

**INTUITIVE SURGICAL, INC.**  
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**Intuitive Surgical, Inc.**  
**Trended Unaudited Quarterly and Annual Condensed Consolidated Statements of Operations (GAAP) and Other Metrics**  
**(in millions, except per share data and headcount)**  
**2017 - 2019**

	<b>Q1'17</b>	<b>Q2'17</b>	<b>Q3'17</b>	<b>Q4'17</b>	<b>Q1'18</b>	<b>Q2'18</b>	<b>Q3'18</b>	<b>Q4'18</b>	<b>Q1'19</b>	<b>FY17</b>	<b>FY18</b>
<b>Condensed Statements of Operations</b>											
Revenue	\$ 679.6	\$ 758.8	\$ 807.8	\$ 892.0	\$ 847.5	\$ 909.3	\$ 920.9	\$ 1,046.5	\$ 973.7	\$ 3,138.2	\$ 3,724.2
Gross Profit	469.8	530.1	568.1	634.0	593.8	632.3	642.3	735.7	669.6	2,202.0	2,604.1
Gross Profit Margin	69.1%	69.9%	70.3 %	71.1%	70.1%	69.5%	69.7%	70.3%	68.8 %	70.2%	69.9%
SG&A Expenses	202.9	185.6	204.1	217.9	221.6	259.8	221.4	283.8	273.4	810.5	986.6
Research and Development Expenses	73.5	84.6	83.4	87.1	95.5	95.1	107.6	119.9	144.0	328.6	418.1
Total Operating Expenses	276.4	270.2	287.5	305.0	317.1	354.9	329.0	403.7	417.4	1,139.1	1,404.7
Operating Income	193.4	259.9	280.6	329.0	276.7	277.4	313.3	332.0	252.2	1,062.9	1,199.4
Operating Margin	28.5%	34.3%	34.7 %	36.9%	32.6%	30.5%	34.0%	31.7%	25.9 %	33.9%	32.2%
Interest and Other Income, net	8.7	10.1	10.8	12.3	13.2	18.2	21.9	26.8	27.5	41.9	80.1
Income Before Taxes	202.1	270.0	291.4	341.3	289.9	295.6	335.2	358.8	279.7	1,104.8	1,279.5
Income Tax Expense (Benefit)	21.3	47.0	(7.2)	372.8	2.6	41.0	43.4	67.5	(24.3)	433.9	154.5
Effective Tax Rate	10.5%	17.4%	(2.5)%	109.2%	0.9%	13.9%	12.9%	18.8%	(8.7)%	39.3%	12.1%
Net Income (Loss)	\$ 180.8	\$ 223.0	\$ 298.6	\$ (31.5)	\$ 287.3	\$ 254.6	\$ 291.8	\$ 291.3	\$ 304.0	\$ 670.9	\$ 1,125.0
Less: Net Loss Attributable to Noncontrolling Interest in Joint Venture	—	—	—	—	(0.3)	(0.7)	(0.7)	(1.2)	(2.5)	—	(2.9)
Net Income (Loss) Attributable to Intuitive Surgical, Inc.	\$ 180.8	\$ 223.0	\$ 298.6	\$ (31.5)	\$ 287.6	\$ 255.3	\$ 292.5	\$ 292.5	\$ 306.5	\$ 670.9	\$ 1,127.9
Net Income (Loss) Per Share Attributable to Intuitive Surgical, Inc.	\$ 1.57	\$ 1.94	\$ 2.56	\$ (0.28)	\$ 2.44	\$ 2.15	\$ 2.45	\$ 2.45	\$ 2.56	\$ 5.77	\$ 9.49
Diluted Shares Outstanding	115.5	115.2	116.8	112.2	118.0	118.5	119.2	119.2	119.6	116.3	118.8
<b>Other Metrics</b>											
Cash and Investments	\$ 3,146.8	\$ 3,423.3	\$ 3,802.0	\$ 3,846.5	\$ 4,068.2	\$ 4,259.6	\$ 4,570.5	\$ 4,834.4	\$ 5,064.6	\$ 3,846.5	\$ 4,834.4
Capital, IP, Business Acquisitions	\$ 53.0	\$ 55.3	\$ 51.4	\$ 31.0	\$ 40.1	\$ 82.9	\$ 69.0	\$ 83.6	\$ 118.1	\$ 190.7	\$ 275.6
Share Repurchases	\$ 2,000.0	\$ —	\$ —	\$ 274.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,274.0	\$ —
Headcount	3,897	4,108	4,253	4,444	4,613	4,917	5,197	5,527	6,055	4,444	5,527

