



Intuitive Surgical Announces \$17.1 Million Third Quarter Revenue -- Up 57% Over Prior Year

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SUNNYVALE, Calif., Oct 24, 2002 (BUSINESS WIRE) -- Intuitive Surgical, Inc. (Nasdaq:ISRG), the leader in operative surgical robotics, today reported sales of \$17.1 million in the third quarter of 2002, up 57% from \$10.9 million reported in the third quarter of 2001.

The sales increase was driven by higher da Vinci(TM) Surgical System placements and continued growth of recurring revenue. Intuitive shipped 14 da Vinci(TM) Surgical Systems during the third quarter of 2002 compared with 10 in the third quarter last year. Intuitive ended the quarter with 132 cumulative da Vinci(TM) Surgical System placements. Third quarter 2002 recurring revenue, consisting of instruments, accessories, and service was \$3.9 million, up 135% from \$1.7 million for the same period last year. Recurring revenue accounted for 23% of total third quarter revenue compared to 15% for the third quarter 2001.

Total third quarter 2002 systems sales were \$13.2 million, instruments and accessories \$2.5 million, and service revenue \$1.4 million. The following table compares third quarter and year-to-date 2002 revenue and da Vinci(TM) Surgical System placements to the prior year.

	Third Quarter			Year-to-Date		
	2002	2001	Incr.	2002	2001	Incr.
Revenue (\$ Millions)						
da Vinci(TM)Surgical Systems	\$ 13.2	\$ 9.2	\$ 4.0	\$ 40.5	\$ 31.0	\$ 9.5
Instruments/Accys	\$ 2.5	\$ 1.1	\$ 1.4	\$ 6.9	\$ 3.4	\$ 3.5
Service	\$ 1.4	\$ 0.6	\$ 0.8	\$ 3.5	\$ 1.3	\$ 2.2
	\$ 17.1	\$ 10.9	\$ 6.2	\$ 50.9	\$ 35.7	\$ 15.2
System Population						
Placements	14	10	4	43	34	9
Cumulative Placements	132	74	58	132	74	58

Intuitive's gross margin for the third quarter of 2002 was 51%, compared with 47% for the third quarter of 2001. Gross margin improvement resulted largely from increased sales and a higher average da Vinci(TM) Surgical System selling price.

Total operating expenses for the third quarter of 2002 were \$15.6 million, compared to \$10.9 million in the third quarter 2001 and \$14.4 million in the second quarter of this year. The sequential increase resulted primarily from litigation costs incurred in our Delaware trial against Computer Motion and charges taken for unauthorized purchases of administrative supplies, unusable by the company and expensed during the quarter. Intuitive is actively pursuing a refund for the unauthorized purchases and has taken appropriate measures prevent any future recurrence. Apart from the impact of these two non-recurring events, operating expenses were in line with management's expectations.

Net loss for the third quarter of 2002 was \$6.5 million, compared to a net loss of \$4.8 million for the third quarter of 2001. Basic and diluted net loss per share was \$0.18, compared to a net loss per share of \$0.13 for the third quarter of 2001.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We are pleased with our continued systems and recurring revenue growth. We were able to maintain sales results through the seasonally slower summer period and we look forward to achieving higher sales in the fourth quarter."

The company will also announce these results at a conference call today at 1:30 PM PT. The dial-in numbers for this call are 877-909-3508 for U.S. calls and 484-630-4228 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

	September 30, 2002	September 30, 2001
Sales	\$ 17,081	\$ 10,861
Cost of sales	8,340	5,750
Gross profit	8,741	5,111
Operating costs and expenses:		
Research and development	3,890	3,493
Selling, general and administrative	11,693	7,452
Total operating costs and expenses	15,583	10,945
Loss from operations	(6,842)	(5,834)
Other income/(expense)	378	1,036
Net loss	\$ (6,464)	\$ (4,798)
Weighted average shares outstanding used to compute net loss per share	36,499	36,056
Loss per share - basic and diluted	\$ (0.18)	\$ (0.13)

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

Nine months ended

	September 30, 2002	September 30, 2001
Sales	\$ 50,877	\$ 35,660
Cost of sales	25,072	18,972
Gross profit	25,805	16,688
Operating costs and expenses:		
Research and development	12,767	10,060
Selling, general and administrative	30,262	21,952
Total operating costs and expenses	43,029	32,012
Loss from operations	(17,224)	(15,324)
Other income/(expense)	1,403	2,876
Net loss	(15,821)	\$(12,448)
Weighted average shares outstanding used to compute net loss per share	36,397	35,704
Loss per share - basic and diluted	\$ (0.43)	\$ (0.35)

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

(Unaudited)
September 30, December 31,

	2002	2001 (a)
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Assets		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 48,505	\$ 66,661
Accounts receivable, net	19,044	13,248
Inventories, net	9,871	6,182
Prepaid expenses	2,022	3,128
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Total current assets	79,442	89,219
Property and equipment, net	10,689	7,834
Other assets	2,724	3,308
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Total assets	\$ 92,855	\$ 100,361
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Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	\$ 9,099	\$ 8,300
Accrued compensation and employee benefits	4,057	2,537
Warranty provision	2,479	1,831
Accrued liabilities	3,658	3,128
Deferred revenue	4,515	3,870
Current portion of notes payable	1,386	1,631
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Total current liabilities	25,194	21,297
Notes payable	1,792	771
Stockholders' equity		
Common stock	36	36
Additional paid-in capital	190,909	188,962
Deferred compensation	(343)	(886)
Accumulated deficit	(126,191)	(110,370)
Accumulated other comprehensive income	1,458	551
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Total stockholders' equity	65,869	78,293
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Total liabilities and stockholders' equity	\$ 92,855	\$ 100,361
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(a) -- Derived from the audited financial statements included in our annual report on form 10K for the fiscal year ended December 31, 2001 but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

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