



Intuitive Surgical Announces Second Quarter Results

July 27, 2000

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--July 27, 2000--Intuitive Surgical, Inc. (Nasdaq:ISRG), today reported sales of \$5.1 million in the second quarter of 2000, up 41% from \$3.6 million in sales reported in the second quarter of 1999. Sales increased by \$2.2 million, or 75%, from the first quarter of 2000. This growth in revenue was driven by the sale and installation of six da Vinci(TM) Surgical Systems in the second quarter of 2000, compared with four da Vinci(TM) Surgical Systems in the second quarter of 1999 and three da Vinci(TM) Surgical Systems in the first quarter of 2000.

Gross margin for the second quarter of 2000 was 32%, compared with 11% for the second quarter of 1999 and 14% for the first quarter of 2000. This improvement resulted from higher sales and increased manufacturing efficiencies.

Net loss for the second quarter of 2000 was \$4.5 million, compared to a net loss of \$3.3 million for the second quarter of 1999 and \$5.0 million for the first quarter of 2000. Basic and diluted net loss per share was \$0.23 for the second quarter of 2000, compared to a net loss per share of \$0.70 for the second quarter of 1999. The weighted average shares used to compute net loss per share was approximately 19.8 million shares for the second quarter of 2000 and approximately 4.6 million shares for the second quarter of 1999. Common shares outstanding at the end of the second quarter 2000 was approximately 34.9 million shares.

The company will also announce these results at a conference call today at 1:30pm PDT.

Commenting on the announcement, Lonnie Smith, president and CEO of Intuitive Surgical, said: "We are very pleased with our second quarter results and the growth in sales of our da Vinci(TM) Surgical Systems. Up to now, most of our clinical successes have been focused in Europe. With the recent clearance we received from the FDA, we are now positioned to expand the use of our products in the United States."

On July 11, 2000 the Company received clearance from the FDA to market the da Vinci(TM) Surgical System in the United States for use in laparoscopic surgical procedures. Intuitive now has the only FDA-cleared, complete robotic system available for surgery in the United States.

In June 2000, the Company sold 5.0 million shares of common stock at a price of \$9.00 per share in connection with its initial public offering. In July 2000, the Company sold an additional 750,000 shares of common stock at a price of \$9.00 per share upon the exercise of the underwriters' over-allotment option.

About the da Vinci(TM) Surgical System:

The da Vinci(TM) Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance 3-D vision system, a patient-side cart consisting of three robotic arms that position and precisely maneuver endoscopic instruments and an endoscope, and a variety of articulating EndoWrist(TM) Instruments. By integrating computer-enhanced, robotic 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(TM) 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 statements contained in this release may be deemed to contain "forward-looking statements." Such statements are indicated by words or phrases such as "anticipate," "estimate," "projects," "believes," "intends," "expects" and similar words and phrases. Actual results may differ materially from those expressed or implied in any forward-looking statement as a result of certain risks and uncertainties, including, without limitation, competition and market acceptance of the Company's products, ability to obtain regulatory approvals and third-party reimbursement, ability to raise additional capital and other risks and uncertainties detailed in the Company's Securities and Exchange Commission filings. Prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Note to Editors: Intuitive(TM), da Vinci(TM), and EndoWrist(TM) are trademarks of Intuitive Surgical, Inc. -0-

INTUITIVE SURGICAL, INCORPORATED CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER-SHARE DATA)

	Three months ended	
	June 30, 2000	June 30, 1999
	(unaudited)	(unaudited)
Sales	5,127	3,635
Cost of sales	3,503	3,243
Gross profit	1,624	392
Operating costs and expenses:		
Research and development	2,822	1,807
Selling, general and administrative	3,976	2,228
Total operating costs and expenses	6,798	4,035
Loss from operations	(5,174)	(3,643)

Interest income	802	461
Interest expense	(118)	(93)
Net loss	\$ (4,490)	\$ (3,275)
Weighted average shares outstanding used to compute net loss per share	19,808	4,649
Loss per share -- basic and diluted	\$ (0.23)	\$ (0.70)

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	June 30, 2000	December 31, 1999	
	(unaudited)		
Assets			
Current assets:			
Cash, cash equivalents and short-term investments	87,340	26,260	
Accounts receivable	5,285	2,044	
Inventories	4,796	2,861	
Prepaid expenses	1,014	581	
Total current assets	98,435	31,746	
Property and equipment, net	3,672	2,709	
Other assets	4,465	--	
Total assets	106,572	34,455	
Liabilities and stockholders' equity			
Current Liabilities:			
Accounts payable	4,825	2,722	
Accrued compensation and employee benefits	1,336	1,325	
Warranty provision	1,115	812	
Accrued liabilities	1,485	1,116	
Deferred revenue	2,744	2,130	
Current portion of notes payable	1,746	1,618	
Total current liabilities	13,251	9,723	
Notes payable	2,038	2,521	
Stockholders' equity			
Preferred stock	--	19	
Common stock	35	7	
Additional paid-in capital	180,171	98,508	
Deferred compensation	(3,964)	(943)	
Accumulated deficit	(84,669)	(75,147)	
Accumulated other comprehensive income		(290)	(233)
Total stockholders' equity	91,283	22,211	
Total liabilities and stockholders' equity	106,572	34,455	

CONTACT: Intuitive Surgical, Inc.
Sheila Shah, 650/237-7073