**Intuitive Surgical, Inc.**  
**Trended Unaudited Quarterly and Annual Non-GAAP Financial Measures (#)**  
**(in millions, except per share data)**  
**2017 - 2019**

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>FY17</u>	<u>FY18</u>
Non-GAAP Gross Profit Margin	72.0%	71.4%	71.8%	72.4%	71.6%	71.1%	71.5%	71.8%	71.2%	71.9%	71.5%
Non-GAAP SG&A Expenses	\$ 163.8	\$ 163.6	\$ 164.5	\$ 189.7	\$ 187.8	\$ 184.6	\$ 186.9	\$ 247.4	\$ 231.0	\$ 681.6	\$ 806.7
Non-GAAP Research and Development Expenses	\$ 59.6	\$ 63.2	\$ 66.3	\$ 70.3	\$ 72.6	\$ 73.1	\$ 80.9	\$ 92.0	\$ 100.4	\$ 259.4	\$ 318.6
Non-GAAP Operating Margin	39.1%	41.5%	43.2%	43.3%	40.9%	42.7%	42.4%	39.4%	37.1%	41.9%	41.3%
Non-GAAP Income Before Taxes	\$ 274.5	\$ 325.0	\$ 359.9	\$ 398.4	\$ 359.5	\$ 406.9	\$ 412.5	\$ 439.8	\$ 390.5	\$ 1,357.8	\$ 1,618.7
Non-GAAP Net Income Attributable to Intuitive Surgical, Inc.	\$ 197.0	\$ 229.9	\$ 324.9	\$ 305.0	\$ 287.5	\$ 327.4	\$ 337.0	\$ 353.2	\$ 312.0	\$ 1,056.8	\$ 1,305.1
Non-GAAP Net Income Per Share Attributable to Intuitive Surgical, Inc.	\$ 1.71	\$ 2.00	\$ 2.78	\$ 2.60	\$ 2.44	\$ 2.76	\$ 2.83	\$ 2.96	\$ 2.61	\$ 9.09	\$ 10.99
Diluted Shares Outstanding	115.5	115.2	116.8	117.4	118.0	118.5	119.2	119.2	119.6	116.3	118.8

**Intuitive Surgical, Inc.**  
**Trended Unaudited Quarterly and Annual Procedures, Revenue and Related Metrics**  
**Total Company**  
**2017 - 2019**

