million, compared with \$671 million in the fourth quarter of 2019, primarily driven by approximately 6% growth in da Vinci procedure volume and stocking orders associated with the Company's launch of Extended Use Instruments.

Fourth quarter 2020 systems revenue decreased by 12% to \$367 million, compared with \$416 million in the fourth quarter of 2019. The Company shipped 326 da Vinci Surgical Systems in the fourth quarter of 2020, compared with 336 systems in the fourth quarter of 2019. The fourth quarter 2020 system shipments included 120 systems shipped under operating lease and usage-based arrangements, compared with 126 systems in the fourth quarter of 2019.

Fourth quarter 2020 GAAP income from operations increased to \$416 million, compared with \$398 million in the fourth quarter of 2019. Fourth quarter 2020 GAAP income from operations included share-based compensation expense of \$103 million, compared with \$89 million in the fourth quarter of 2019. Fourth quarter 2020 non-GAAP* income from operations increased to \$535 million, compared with \$506 million in the fourth quarter of 2019. A contribution to the Intuitive Foundation reduced fourth quarter 2020 GAAP and non-GAAP* income from operations by \$25 million.

Fourth quarter 2020 GAAP net income was \$365 million, or \$3.02 per diluted share, compared with \$358 million, or \$2.99 per diluted share, in the fourth quarter of 2019. Fourth quarter 2020 GAAP net income included excess tax benefits of \$21 million, or \$0.18 per share, compared with \$34 million, or \$0.28 per share, in the fourth quarter of 2019.

Fourth quarter 2020 non-GAAP* net income was \$434 million, or \$3.58 per diluted share, compared with \$417 million, or \$3.48 per diluted share, in the fourth quarter of 2019.

The Company ended the fourth quarter of 2020 with \$6.9 billion in cash, cash equivalents, and investments, an increase of \$508 million during the quarter, primarily driven by cash generated from operations.

Impact of COVID-19 Pandemic

During 2020, da Vinci procedure volumes and system placements were significantly impacted by the COVID-19 pandemic, as healthcare systems around the world diverted resources to respond to COVID-19. The impact of the COVID-19 pandemic on the Company's business has, and continues to, differ by geography and region. In the U.S., for example, while da Vinci procedures had recovered a significant portion of the pre-COVID-19 levels, the resurgence of COVID-19, particularly later in the fourth quarter and into January, has had, and will likely continue to have, an adverse impact on the Company's procedure volumes. Due to the continued uncertainty around the scope and duration of the pandemic globally, we cannot, at this time, reliably estimate the future impact on our operations and financial results.

Additional supplemental financial and procedure information has been posted to the Investor Relations section of the Intuitive website at <https://isrg.gcs-web.com/>.

Webcast and Conference Call Information

Intuitive will hold a teleconference at 1:30 p.m. PDT today to discuss the fourth quarter 2020 financial results. The call will be webcast by Nasdaq OMX and can be accessed on Intuitive's website at www.intuitive.com or by dialing (877) 692-8955 using the access code 1529279.

About Intuitive

Intuitive (Nasdaq: ISRG), headquartered in Sunnyvale, California, is a global technology leader in minimally invasive care and the pioneer of robotic-assisted surgery. At Intuitive, we believe that minimally invasive care is life-enhancing care. Through ingenuity and intelligent technology, we expand the potential of physicians to heal without constraints.

Intuitive brings more than two decades of leadership in robotic-assisted surgical technology and solutions to its offerings and develops, manufactures, and markets the da Vinci Surgical System and the Ion endoluminal system.

Da Vinci® and Ion™ are trademarks or registered trademarks of Intuitive Surgical, Inc.

For more information, please visit the Company's website at www.intuitive.com.

