



Intuitive Surgical Announces \$10.9 Million Third Quarter Revenue, Up 38% Over Prior Year; Year to Date Revenue Up 124%

October 24, 2001

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--Oct. 24, 2001--Intuitive Surgical, Inc. (Nasdaq:ISRG), the leader in precision surgical robotics, today reported sales of \$10.9 million in the third quarter of 2001, up 38% from \$7.9 million in sales reported in the third quarter of 2000. The sale and installation of 10 da Vinci(TM) Surgical Systems drove third quarter 2001 revenue growth, compared with 8 da Vinci(TM) Surgical Systems in the third quarter of 2000. Third quarter 2001 sales decreased \$1.8 million, or 15% compared to second quarter 2001. The expected decline was due primarily to lower seasonal demand during the summer months. Intuitive reported total year-to-date sales of \$35.7 million, up 124% from \$15.9 million for the nine months ended September 30, 2000. The total worldwide installed base of da Vinci(TM) Surgical Systems is now 74.

Total third quarter systems sales were \$9.2 million, instruments and accessories \$1.1 million, and service revenue \$0.6 million. The following table summarizes third quarter 2001 revenue compared to the prior year and prior quarter:

	Q301	Q300	Change	Q201	Change
Revenue (\$ Millions)					
Systems	\$9.2	\$7.0	\$2.2	\$10.9	(\$1.7)
Instruments/Accys	\$1.1	\$0.7	\$0.4	\$1.4	(\$0.3)
Service	\$0.6	\$0.2	\$0.4	\$0.4	\$0.2
	-----	----	----	----	----
	\$10.9	\$7.9	\$3.0	\$12.7	(\$1.8)

System Population

Installations	10	8	2	12	(2)
Total Installed Base	74	29	45	64	10

Intuitive's gross margin for the third quarter of 2001 was 47%, compared with 40% for the third quarter of 2000. Third quarter 2001 gross margin of 47% declined 1% compared to 48% in the second quarter of 2001.

Net loss for the third quarter of 2001 was \$4.8 million, compared to a net loss of \$4.0 million for the third quarter of 2000. Third quarter 2001 basic and diluted net loss per share was \$0.13, compared to a net loss per share of \$0.12 for the third quarter of 2000. Net loss for the nine months ended September 30, 2001 was \$12.5 million, compared to \$13.5 million in the previous year.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We are satisfied with our third quarter financial results. We ended Q3 gaining substantial momentum for the next quarter and beyond. We expect Q4 revenue to surpass previous quarters' results."

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 877-915-2768 for U.S. calls and 712-257-2760 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.

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
Sept. 30, Sept. 30,
2001 2000

Sales	10,861	7,859
Cost of sales	5,750	4,708
Gross profit	5,111	3,151
Operating costs and expenses:		
Research and development	3,493	3,172
Selling, general and administrative	7,452	5,395
Total operating costs and expenses	10,945	8,567
Loss from operations	(5,834)	(5,416)
Interest income/(expense)	1,036	1,396
Net loss	\$ (4,798)	\$ (4,020)
Weighted average shares outstanding		
used to compute net loss per share	36,056	34,665
Loss per share - basic and diluted	\$ (0.13)	\$ (0.12)

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

Nine months ended
Sept. 30, Sept. 30,
2001 2000

Sales	35,660	15,918
Cost of sales	18,972	10,743
Gross profit	16,688	5,175
Operating costs and expenses:		
Research and development	10,060	8,624
Selling, general and administrative	21,952	12,510
Total operating costs and expenses	32,012	21,134
Loss from operations	(15,324)	(15,959)
Interest income/(expense)	2,876	2,417
Net loss	\$(12,448)	\$(13,542)
Weighted average shares outstanding		
used to compute net loss per share	35,704	20,016
Loss per share - basic and diluted	\$ (0.35)	\$ (0.68)

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

September 30, June 30,
2001 2001

Assets

Current assets:

Cash, cash equivalents and short-term investments	64,274	74,471
Accounts receivable, net	15,557	9,686
Inventories, net	7,595	6,791
Prepaid expenses	2,723	1,784
Total current assets	90,149	92,732

Property and equipment, net	6,761	6,574
Other assets	3,502	3,697
Total assets	100,412	103,003

Liabilities and stockholders' equity

Current Liabilities:

Accounts payable	6,182	6,935
Accrued compensation and employee benefits	2,379	1,980
Warranty provision	1,555	1,593
Accrued liabilities	1,590	1,729
Deferred revenue	3,434	2,198
Current portion of notes payable	1,903	2,110
Total current liabilities	17,043	16,545

Notes payable	963	772
---------------	-----	-----

Stockholders' equity

Common stock	36	36
Additional paid-in capital	188,877	188,202
Deferred compensation	(1,145)	(1,457)
Accumulated deficit	(106,118)	(101,320)
Accumulated other comprehensive income	756	225
Total stockholders' equity	82,406	85,686

Total liabilities and stockholders' equity	100,412	103,003
---	---------	---------

CONTACT: Intuitive Surgical, Inc.

Ben Gong, 650/237-7075

Sarah Norton, 650/237-7191