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>FY17</u>	<u>FY18</u>
<b><u>Revenue and Related Metrics</u></b>											
Instruments and Accessories Revenue (millions)	\$ 380.8	\$ 397.8	\$ 401.2	\$ 457.1	\$ 460.3	\$ 476.1	\$ 486.3	\$ 539.3	\$ 552.3	\$ 1,636.9	\$ 1,962.0
Year over year growth	18 %	17%	15 %	18%	21 %	20%	21 %	18%	20 %	17%	20%
Quarter over quarter growth (decline)	(1)%	4%	1 %	14%	1 %	3%	2 %	11%	2 %		
Year over year procedure growth	18 %	16%	15 %	17%	15 %	18%	20 %	19%	18 %	16%	18%
Quarter over quarter procedure growth (decline)	2 %	5%	(2)%	12%	— %	8%	— %	11%	(1)%		
Service Revenue (millions)	\$ 138.0	\$ 139.9	\$ 144.6	\$ 150.4	\$ 152.7	\$ 155.8	\$ 160.0	\$ 166.6	\$ 173.9	\$ 572.9	\$ 635.1
Year over year growth	12 %	11%	13 %	13%	11 %	11%	11 %	11%	14 %	12%	11%
Quarter over quarter growth	4 %	1%	3 %	4%	2 %	2%	3 %	4%	4 %		
Operating Lease Revenue (millions)	\$ 5.0	\$ 6.4	\$ 6.7	\$ 7.8	\$ 9.5	\$ 11.5	\$ 14.0	\$ 16.4	\$ 20.4	\$ 25.9	\$ 51.4
Year over year growth	43 %	49%	60 %	70%	90 %	80%	109 %	110%	115 %	56%	98%
Quarter over quarter growth	9 %	28%	5 %	16%	22 %	21%	22 %	17%	24 %		
Total Recurring Revenue (millions) (1)	\$ 523.8	\$ 544.1	\$ 552.5	\$ 615.3	\$ 622.5	\$ 643.4	\$ 660.3	\$ 722.3	\$ 746.6	\$ 2,235.7	\$ 2,648.5
Year over year growth	17 %	16%	15 %	17%	19 %	18%	20 %	17%	20 %	16%	18%
Quarter over quarter growth	— %	4%	2 %	11%	1 %	3%	3 %	9%	3 %		
% Recurring Revenue	77 %	72%	68 %	69%	73 %	71%	72 %	69%	77 %	71%	71%
Systems Revenue (millions)	\$ 160.8	\$ 221.1	\$ 262.0	\$ 284.5	\$ 234.5	\$ 277.4	\$ 274.6	\$ 340.6	\$ 247.5	\$ 928.4	\$ 1,127.1
Year over year growth	7 %	8%	26 %	20%	46 %	25%	5 %	20%	6 %	16%	21%
Quarter over quarter growth (decline)	(32)%	38%	18 %	9%	(18)%	18%	(1)%	24%	(27)%		
Total Revenue (millions) (2)	\$ 679.6	\$ 758.8	\$ 807.8	\$ 892.0	\$ 847.5	\$ 909.3	\$ 920.9	\$ 1,046.5	\$ 973.7	\$ 3,138.2	\$ 3,724.2
Year over year growth	14 %	13%	18 %	18%	25 %	20%	14 %	17%	15 %	16%	19%
Quarter over quarter growth (decline)	(10)%	12%	6 %	10%	(5)%	7%	1 %	14%	(7)%		

(1) We present operating lease revenue, which is classified as systems revenue, as a component of total recurring revenue.

(2) Total revenue consists of instrument and accessory revenue, service revenue, and systems revenue.

**Intuitive Surgical, Inc.**  
**Trended Unaudited Quarterly and Annual Procedures, Revenue and Related Metrics (continued)**  
**Total Company**  
**2017 - 2019**

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>FY17</u>	<u>FY18</u>
<b><i>Installed System Base Rollforward</i></b>											
Beginning Installed System Base	3,919	4,023	4,149	4,271	4,409	4,528	4,666	4,814	4,986	3,919	4,409
Systems Shipped:											
Dual Consoles Si Systems	4	2	1	—	—	1	—	1	—	7	2
Single Console Si Systems	32	24	23	19	15	13	7	15	13	98	50
Si-e Systems	1	1	1	1	—	—	—	—	—	4	—
Dual Console X Systems	—	1	—	4	1	3	4	2	5	5	10
Single Console X Systems	—	10	16	47	28	44	60	49	53	73	181
Dual Console Xi Systems	25	38	39	39	32	42	51	64	58	141	189
Single Console Xi Systems	71	90	89	106	109	117	106	147	100	356	479
SP Systems	—	—	—	—	—	—	3	12	6	—	15
Total System Units Shipped*	133	166	169	216	185	220	231	290	235	684	926
Trade-Ins and Retirements	(29)	(40)	(47)	(78)	(66)	(82)	(83)	(118)	(107)	(194)	(349)
Ending Installed System Base	4,023	4,149	4,271	4,409	4,528	4,666	4,814	4,986	5,114	4,409	4,986
*Systems Shipped under Operating Leases (Included in Total System Units Shipped)	21	27	20	40	43	44	58	84	78	108	229

**Intuitive Surgical, Inc.**  
**Trended Unaudited Quarterly and Annual Procedures, Revenue and Related Metrics**  
**United States**  
**2017 - 2019**