Forward-Looking Statements

This press release contains forward-looking statements. These forward-looking statements are necessarily estimates reflecting the best judgment of the Company's 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 include, but are not limited to, statements related to the expected impacts of the COVID-19 pandemic on our business, financial condition, and results of operations, the strength of our long-term fundamentals, the potential decline of procedure volume, our acquisitions, expected new product introductions, procedures, and procedure adoption, future results of operations, future financial position, our ability to increase our revenues, the anticipated mix of our revenues between product and service revenues, our financing plans and future capital requirements, anticipated costs of revenue, anticipated expenses, our potential tax assets or liabilities, the effect of recent accounting pronouncements, our investments, anticipated cash flows, our ability to finance operations from cash flows and similar matters, and statements based on current expectations, estimates, forecasts, and projections about the economies and markets in which we operate and our beliefs and assumptions regarding these economies and markets. These forward-looking statements should, therefore, be considered in light of various important factors, including, but not limited to, the following: the Company's ability to predict procedure volume information in the midst of the COVID-19 pandemic; the risk that the COVID-19 pandemic could lead to further material delays and cancellations of, or reduced demand for, procedures; curtailed or delayed capital spending by hospitals; disruption to the Company's supply chain; closures of the Company's facilities; delays in surgeon training; delays in gathering clinical evidence; the evaluation of the risks of robotic-assisted surgery in the presence of infectious diseases; diversion of management and other resources to respond to the COVID-19 pandemic; the impact of global and regional economic and credit market conditions on healthcare spending; the risk that the COVID-19 pandemic continues to disrupt local economies and causes economies in our key markets to enter prolonged recessions; healthcare reform legislation in the United States and its impact on hospital spending, reimbursement and fees levied on certain medical device revenues; changes in hospital admissions and actions by payers to limit or manage surgical procedures; the timing and success of product development and market acceptance of developed products; the results of any collaborations, in-licensing arrangements, joint ventures, strategic alliances, or partnerships, including the joint venture with Shanghai Fosun Pharmaceutical (Group) Co., Ltd.; the Company's completion and ability to successfully integrate acquisitions, including Schöilly Fiberoptic's robotic endoscope business and Orpheus Medical; regulatory approvals, clearances and restrictions or any dispute that may occur with any regulatory body; guidelines and recommendations in the healthcare and patient communities; intellectual property positions and litigation; competition in the markets in which the Company operates; risks associated with the Company's operations outside of the United States; unanticipated manufacturing disruptions or the inability to meet demand for products; the Company's reliance on sole and single source suppliers; the results of legal proceedings to which the Company is or may become a party; product liability and other litigation claims; adverse publicity regarding the Company and the safety of the Company's products and adequacy of training; the Company's ability to expand into foreign markets; the impact of changes to tax legislation, guidance, and interpretations; changes in tariffs, trade barriers, and regulatory requirements; and other risk factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current expectations and are subject to risks, uncertainties, and assumptions that are difficult to predict, including those risk factors identified under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, as updated by the Company's other filings with the Securities and Exchange Commission. Statements using words such as "estimates," "projects," "believes," "anticipates," "plans," "expects," "intends," "may," "will," "could," "should," "would," "targeted," and similar words and 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. The Company undertakes no obligation to publicly update or release any revisions to these forward-looking statements, except as required by law.

***About Non-GAAP Financial Measures**

To supplement its consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States (“GAAP”), the Company uses the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP income from operations, non-GAAP net income, non-GAAP net income per diluted share (“EPS”), and non-GAAP diluted shares. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

The Company uses these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. The Company believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding items such as intangible asset charges, share-based compensation (“SBC”) expenses, and other special items. Intangible asset charges consist of non-cash charges, such as the amortization of intangible assets, as well as in-process R&D charges. The Company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing its performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management’s internal comparisons to its historical performance and liquidity. The Company believes these non-GAAP financial measures are useful to investors, because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making, and (2) they are used by institutional investors and the analyst community to help them analyze the performance of the Company’s business.

Non-GAAP gross profit. The Company defines non-GAAP gross profit as gross profit, excluding intangible asset charges, expenses related to SBC, and litigation charges and recoveries.

Non-GAAP income from operations. The Company defines non-GAAP income from operations as income from operations, excluding intangible asset charges, certain acquisition-related items for the re-measurement of contingent consideration, expenses related to SBC, and litigation charges and recoveries.

