



Intuitive Surgical Announces Third Quarter Results

October 26, 2000

MOUNTAIN VIEW, Calif.--(BW HealthWire)--Oct. 26, 2000--Intuitive Surgical, Inc. (Nasdaq:ISRG) today reported sales of \$7.9 million in the third quarter of 2000, up 140% from \$3.3 million in sales reported in the third quarter of 1999. Sales increased by \$2.8 million, or 53%, compared with \$5.1 million reported in the second quarter 2000. The sale and installation of eight da Vinci(TM) Surgical Systems drove this growth in revenue in the third quarter of 2000, compared with four da Vinci(TM) Surgical Systems in the third quarter of 1999 and six da Vinci(TM) Surgical Systems in the second quarter of 2000.

Gross margin for the third quarter of 2000 was 40%, compared with 11% for the third quarter of 1999 and 32% for the second quarter of 2000. This improvement resulted from higher sales and increased manufacturing efficiencies. Third quarter 2000 gross margin also improved due to favorable regional mix of systems sales.

Net loss for the third quarter of 2000 was \$4.0 million, compared to a net loss of \$4.4 million for the third quarter of 1999 and \$4.5 million for the second quarter of 2000. Basic and diluted net loss per share was \$0.12 for the third quarter of 2000, compared to a net loss per share of \$0.87 for the third quarter of 1999.

The company will also announce these results at a conference call today at 2:00 p.m. PDT. The dial-in number for this call is 877/675-5901 in the US and 1-712-271-0561 internationally. The passcode is ISRG and the meeting leader is Lonnie Smith.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We are very pleased with our third quarter results and the growth in sales and usage of our da Vinci(TM) Surgical Systems. With the recent clearance we received from the FDA and our training initiatives, we have been able to establish procedure growth across a broadening spectrum of surgeries and hospitals."

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

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

	Three months ended	
	September 30, 2000 (unaudited)	September 30, 1999 (unaudited)
Sales	7,859	3,280
Cost of sales	4,708	2,928
Gross profit	3,151	352
Operating costs and expenses:		
Research and development	3,172	2,372
Selling, general and administrative	5,395	2,648
Total operating costs and expenses	8,567	5,020
Loss from operations	(5,416)	(4,668)
Interest income	1,489	413

Interest expense	(93)	(113)
Net loss	\$ (4,020)	\$ (4,368)
Weighted average shares outstanding used to compute		
net loss per share	34,665	4,997
Loss per share		
- basic and diluted	\$ (0.12)	\$ (0.87)

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

September 30, December 31,
2000 1999
(unaudited)

Assets

Current assets:

Cash, cash equivalents and short-term investments	87,683	26,260
Accounts receivable	8,373	2,044
Inventories	5,256	2,861
Prepaid expenses	1,635	581
Total current assets	102,947	31,746

Property and equipment, net	3,839	2,709
Other assets	4,281	--

Total assets	111,067	34,455
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Liabilities and stockholders' equity

Current Liabilities:

Accounts payable	5,225	2,722
Accrued compensation and employee benefits	1,990	1,325
Warranty provision	1,171	812
Accrued liabilities	1,299	1,116
Deferred revenue	3,727	2,130
Current portion of notes payable	1,941	1,618
Total current liabilities	15,353	9,723

Notes payable	1,241	2,521
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Stockholders' equity

Preferred stock	--	19
Common stock	36	7
Additional paid-in capital	186,450	98,508
Deferred compensation	(3,203)	(943)
Accumulated deficit	(88,689)	(75,147)
Accumulated other comprehensive income	(121)	(233)
Total stockholders' equity	94,473	22,211

Total liabilities and stockholders' equity	111,067	34,455
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