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>FY17</u>	<u>FY18</u>
<b><u>Revenue and Related Metrics</u></b>											
Instruments and Accessories Revenue (millions)	\$ 287.6	\$ 309.4	\$ 312.7	\$ 353.4	\$ 337.6	\$ 360.3	\$ 368.1	\$ 419.2	\$ 407.4	\$ 1,263.1	\$ 1,485.2
Year over year growth	17 %	18%	16 %	19%	17 %	16%	18%	19%	21 %	17%	18%
Quarter over quarter growth (decline)	(3)%	8%	1 %	13%	(4)%	7%	2%	14%	(3)%		
Year over year procedure growth	14 %	14%	12 %	16%	14 %	17%	19%	18%	17 %	14%	17%
Quarter over quarter procedure growth (decline)	(2)%	6%	(2)%	13%	(3)%	9%	—%	12%	(4)%		
Service Revenue (millions)	\$ 101.8	\$ 101.9	\$ 106.3	\$ 109.2	\$ 110.8	\$ 112.0	\$ 114.8	\$ 118.5	\$ 123.5	\$ 419.2	\$ 456.1
Year over year growth	10 %	9%	13 %	12%	9 %	10%	8%	9%	11 %	11%	9%
Quarter over quarter growth	4 %	—%	4 %	3%	1 %	1%	3%	3%	4 %		
Systems Revenue (millions)	\$ 105.4	\$ 141.3	\$ 175.6	\$ 181.2	\$ 124.0	\$ 172.4	\$ 193.6	\$ 202.2	\$ 160.7	\$ 603.5	\$ 692.2
Year over year growth	15 %	9%	35 %	21%	18 %	22%	10%	12%	30 %	20%	15%
Quarter over quarter growth (decline)	(30)%	34%	24 %	3%	(32)%	39%	12%	4%	(21)%		
Total Revenue (millions)	\$ 494.8	\$ 552.6	\$ 594.6	\$ 643.8	\$ 572.4	\$ 644.7	\$ 676.5	\$ 739.9	\$ 691.6	\$ 2,285.8	\$ 2,633.5
Year over year growth	15 %	14%	20 %	18%	16 %	17%	14%	15%	21 %	17%	15%
Quarter over quarter growth (decline)	(9)%	12%	8 %	8%	(11)%	13%	5%	9%	(7)%		
<b><u>Installed System Base Rollforward</u></b>											
Beginning Installed System Base	2,563	2,624	2,703	2,770	2,862	2,928	3,010	3,110	3,204	2,563	2,862
Systems Shipped:											
Single Console Si Systems	10	6	4	1	2	1	—	1	—	21	4
Si-e Systems	1	—	—	1	—	—	—	—	—	2	—
Dual Console X Systems	—	—	—	2	—	2	—	1	4	2	3
Single Console X Systems	—	4	5	22	15	15	28	15	18	31	73
Dual Console Xi Systems	19	27	33	28	21	30	45	43	47	107	139
Single Console Xi Systems	47	66	65	76	74	90	80	105	80	254	349
SP Systems	—	—	—	—	—	—	3	10	5	—	13
Total System Units Shipped*	77	103	107	130	112	138	156	175	154	417	581
Trade-Ins and Retirements	(16)	(24)	(40)	(38)	(46)	(56)	(56)	(81)	(75)	(118)	(239)
Ending Installed System Base	2,624	2,703	2,770	2,862	2,928	3,010	3,110	3,204	3,283	2,862	3,204
*Systems Shipped under Operating Leases (Included in Total System Units Shipped)	15	22	16	32	42	38	49	69	67	85	198

**Intuitive Surgical, Inc.**  
**Trended Unaudited Quarterly and Annual Procedures, Revenue and Related Metrics**  
**Outside of the United States**  
**2017 - 2019**