Non-GAAP net income and EPS. The Company defines non-GAAP net income as net income (loss), excluding intangible asset charges, non-cash impairment charges and recoveries, certain acquisition-related items for the re-measurement of contingent consideration, expenses related to SBC, litigation charges and recoveries, unrealized gains on strategic investments, adjustments attributable to noncontrolling interest in joint venture, net of the related tax effects, and tax adjustments, including the excess tax benefits or deficiencies associated with SBC arrangements, the one-time impact of the enactment of the 2019 Swiss tax reform, and the net tax effects related to intra-entity transfers of non-inventory assets. The Company excludes the one-time impact of the enactment of the 2019 Swiss tax reform, because it is discrete in nature, and excludes the excess tax benefits or deficiencies associated with SBC arrangements as well as the tax effects associated with non-cash amortization of deferred tax assets related to intra-entity non-inventory transfers, because the Company does not believe these items correlate with the on-going results of its core operations. The tax effects of the non-GAAP items are determined by applying a calculated non-GAAP effective tax rate, which is commonly referred to as the with-and-without method. Without excluding these tax effects, investors would only see the gross effect that these non-GAAP adjustments had on the Company’s operating results. The Company’s calculated non-GAAP effective tax rate is generally higher than its GAAP effective tax rate. The Company defines non-GAAP EPS as non-GAAP net income divided by non-GAAP diluted shares, which are calculated as GAAP weighted average outstanding shares plus dilutive potential shares outstanding during the period.

There are a number of limitations related to the use of non-GAAP measures versus measures calculated in accordance with GAAP. Non-GAAP gross profit, non-GAAP income from operations, non-GAAP net income, and non-GAAP EPS exclude items such as intangible asset charges, re-measurement of contingent consideration, SBC, excess tax benefits or deficiencies associated with SBC arrangements, and non-cash amortization of deferred tax assets related to intra-entity transfer of non-inventory assets, which are primarily recurring items. SBC has been, and will continue to be for the foreseeable future, a significant recurring expense in the Company’s business. In addition, the components of the costs that the Company excludes in its calculation of non-GAAP net income and non-GAAP EPS may differ from the components that its peer companies exclude when they report their results of operations. Management addresses these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income and non-GAAP EPS and evaluating non-GAAP net income and non-GAAP EPS together with net income (loss) and net income (loss) per share calculated in accordance with GAAP.

INTUITIVE SURGICAL, INC.
UNAUDITED QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN MILLIONS, EXCEPT PER SHARE DATA)

	Three months ended		
	December 31, 2020	September 30, 2020	December 31, 2019
Revenue:			
Instruments and accessories	\$ 746.9	\$ 630.5	\$ 671.2
Systems	366.8	267.8	416.2
Services (1)	215.4	179.4	190.3
Total revenue	1,329.1	1,077.7	1,277.7
Cost of revenue:			
Product	362.1	287.7	312.0
Service	71.2	65.7	69.7
Total cost of revenue	433.3	353.4	381.7
Gross profit	895.8	724.3	896.0
Operating expenses:			
Selling, general and administrative (2)	330.2	298.9	341.8
Research and development	149.8	155.0	156.6
Total operating expenses	480.0	453.9	498.4
Income from operations (3)	415.8	270.4	397.6
Interest and other income, net (4)	20.7	84.8	34.1
Income before taxes	436.5	355.2	431.7
Income tax expense (benefit) (5)	72.9	38.4	69.0
Net income	363.6	316.8	362.7
Less: net income (loss) attributable to noncontrolling interest in joint venture	(1.6)	2.9	5.0
Net income attributable to Intuitive Surgical, Inc.	\$ 365.2	\$ 313.9	\$ 357.7
Net income per share attributable to Intuitive Surgical, Inc.:			
Basic	\$ 3.11	\$ 2.68	\$ 3.09
Diluted (6)	\$ 3.02	\$ 2.60	\$ 2.99
Weighted average shares outstanding:			
Basic	117.6	117.3	115.8
Diluted	121.1	120.6	119.7
(1) Services revenue includes the effect of the following item:			
Customer relief program	\$ 1.7	\$ (23.1)	\$ —
(2) Selling, general and administrative includes the effect of the following item:			
Contributions to the Intuitive Foundation	\$ (25.0)	\$ —	\$ (5.0)
(3) Income from operations includes the effect of the following item:			
Intangible asset charges	\$ (12.0)	\$ (21.6)	\$ (15.7)
(4) Interest and other income, net includes the effect of the following item:			
Unrealized gains on strategic investments	\$ 4.7	\$ 61.7	\$ —
(5) Income tax expense (benefit) includes the effect of the following items:			
Excess tax benefits related to share-based compensation arrangements	\$ (21.3)	\$ (47.9)	\$ (33.7)
(6) Diluted net income per share includes the effect of the following items:			
Customer relief program, net of tax	\$ 0.01	\$ (0.15)	\$ —
Contributions to the Intuitive Foundation, net of tax	\$ (0.16)	\$ —	\$ (0.03)
Intangible asset charges, net of tax	\$ (0.09)	\$ (0.15)	\$ (0.11)
Unrealized gains on strategic investments, net of tax	\$ 0.03	\$ 0.39	\$ —
Excess tax benefits related to share-based compensation arrangements	\$ 0.18	\$ 0.40	\$ 0.28

