



Intuitive Surgical Announces \$41.6 Million First Quarter Revenue, Up 54% and \$9.1 Million Net Income, \$0.25 Per Share

April 21, 2005

SUNNYVALE, CA, Apr 21, 2005 (MARKET WIRE via COMTEX) -- Intuitive Surgical, Inc. (NASDAQ: ISRG), the industry leader in surgical robotics, today reported first quarter 2005 sales of \$41.6 million, increasing 54% from \$27.1 million for the first quarter of 2004. Higher sales were driven by higher da Vinci(R) Surgical System shipments and continued recurring revenue growth.

Intuitive sold 19 da Vinci(R) Surgical Systems during the first quarter of 2005, compared to 14 in the first quarter of 2004. First quarter 2005 system revenue increased to \$21.3 million from \$14.6 million during the first quarter 2004.

First quarter 2005 recurring revenue, consisting of instrument, accessory, service and training revenue, increased to \$20.3 million from \$12.5 million during the first quarter 2004. Recurring revenue growth resulted from a larger installed base of da Vinci(R) Surgical Systems and increased system usage.

Three Months Ended,

| | 3/31/05 | 3/31/04 | Increase |
|-----------------------------|---------|---------|----------|
| Revenue (\$Millions) | | | |
| Systems | \$21.3 | \$14.6 | \$ 6.7 |
| Instruments/Accessories | | \$12.9 | \$ 7.9 |
| Service/Training | \$ 7.4 | \$ 4.6 | \$ 2.8 |
| | \$41.6 | \$27.1 | \$14.5 |
| da Vinci(R) Surgical System | | | |
| Unit Sales | 19 | 14 | 5 |

First quarter 2005 operating income increased to \$8.9 million, up from \$0.3 million reported for the first quarter 2004.

The company reported first quarter 2005 net income of \$9.1 million, or \$0.25 per diluted share, compared to \$0.9 million, or \$0.02 per diluted share for the first quarter 2004.

Intuitive was \$17.4 million cash flow positive for the first quarter 2005, ending the period with \$149.5 million in cash and short-term investments.

Commenting on the announcement, Lonnie Smith, Chairman and CEO of Intuitive Surgical, said, "We are pleased with our first quarter financial results which demonstrate the power of our business model to sustain high revenue growth and generate cash. We remain committed to growing our company within realistic financial constraints, focusing on the 'vital few' things that will truly make a difference, and driving future investment priorities based on clinical need and economic return."

The company will also announce these results at a conference call today at 1:30 pm PDT. The dial-in numbers for the call are 877-909-3508 for participants located in the U.S. and 484-630-4228 for participants located outside the U.S. The passcode is ISRG and the meeting leader is Mr. Lonnie Smith. To access financial information that will be discussed on the call, please visit Intuitive Surgical's website at www.intuitivesurgical.com.

About Intuitive's Products:

The da Vinci(R) Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance InSite(R) 3-D vision system, a patient-side cart consisting of three or four robotic arms that position and precisely maneuver endoscopic instruments and an endoscope, and a variety of articulating EndoWrist(R) 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(R) 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 Aesop(R) Endoscope Positioner is a voice-activated robotic arm that automates the critical task of endoscope positioning, providing the surgeon with direct control over a smooth, precise and stable view of the internal surgical field.

The Hermes(R) Control Center is a centralized system designed to voice control a series of networked "smart" medical devices.