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>FY17</u>	<u>FY18</u>
<b><u>Revenue and Related Metrics</u></b>											
Instruments and Accessories Revenue (millions)	\$ 93.2	\$ 88.4	\$ 88.5	\$ 103.7	\$ 122.7	\$ 115.8	\$ 118.2	\$ 120.1	\$ 144.9	\$ 373.8	\$ 476.8
Year over year growth	24 %	15 %	14 %	17%	32%	31 %	34 %	16%	18 %	17%	28%
Quarter over quarter growth (decline)	5 %	(5)%	— %	17%	18%	(6)%	2 %	2%	21 %		
Year over year procedure growth	28 %	22 %	23 %	21%	18%	22 %	23 %	24%	21 %	23%	22%
Quarter over quarter procedure growth (decline)	12 %	2 %	(2)%	9%	9%	6 %	(1)%	10%	6 %		
Service Revenue (millions)	\$ 36.2	\$ 38.0	\$ 38.3	\$ 41.2	\$ 41.9	\$ 43.8	\$ 45.2	\$ 48.1	\$ 50.4	\$ 153.7	\$ 179.0
Year over year growth	20 %	16 %	11 %	16%	16%	15 %	18 %	17%	20 %	16%	16%
Quarter over quarter growth	2 %	5 %	1 %	8%	2%	5 %	3 %	6%	5 %		
Systems Revenue (millions)	\$ 55.4	\$ 79.8	\$ 86.4	\$ 103.3	\$ 110.5	\$ 105.0	\$ 81.0	\$ 138.4	\$ 86.8	\$ 324.9	\$ 434.9
Year over year growth (decline)	(5)%	6 %	13 %	18%	99%	32 %	(6)%	34%	(21)%	9%	34%
Quarter over quarter growth (decline)	(37)%	44 %	8 %	20%	7%	(5)%	(23)%	71%	(37)%		
Total Revenue (millions)	\$ 184.8	\$ 206.2	\$ 213.2	\$ 248.2	\$ 275.1	\$ 264.6	\$ 244.4	\$ 306.6	\$ 282.1	\$ 852.4	\$ 1,090.7
Year over year growth	13 %	11 %	13 %	17%	49%	28 %	15 %	24%	3 %	14%	28%
Quarter over quarter growth (decline)	(13)%	12 %	3 %	16%	11%	(4)%	(8)%	25%	(8)%		
<b><u>Installed System Base Rollforward</u></b>											
Beginning Installed System Base	1,356	1,399	1,446	1,501	1,547	1,600	1,656	1,704	1,782	1,356	1,547
Systems Shipped:											
Dual Consoles Si Systems	4	2	1	—	—	1	—	1	—	7	2
Single Console Si Systems	22	18	19	18	13	12	7	14	13	77	46
Si-e Systems	—	1	1	—	—	—	—	—	—	2	—
Dual Console X Systems	—	1	—	2	1	1	4	1	1	3	7
Single Console X Systems	—	6	11	25	13	29	32	34	35	42	108
Dual Console Xi Systems	6	11	6	11	11	12	6	21	11	34	50
Single Console Xi Systems	24	24	24	30	35	27	26	42	20	102	130
SP Systems	—	—	—	—	—	—	—	2	1	—	2
Total System Units Shipped*	56	63	62	86	73	82	75	115	81	267	345
Trade-Ins and Retirements	(13)	(16)	(7)	(40)	(20)	(26)	(27)	(37)	(32)	(76)	(110)
Ending Installed System Base	1,399	1,446	1,501	1,547	1,600	1,656	1,704	1,782	1,831	1,547	1,782
*Systems Shipped under Operating Leases (Included in Total System Units Shipped)	6	5	4	8	1	6	9	15	11	23	31

**Intuitive Surgical, Inc.**  
**Reconciliation of Unaudited GAAP Financial Measures to Non-GAAP Financial Measures**  
(in millions, except per share data)  
**2017 - 2019**