INTUITIVE SURGICAL, INC.
UNAUDITED NINE MONTHS ENDED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(IN MILLIONS, EXCEPT PER SHARE DATA)

	Twelve months ended December 31,	
	2020	2019
Revenue:		
Instruments and accessories	\$ 2,455.7	\$ 2,408.2
Systems	1,178.9	1,346.1
Services (1)	723.8	724.2
Total revenue	4,358.4	4,478.5
Cost of revenue:		
Product	1,230.3	1,119.1
Service	266.9	249.2
Total cost of revenue	1,497.2	1,368.3
Gross profit	2,861.2	3,110.2
Operating expenses:		
Selling, general and administrative (2)	1,216.3	1,178.4
Research and development	595.1	557.3
Total operating expenses	1,811.4	1,735.7
Income from operations (3)	1,049.8	1,374.5
Interest and other income, net (4)	157.2	127.7
Income before taxes	1,207.0	1,502.2
Income tax expense (5)	140.2	120.4
Net income	1,066.8	1,381.8
Less: net income (loss) attributable to noncontrolling interest in joint venture	6.2	2.5
Net income attributable to Intuitive Surgical, Inc.	\$ 1,060.6	\$ 1,379.3
Net income per share attributable to Intuitive Surgical, Inc.:		
Basic	\$ 9.06	\$ 11.95
Diluted (6)	\$ 8.82	\$ 11.54
Weighted average shares outstanding:		
Basic	117.0	115.4
Diluted	120.3	119.5
(1) Services revenue includes the effect of the following item:		
Customer relief program	\$ (80.0)	\$ —
(2) Selling, general and administrative includes the effect of the following items:		
Contributions to the Intuitive Foundation	\$ (25.0)	\$ (5.0)
(3) Income from operations includes the effect of the following item:		
Intangible asset charges	\$ (59.3)	\$ (67.2)
(4) Interest and other income, net includes the effect of the following item:		
Unrealized gains on strategic investments	\$ 66.4	\$ —
(5) Income tax expense includes the effect of the following items:		
Excess tax benefits related to share-based compensation arrangements	\$ (166.2)	\$ (146.5)
One-time tax benefit related to the enactment of Swiss tax reform	\$ —	\$ (51.3)
Discrete tax expense arising from the conclusion of a tax matter	\$ 36.8	\$ —
(6) Diluted net income per share includes the effect of the following items:		
Customer relief program, net of tax	\$ (0.51)	\$ —
Contributions to the Intuitive Foundation, net of tax	\$ (0.16)	\$ (0.03)
Intangible asset charges, net of tax	\$ (0.43)	\$ (0.49)
Unrealized gains on strategic investments, net of tax	\$ 0.42	\$ —
Excess tax benefits related to share-based compensation arrangements	\$ 1.38	\$ 1.23
One-time tax benefit related to the enactment of Swiss tax reform	\$ —	\$ 0.43
Discrete tax expense arising from the conclusion of a tax matter	\$ (0.31)	\$ —

INTUITIVE SURGICAL, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(IN MILLIONS)

	December 31, 2020	December 31, 2019
Cash, cash equivalents, and investments	\$ 6,869.1	\$ 5,845.2
Accounts receivable, net	645.5	645.2
Inventory	601.5	595.5
Property, plant, and equipment, net	1,577.3	1,272.9
Goodwill	336.7	307.2
Deferred tax assets	367.7	425.6
Other assets	771.1	641.6
Total assets	<u>\$ 11,168.9</u>	<u>\$ 9,733.2</u>
Accounts payable and other accrued liabilities	\$ 1,027.4	\$ 1,083.3
Deferred revenue	382.4	365.2
Total liabilities	1,409.8	1,448.5
Stockholders' equity	9,759.1	8,284.7
Total liabilities and stockholders' equity	<u>\$ 11,168.9</u>	<u>\$ 9,733.2</u>

