



Intuitive Surgical Announces \$16.0 Million Fourth Quarter Revenue, Up 50%; Full Year 2001 Revenue \$51.7 Million, Up 94%

February 7, 2002

MOUNTAIN VIEW, Calif., Feb 7, 2002 (BUSINESS WIRE) -- Intuitive Surgical, Inc. (Nasdaq:ISRG), the leader in operative surgical robotics, today reported sales of \$16.0 million in the fourth quarter of 2001, up 50% from \$10.7 million in sales reported in the fourth quarter of 2000. The sale of 15 da Vinci(TM) Surgical Systems drove fourth quarter 2001 revenue growth, compared with 11 da Vinci(TM) Surgical Systems in the fourth quarter of 2000. Fourth quarter 2001 sales increased \$5.1 million, or 47%, compared to third quarter 2001. Intuitive reported full fiscal year 2001 sales of \$51.7 million, up 94% over \$26.6 million for fiscal year 2000. The total cumulative placements of da Vinci(TM) Surgical Systems is now 89.

Total fourth quarter 2001 systems sales were \$13.7 million, instruments and accessories \$1.6 million, and service revenue \$0.7 million. The following table compares fourth quarter and fiscal year 2001 revenue to the prior year.

	Q401	Q400	Incr.	FY01	FY00	Incr.
Revenue (\$ Millions)						
Systems	\$13.7	\$9.8	\$3.9	\$44.7	\$23.5	\$21.2
Instruments/Accys	\$1.6	\$0.7	\$0.9	\$5.0	\$2.5	\$2.5
Service	\$0.7	\$0.2	\$0.5	\$2.0	\$0.6	\$1.4
	\$16.0	\$10.7	\$5.3	\$51.7	\$26.6	\$25.1
System Population						
Placements	15	11	4	49	28	21
Cumulative Placements	89	40	49	89	40	49

Gross margin for the fourth quarter of 2001 was 49%, compared with 41% for the fourth quarter of 2000, excluding non-routine royalty charges in both quarters, and 47% in the third quarter of 2001. Gross margin improvement was due primarily to higher sales and manufacturing overhead cost efficiency. Fourth quarter 2001 and fourth quarter 2000 margin were both negatively impacted by \$1 million due to non-routine royalty charges taken to cost of sales. Including the impact of non-routine royalty expenses, fourth quarter margins were 42% in 2001 and 32% in 2000. No future royalty charges are called for under existing agreements.

Excluding the impact of the non-routine royalty charges, net loss for the fourth quarter of 2001 was \$3.3 million, compared to a net loss of \$4.0 million for the fourth quarter of 2000 and \$4.8 million for the third quarter of 2001. Including the impact of the non-routine royalty charges, fourth quarter 2001 net loss was \$4.3 million and fourth quarter 2000 was \$5.0 million. Fourth quarter 2001 basic and diluted net loss per share was \$0.09, or \$0.12 including non-routine royalty, compared to a net loss per share of \$0.11, or \$0.14, including non-routine royalty for the fourth quarter of 2000 and \$0.13 for the third quarter of 2001.

Net Loss for the fiscal year ending December 31, 2001 was \$16.7 million compared to a net loss of \$18.5 million for fiscal year 2000.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We are very pleased with our record fourth quarter revenue and the continued growth of our business. We see system usage continuing to increase as the da Vinci(TM) Surgical System demonstrates its value in the modern operating room."

The company will also discuss these results at a conference call today at 1:30 PM PT. The dial-in numbers for this call are 888-809-8965 for U.S. calls and 212-287-1616 for international calls. The passcode is ISRG and the meeting leader is Mr. Lonnie Smith.

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 InSite(TM) 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 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(R), da Vinci(TM), InSite(TM), and EndoWrist(TM) are trademarks of Intuitive Surgical, Inc.

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

	Three months ended	
	December 31, 2001	December 31, 2000
Sales	\$ 16,013	\$ 10,706
Cost of sales	9,246	7,289
Gross profit	6,767	3,417
Operating costs and expenses:		
Research and development	3,791	3,110
Selling, general and administrative	8,034	6,626
Total operating costs and expenses	11,825	9,736
Loss from operations	(5,058)	(6,319)
Interest income/(expense)	806	1,337
Net loss	\$ (4,252)	\$ (4,982)
Weighted average shares outstanding used to compute net loss per share	36,147	35,139
Loss per share - basic and diluted	\$ (0.12)	\$ (0.14)

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

	Fiscal year ended	
	December 31, 2001	December 31, 2000
Sales	\$ 51,673	\$ 26,624
Cost of sales	28,218	18,031
Gross profit	23,455	8,593
Operating costs and expenses:		
Research and development	13,851	11,734
Selling, general and administrative	29,987	19,136
Total operating costs and expenses	43,838	30,870
Loss from operations	(20,383)	(22,277)
Interest income/(expense)	3,683	3,754
Net loss	\$ (16,700)	\$ (18,523)
Weighted average shares outstanding used to compute net loss per share	35,815	23,796
Loss per share - basic and diluted	\$ (0.47)	\$ (0.78)

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(IN THOUSANDS)

	December 31, 2001	December 31, 2000
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 66,661	\$ 89,441

Accounts receivable, net	13,248	6,444
Inventories, net	6,182	6,076
Prepaid expenses	3,128	1,705
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Total current assets	89,219	103,666
Property and equipment, net	7,834	4,669
Other assets	3,308	4,086
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Total assets	\$ 100,361	\$ 112,421
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Liabilities and stockholders' equity

Current Liabilities:

Accounts payable	\$ 8,300	\$ 7,128	
Accrued compensation and employee benefits	2,537	2,609	
Warranty provision	1,831	1,494	
Accrued Royalty	1,000	1,000	
Accrued liabilities	2,128	2,028	
Deferred revenue	3,870	3,552	
Current portion of notes payable	1,631	2,019	
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Total current liabilities	21,297	19,830
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Notes payable	771	1,861
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Stockholders' equity

Common stock	36	36	
Additional paid-in capital	188,962	186,713	
Deferred compensation	(886)	(2,483)	
Accumulated deficit	(110,370)	(93,670)	
Accumulated other comprehensive income	551	134	
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Total stockholders' equity	78,293	90,730
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Total liabilities and stockholders' equity	\$ 100,361	\$ 112,421
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