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>FY17</u>	<u>FY18</u>
<b>GAAP gross profit</b>	<b>\$469.8</b>	<b>\$530.1</b>	<b>\$568.1</b>	<b>\$634.0</b>	<b>\$593.8</b>	<b>\$632.3</b>	<b>\$642.3</b>	<b>\$735.7</b>	<b>\$669.6</b>	<b>\$2,202.0</b>	<b>\$2,604.1</b>
Share-based compensation expense	9.9	10.1	10.6	11.1	11.9	12.8	14.3	13.5	15.1	41.7	52.5
Intangible asset charges	1.7	1.5	1.2	1.0	1.0	1.3	1.8	2.0	8.2	5.4	6.1
Litigation charges	7.8	—	—	—	—	—	—	—	—	7.8	—
<b>Non-GAAP gross profit</b>	<b>\$489.2</b>	<b>\$541.7</b>	<b>\$579.9</b>	<b>\$646.1</b>	<b>\$606.7</b>	<b>\$646.4</b>	<b>\$658.4</b>	<b>\$751.2</b>	<b>\$692.9</b>	<b>\$2,256.9</b>	<b>\$2,662.7</b>
<b>Non-GAAP gross profit margin (1)</b>	<b>72.0%</b>	<b>71.4%</b>	<b>71.8%</b>	<b>72.4%</b>	<b>71.6%</b>	<b>71.1%</b>	<b>71.5%</b>	<b>71.8%</b>	<b>71.2%</b>	<b>71.9%</b>	<b>71.5%</b>
<b>GAAP SG&amp;A expenses</b>	<b>\$202.9</b>	<b>\$185.6</b>	<b>\$204.1</b>	<b>\$217.9</b>	<b>\$221.6</b>	<b>\$259.8</b>	<b>\$221.4</b>	<b>\$283.8</b>	<b>\$273.4</b>	<b>\$ 810.5</b>	<b>\$ 986.6</b>
Share-based compensation expense	(25.6)	(26.5)	(29.9)	(29.4)	(29.3)	(32.5)	(35.6)	(35.1)	(38.2)	(111.4)	(132.5)
Intangible asset charges	—	—	—	—	—	(0.2)	(0.7)	(1.3)	(1.2)	—	(2.2)
Litigation (charges) recoveries	(13.5)	4.5	(9.7)	1.2	(4.5)	(42.5)	1.8	—	—	(17.5)	(45.2)
Acquisition related items	—	—	—	—	—	—	—	—	(3.0)	—	—
<b>Non-GAAP SG&amp;A expenses</b>	<b>\$163.8</b>	<b>\$163.6</b>	<b>\$164.5</b>	<b>\$189.7</b>	<b>\$187.8</b>	<b>\$184.6</b>	<b>\$186.9</b>	<b>\$247.4</b>	<b>\$231.0</b>	<b>\$ 681.6</b>	<b>\$ 806.7</b>
<b>GAAP research and development expenses</b>	<b>\$ 73.5</b>	<b>\$ 84.6</b>	<b>\$ 83.4</b>	<b>\$ 87.1</b>	<b>\$ 95.5</b>	<b>\$ 95.1</b>	<b>\$107.6</b>	<b>\$119.9</b>	<b>\$144.0</b>	<b>\$ 328.6</b>	<b>\$ 418.1</b>
Share-based compensation expense	(11.9)	(13.8)	(15.2)	(15.1)	(16.3)	(17.9)	(20.2)	(21.8)	(22.8)	(56.0)	(76.2)
Intangible asset charges	(2.0)	(7.6)	(1.9)	(1.7)	(6.6)	(4.1)	(6.5)	(6.1)	(20.8)	(13.2)	(23.3)
<b>Non-GAAP research and development expenses</b>	<b>\$ 59.6</b>	<b>\$ 63.2</b>	<b>\$ 66.3</b>	<b>\$ 70.3</b>	<b>\$ 72.6</b>	<b>\$ 73.1</b>	<b>\$ 80.9</b>	<b>\$ 92.0</b>	<b>\$100.4</b>	<b>\$ 259.4</b>	<b>\$ 318.6</b>
<b>GAAP income from operations</b>	<b>\$193.4</b>	<b>\$259.9</b>	<b>\$280.6</b>	<b>\$329.0</b>	<b>\$276.7</b>	<b>\$277.4</b>	<b>\$313.3</b>	<b>\$332.0</b>	<b>\$252.2</b>	<b>\$1,062.9</b>	<b>\$1,199.4</b>
Share-based compensation expense	47.4	50.4	55.7	55.6	57.5	63.2	70.1	70.4	76.1	209.1	261.2
Intangible asset charges	3.7	9.1	3.1	2.7	7.6	5.6	9.0	9.4	30.2	18.6	31.6
Litigation charges (recoveries)	21.3	(4.5)	9.7	(1.2)	4.5	42.5	(1.8)	—	—	25.3	45.2