INTUITIVE SURGICAL, INC.
UNAUDITED RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES
(IN MILLIONS, EXCEPT PER SHARE DATA)

	Three months ended			Twelve months ended	
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019
GAAP gross profit	\$ 895.8	\$ 724.3	\$ 896.0	\$ 2,861.2	\$ 3,110.2
Share-based compensation expense	21.5	22.6	17.1	81.3	66.0
Intangible asset charges	9.5	9.9	9.5	38.9	35.2
Non-GAAP gross profit	<u>\$ 926.8</u>	<u>\$ 756.8</u>	<u>\$ 922.6</u>	<u>\$ 2,981.4</u>	<u>\$ 3,211.4</u>
GAAP income from operations	\$ 415.8	\$ 270.4	\$ 397.6	\$ 1,049.8	\$ 1,374.5
Share-based compensation expense	103.2	105.8	89.2	395.5	335.8
Intangible asset charges	12.0	21.6	15.7	59.3	67.2
Litigation recoveries	—	—	—	(1.2)	—
Acquisition-related items	3.6	4.6	3.1	11.2	7.2
Non-GAAP income from operations	<u>\$ 534.6</u>	<u>\$ 402.4</u>	<u>\$ 505.6</u>	<u>\$ 1,514.6</u>	<u>\$ 1,784.7</u>
GAAP net income attributable to Intuitive Surgical, Inc.	\$ 365.2	\$ 313.9	\$ 357.7	\$ 1,060.6	\$ 1,379.3
Share-based compensation expense	103.2	105.8	89.2	395.5	335.8
Intangible asset charges	12.0	21.6	15.7	59.3	67.2
Litigation recoveries	—	—	—	(1.2)	—
Impairment charges	—	—	—	—	0.7
Acquisition-related items	2.9	4.6	3.1	10.5	7.2
Unrealized gains on strategic investments	(4.7)	(61.7)	—	(66.4)	—
Tax adjustments (1)	(40.8)	(46.0)	(44.9)	(220.9)	(251.7)
Adjustments attributable to noncontrolling interest in joint venture	(4.0)	(4.4)	(3.8)	(14.7)	(13.2)
Non-GAAP net income attributable to Intuitive Surgical, Inc.	<u>\$ 433.8</u>	<u>\$ 333.8</u>	<u>\$ 417.0</u>	<u>\$ 1,222.7</u>	<u>\$ 1,525.3</u>
GAAP net income per share attributable to Intuitive Surgical, Inc. - diluted	\$ 3.02	\$ 2.60	\$ 2.99	\$ 8.82	\$ 11.54
Share-based compensation expense	0.85	0.88	0.75	3.29	2.81
Intangible asset charges	0.10	0.19	0.13	0.49	0.56
Litigation recoveries	—	—	—	(0.01)	—
Impairment charges	—	—	—	—	0.01
Acquisition-related items	0.02	0.04	0.02	0.09	0.06
Unrealized gains on strategic investments	(0.04)	(0.51)	—	(0.55)	—
Tax adjustments (1)	(0.34)	(0.39)	(0.38)	(1.85)	(2.11)
Adjustments attributable to noncontrolling interest in joint venture	(0.03)	(0.04)	(0.03)	(0.12)	(0.11)
Non-GAAP net income per share attributable to Intuitive Surgical, Inc. - diluted	<u>\$ 3.58</u>	<u>\$ 2.77</u>	<u>\$ 3.48</u>	<u>\$ 10.16</u>	<u>\$ 12.76</u>

(1) For the three months ended December 31, 2020, tax adjustments included: (a) excess tax benefits associated with share-based compensation arrangements of \$(21.3) million, or \$(0.18) per diluted share; (b) tax impact related to intra-entity transfers of non-inventory assets of \$11.3 million, or \$0.09 per diluted share; and (c) other tax adjustments effects determined by applying a calculated non-GAAP effective tax rate of \$(30.8) million, or \$(0.25) per diluted share.

For the twelve months ended December 31, 2020, tax adjustments included: (a) excess tax benefits associated with share-based compensation arrangements of \$(166.2) million, or \$(1.38) per diluted share; (b) tax impact related to intra-entity transfers of non-inventory assets of \$45.2 million, or \$0.38 per diluted share; and (c) other tax adjustments effects determined by applying a calculated non-GAAP effective tax rate of \$(99.9) million, or \$(0.85) per diluted share.