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are necessarily estimates reflecting the best judgment of our 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 should, therefore, be considered in light of various important factors, including the following: timing and success of product development and market acceptance of developed products; regulatory approvals, clearances and restrictions; guidelines and recommendations in the health care and patient communities; intellectual property positions and litigation; competition in the medical device industry and in the specific markets of surgery in which Intuitive Surgical operates; and unanticipated manufacturing disruptions, delays in regulatory approvals of new manufacturing facilities or the inability

to meet demand for products. Words such as "estimate," "project," "plan," "intend," "expect," "anticipate," "believe" and similar 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. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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

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

| | Three Months Ended, | |
|---|---------------------|-----------|
| | 3/31/05 | 3/31/04 |
| | ----- | ----- |
| Sales: | | |
| Products | \$ 34,183 | \$ 22,471 |
| Services | 7,431 | 4,588 |
| | ----- | ----- |
| Total sales | 41,614 | 27,059 |
| Cost of sales: | | |
| Products | 11,155 | 8,813 |
| Services | 3,196 | 2,410 |
| | ----- | ----- |
| Total cost of sales | 14,351 | 11,223 |
| | ----- | ----- |
| Gross profit | 27,263 | 15,836 |
| Gross profit % | 65.5% | 58.5% |
| Operating costs and expenses: | | |
| Selling, general, and administrative | 14,204 | 10,243 |
| Research and development | 4,145 | 5,310 |
| | ----- | ----- |
| Total operating costs and expenses | 18,349 | 15,553 |
| | ----- | ----- |
| Income from operations | 8,914 | 283 |
| Other income, net | 723 | 606 |
| | ----- | ----- |
| Income before income taxes | 9,637 | 889 |
| Income tax expense | 533 | 36 |
| | ----- | ----- |
| Net income | \$ 9,104 | \$ 853 |
| | ===== | ===== |
| Net income per share - | | |
| Basic | \$ 0.26 | \$ 0.03 |
| | ===== | ===== |
| Diluted | \$ 0.25 | \$ 0.02 |
| | ===== | ===== |
| Weighted average shares used to compute | | |
| net income per share - | | |
| Basic | 34,517 | 33,282 |
| | ===== | ===== |
| Diluted | 37,021 | 34,137 |
| | ===== | ===== |

INTUITIVE SURGICAL, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)
(Unaudited)
3/31/05 12/31/04 (a)

| | 3/31/05 | 12/31/04 (a) |
|---------------------------|---------|--------------|
| | ----- | ----- |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | 11,025 | 5,771 |
| Investments | 138,427 | 126,267 |
| Accounts receivable, net | 31,407 | 35,443 |
| Inventory | 7,566 | 5,966 |
| Prepays | 3,945 | 3,032 |
| Restricted cash | 319 | 205 |

| | | | |
|--|------------|------------|--|
| Total current assets | 192,689 | 176,684 | |
| Property and equipment, net | 26,857 | 27,065 | |
| Restricted cash | - | 319 | |
| Intangible assets, net | 5,755 | 6,221 | |
| Goodwill | 143,332 | 143,332 | |
| Other assets | 567 | 608 | |
| Total assets | \$ 369,200 | \$ 354,229 | |
| Liabilities and stockholders' equity | | | |
| Current liabilities: | | | |
| Accounts payable | 6,482 | 4,485 | |
| Accrued compensation and employee benefits | 5,907 | 10,321 | |
| Deferred revenue | 16,862 | 15,372 | |
| Restructuring accrual | 462 | 541 | |
| Other accrued liabilities | 8,181 | 7,057 | |
| Current portion of notes payable | 347 | 609 | |
| Total current liabilities | 38,241 | 38,385 | |
| Deferred revenue | 420 | 505 | |
| Other accrued liabilities | 342 | 407 | |
| Stockholders' equity | | | |
| Common stock | 35 | 34 | |
| Preferred stock | - | - | |
| Additional paid-in capital | 437,315 | 430,362 | |
| Accumulated deficit | (105,964) | (114,936) | |
| Treasury stock | - | (136) | |
| Accumulated other comprehensive loss | (1,189) | (392) | |
| Total stockholders' equity | 330,197 | 314,932 | |
| Total liabilities and stockholders' equity | \$ 369,200 | \$ 354,229 | |

(a) Derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

Contacts:
Ben Gong
408-523-2175
Sarah Norton
408-523-2161

SOURCE: Intuitive Surgical, Inc.