Acquisition related items	—	—	—	—	—	—	—	—	3.0	—	—
<b>Non-GAAP income from operations</b>	<b>\$265.8</b>	<b>\$314.9</b>	<b>\$349.1</b>	<b>\$386.1</b>	<b>\$346.3</b>	<b>\$388.7</b>	<b>\$390.6</b>	<b>\$411.8</b>	<b>\$361.5</b>	<b>\$1,315.9</b>	<b>\$1,537.4</b>
<b>Non-GAAP operating margin (2)</b>	<b>39.1%</b>	<b>41.5%</b>	<b>43.2%</b>	<b>43.3%</b>	<b>40.9%</b>	<b>42.7%</b>	<b>42.4%</b>	<b>39.4%</b>	<b>37.1%</b>	<b>41.9%</b>	<b>41.3%</b>
<b>GAAP income before taxes</b>	<b>\$202.1</b>	<b>\$270.0</b>	<b>\$291.4</b>	<b>\$341.3</b>	<b>\$289.9</b>	<b>\$295.6</b>	<b>\$335.2</b>	<b>\$358.8</b>	<b>\$279.7</b>	<b>\$1,104.8</b>	<b>\$1,279.5</b>
Share-based compensation expense	47.4	50.4	55.7	55.6	57.5	63.2	70.1	70.4	76.1	209.1	261.2
Intangible asset charges	3.7	9.1	3.1	2.7	7.6	5.6	9.0	9.4	30.2	18.6	31.6
Litigation charges (recoveries)	21.3	(4.5)	9.7	(1.2)	4.5	42.5	(1.8)	—	—	25.3	45.2
Impairment charges	—	—	—	—	—	—	—	1.2	1.5	—	1.2
Acquisition related items	—	—	—	—	—	—	—	—	3.0	—	—
<b>Non-GAAP income before taxes</b>	<b>\$274.5</b>	<b>\$325.0</b>	<b>\$359.9</b>	<b>\$398.4</b>	<b>\$359.5</b>	<b>\$406.9</b>	<b>\$412.5</b>	<b>\$439.8</b>	<b>\$390.5</b>	<b>\$1,357.8</b>	<b>\$1,618.7</b>
<b>GAAP net income (loss) attributable to Intuitive Surgical, Inc.</b>	<b>\$180.8</b>	<b>\$223.0</b>	<b>\$298.6</b>	<b>\$ (31.5)</b>	<b>\$287.6</b>	<b>\$255.3</b>	<b>\$292.5</b>	<b>\$292.5</b>	<b>\$306.5</b>	<b>\$ 670.9</b>	<b>\$1,127.9</b>
Share-based compensation expense	47.4	50.4	55.7	55.6	57.5	63.2	70.1	70.4	76.1	209.1	261.2
Intangible asset charges	3.7	9.1	3.1	2.7	7.6	5.6	9.0	9.4	30.2	18.6	31.6
Litigation charges (recoveries)	21.3	(4.5)	9.7	(1.2)	4.5	42.5	(1.8)	—	—	25.3	45.2
Impairment charges	—	—	—	—	—	—	—	1.2	1.5	—	1.2
Acquisition related items	—	—	—	—	—	—	—	—	3.0	—	—
Tax adjustments	(56.2)	(48.1)	(42.2)	279.4	(69.7)	(39.2)	(32.8)	(20.3)	(101.5)	132.9	(162.0)
Adjustments attributable to noncontrolling interest in joint venture	—	—	—	—	—	—	—	—	(3.8)	—	—
<b>Non-GAAP net income attributable to Intuitive Surgical, Inc.</b>	<b>\$197.0</b>	<b>\$229.9</b>	<b>\$324.9</b>	<b>\$305.0</b>	<b>\$287.5</b>	<b>\$327.4</b>	<b>\$337.0</b>	<b>\$353.2</b>	<b>\$312.0</b>	<b>\$1,056.8</b>	<b>\$1,305.1</b>
<b>Non-GAAP net income per share attributable to Intuitive Surgical, Inc. - diluted</b>	<b>\$ 1.71</b>	<b>\$ 2.00</b>	<b>\$ 2.78</b>	<b>\$ 2.60</b>	<b>\$ 2.44</b>	<b>\$ 2.76</b>	<b>\$ 2.83</b>	<b>\$ 2.96</b>	<b>\$ 2.61</b>	<b>\$ 9.09</b>	<b>\$ 10.99</b>
<b>Non-GAAP diluted shares outstanding (3)</b>	<b>115.5</b>	<b>115.2</b>	<b>116.8</b>	<b>117.4</b>	<b>118.0</b>	<b>118.5</b>	<b>119.2</b>	<b>119.2</b>	<b>119.6</b>	<b>116.3</b>	<b>118.8</b>

