

INTUITIVE SURGICAL INC  
Form 10-Q  
July 20, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 000-30713

Intuitive Surgical, Inc.  
(Exact name of Registrant as specified in its Charter)

Delaware 77-0416458  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)  
1020 Kifer Road  
Sunnyvale, California 94086  
(Address of principal executive offices) (Zip Code)  
(408) 523-2100  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller Reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The Registrant had 38,493,364 shares of Common Stock, \$0.001 par value per share, outstanding as of July 15, 2016.



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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## INTUITIVE SURGICAL, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

## (UNAUDITED)

in millions (except par values)	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$1,193.5	\$ 714.6
Short-term investments	990.3	845.2
Accounts receivable, net	403.8	394.3
Inventory	169.2	167.9
Prepays and other current assets	70.6	73.5
Total current assets	2,827.4	2,195.5
Property, plant and equipment, net	440.1	432.1
Long-term investments	2,041.1	1,788.0
Long-term deferred tax assets	126.8	167.8
Intangible and other assets, net	144.3	122.8
Goodwill	201.1	201.1
Total assets	\$5,780.8	\$ 4,907.3
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$64.8	\$ 52.6
Accrued compensation and employee benefits	94.5	117.3
Deferred revenue	228.6	225.6
Other accrued liabilities	101.6	96.4
Total current liabilities	489.5	491.9
Other long-term liabilities	109.8	95.9
Total liabilities	599.3	587.8
Contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, 2.5 shares authorized, \$0.001 par value, issuable in series; no shares issued and outstanding as of June 30, 2016, and December 31, 2015	—	—
Common stock, 100.0 shares authorized, \$0.001 par value, 38.5 shares and 37.4 shares issued and outstanding as of June 30, 2016, and December 31, 2015, respectively	—	—
Additional paid-in capital	3,979.2	3,429.8
Retained earnings	1,193.0	899.2
Accumulated other comprehensive gain (loss)	9.3	(9.5 )
Total stockholders' equity	5,181.5	4,319.5
Total liabilities and stockholders' equity	\$5,780.8	\$ 4,907.3
See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).		

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INTUITIVE SURGICAL, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
in millions (except per share amounts)	2016	2015	2016	2015
Revenue:				
Product	\$542.0	\$472.8	\$1,012.0	\$891.0
Service	128.1	113.3	252.6	227.2
Total revenue	670.1	586.1	1,264.6	1,118.2
Cost of revenue:				
Product	165.8	160.1	317.4	313.6
Service	33.4	39.5	71.3	81.3
Total cost of revenue	199.2	199.6	388.7	394.9
Gross profit	470.9	386.5	875.9	723.3
Operating expenses:				
Selling, general and administrative	170.8	163.3	343.6	325.3
Research and development	54.7	49.4	107.9	