(1) Non-GAAP gross profit margin is calculated by dividing non-GAAP gross profit by revenue.

(2) Non-GAAP operating margin is calculated by dividing non-GAAP income from operations divided by revenue.

(3) For purpose of calculating fourth quarter 2017 non-GAAP diluted net income per share, the number of shares used was 117.4 million, which included 5.2 million dilutive potential shares outstanding.

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This information is supplemental to the first quarter 2019 earnings press release issued by Intuitive Surgical, Inc. on April 18, 2019, and should be read in conjunction with that release and the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2019, when filed with the U.S. Securities and Exchange Commission.

#### **(#) About Non-GAAP Financial Measures**

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), we use the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP SG&A expenses, non-GAAP research and development ("R&D") expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP income before taxes, non-GAAP net income, non-GAAP net income per diluted share ("EPS"), and non-GAAP diluted shares outstanding. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding items such as intangible asset charges, share-based compensation ("SBC") expenses, and other special items. Intangible asset charges consist of non-cash charges, such as the amortization of intangible assets, as well as in-process R&D charges. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance and liquidity. We believe these non-GAAP financial measures are useful to investors because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by institutional investors and the analyst community to help them analyze the performance of our business.

*Non-GAAP gross profit.* We define non-GAAP gross profit as gross profit excluding intangible asset charges, expenses related to SBC, and litigation charges and recoveries.

*Non-GAAP SG&A expenses.* We define non-GAAP SG&A expenses as SG&A expenses excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, and certain acquisition related items for the re-measurement of contingent considerations.

*Non-GAAP R&D expenses.* We define non-GAAP R&D expenses as R&D expenses excluding intangible asset charges and expenses related to SBC.

*Non-GAAP income from operations.* We define non-GAAP income from operations as income from operations excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, and certain acquisition related items for the re-measurement of contingent considerations.

*Non-GAAP income before taxes.* We define non-GAAP income before taxes as income before taxes excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, non-cash impairment charges, and certain acquisition related items for the re-measurement of contingent considerations.

*Non-GAAP net income and EPS.* We define non-GAAP net income as net income (loss) excluding intangible asset charges; expenses related to SBC; litigation charges and recoveries; non-cash impairment charges; certain acquisition related items for the re-measurement of contingent considerations; adjustments attributable to noncontrolling interest in joint venture, net of the related tax effects; and tax adjustments including the excess tax benefits or deficiencies associated with SBC arrangements, the one-time impact of the enactment of the Tax Cuts and Jobs Act ("2017 Tax Act"), and the net tax effects related to intra-entity transfers of non-inventory assets. We exclude the one-time impact of the enactment of the 2017 Tax Act because it is discrete nature as well as the excess tax benefits or deficiencies associated with share-based compensation arrangements and the tax effects associated with non-cash amortization of deferred tax assets related to intra-entity non-inventory transfers as we do not believe these items correlate with the on-going results of our core operations. The tax effects of the non-GAAP items are determined by applying a calculated non-GAAP effective tax rate, which is commonly referred to as the with-and-without method. Without excluding these tax effects, investors would only see the gross effect that these non-GAAP adjustments had on our operating results. Our calculated non-GAAP effective tax rate is generally higher than GAAP effective tax rate. We define non-GAAP EPS as non-GAAP net income divided by non-GAAP diluted shares which are calculated as GAAP weighted average outstanding shares plus dilutive potential shares outstanding during the period.

There are a number of limitations related to the use of non-GAAP measures versus measures calculated in accordance with GAAP. Non-GAAP gross profit, non-GAAP SG&A expenses, non-GAAP R&D expenses, non-GAAP income from operations, non-GAAP income before taxes, non-GAAP net income, and non-GAAP EPS exclude items such as intangible asset charges, SBC expense, excess tax benefits or deficiencies associated with SBC arrangements, non-cash amortization of deferred tax assets related to intra-entity transfer of non-inventory assets, and re-measurement of contingent considerations, which are primarily recurring items. SBC expense has been and will continue to be for the foreseeable future a significant recurring expense in our business. In addition, the components of the costs that we exclude in our calculation of non-GAAP net income and non-GAAP EPS may differ from the components that our peer companies exclude when they report their results of operations. Management addresses these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income and non-GAAP EPS and evaluating non-GAAP net income and non-GAAP EPS together with net income (loss) and net income (loss) per share calculated in accordance with GAAP.