

INTUITIVE SURGICAL INC

Form 424B3

June 02, 2003

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**Filed pursuant to Rule 424(b)(3)
Registration No. 333-104093**

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Intuitive Surgical, Inc. and Computer Motion, Inc. have agreed to a combination of the two companies under the terms of a merger agreement. We are proposing the merger because we believe it will benefit the stockholders of both companies by combining the strengths of the companies in operative surgical robotics, telesurgery and operating room integration to better serve hospitals, doctors and patients.

Upon completion of the merger, Computer Motion stockholders will be entitled to receive a fraction of a share of Intuitive Surgical common stock for each share of Computer Motion common stock owned as of the effective time of the merger. The fraction of a share of Intuitive Surgical common stock to be issued with respect to each share of Computer Motion common stock will be determined by a formula described in the merger agreement and this joint proxy statement/ prospectus. Based on the capitalization of Intuitive Surgical and Computer Motion and the market price of Computer Motion common stock as of the date of this joint proxy statement/ prospectus and assuming that the merger is completed on June 30, 2003, we estimate that the exchange ratio will be approximately 0.52. The exchange ratio will be adjusted proportionately in the event that the proposed reverse split of Intuitive Surgical's common stock is approved by Intuitive Surgical's stockholders and implemented by Intuitive Surgical's board of directors. After June 9, 2003, stockholders may visit Intuitive Surgical's website, www.intuitivesurgical.com, or Computer Motion's website, www.computermotion.com, for announcements regarding the exchange ratio. Stockholders of Intuitive Surgical will continue to own their existing shares.

Based on the estimated exchange ratio of approximately 0.52 and the number of shares outstanding as of May 15, 2003, the record date, we estimate that, on a pre-reverse split basis, Intuitive Surgical will issue approximately 15.6 million shares of Intuitive Surgical common stock in the merger and reserve an additional approximately 4.8 million shares of Intuitive Surgical common stock for future issuance in connection with Intuitive Surgical's assumption of Computer Motion's outstanding options and warrants (including out-of-the-money options and warrants).

Intuitive Surgical common stock is traded on the Nasdaq National Market under the trading symbol ISRG. On May 29, 2003, Intuitive Surgical common stock closed at \$8.69 per share as reported on the Nasdaq National Market.

The merger cannot be completed unless Intuitive Surgical stockholders approve the issuance of shares of Intuitive Surgical common stock pursuant to the merger agreement and Computer Motion stockholders approve and adopt the merger agreement. The obligations of Intuitive Surgical and Computer Motion to complete the merger are also subject to the satisfaction or waiver of several conditions. More information about Intuitive Surgical, Computer Motion and the merger, as well as additional business to be conducted at the Intuitive Surgical stockholder meeting, is contained in this joint proxy statement/ prospectus. **We encourage you to read this joint proxy statement/ prospectus, including the section entitled Risk Factors beginning on page 23, before voting.**

The board of directors of Intuitive Surgical has approved the merger agreement and the issuance of shares of Intuitive Surgical common stock pursuant to the merger agreement. The board of directors of Computer Motion has approved the merger agreement. Intuitive Surgical's board of directors unanimously recommends that Intuitive Surgical stockholders vote **FOR** the proposal to issue shares of Intuitive Surgical common stock pursuant to the merger agreement. Computer Motion's board of directors unanimously recommends that Computer Motion stockholders vote **FOR** the proposal to approve and adopt the merger agreement.

Intuitive Surgical and Computer Motion have each scheduled a stockholder meeting in connection with the respective votes required. Your vote is very important. Whether or not you plan to attend your respective company's stockholder meeting, please take the time to vote by marking your votes on the enclosed proxy card, signing and dating the proxy card, and returning it to your respective company in the enclosed envelope.

Sincerely,

Lonnie M. Smith
President and Chief Executive Officer
Intuitive Surgical, Inc.

Sincerely,

Robert W. Duggan
*Chairman of the Board and
Chief Executive Officer*
Computer Motion, Inc.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/ prospectus or determined if this joint proxy statement/ prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This joint proxy statement/ prospectus is dated May 30, 2003, and is first being mailed to Intuitive Surgical and Computer Motion stockholders on or about June 2, 2003.

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INTUITIVE SURGICAL, INC.

**950 Kifer Road
Sunnyvale, California 94086**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 30, 2003**

To the Stockholders of Intuitive Surgical, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of Intuitive Surgical, Inc. will be held at the Summerfield Suites by Wyndham, 900 Hamlin Court, Sunnyvale, California 94086 on June 30 at 8:00 a.m., local time, for the following purposes:

1. to approve the issuance of shares of Intuitive Surgical common stock, par value \$0.001 per share, pursuant to the Agreement and Plan of Merger, dated as of March 7, 2003, by and among Intuitive Surgical, Intuitive Merger Corporation, which is a wholly owned subsidiary of Intuitive Surgical, and Computer Motion, Inc.;
2. to approve an amendment to Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split of Intuitive Surgical's common stock;
3. to elect three Class III members of the board of directors of Intuitive Surgical to serve until the annual meeting of stockholders of Intuitive Surgical to be held in 2006 and until their successors are elected and qualified;
4. to approve an amendment to Intuitive Surgical's 2000 Non-Employee Directors' Stock Option Plan to increase the annual stock option grant for non-employee directors from 5,000 to 10,000 shares, to provide for an additional annual grant of options to purchase 5,000 shares to committee chairs and to amend the automatic share increase provision, subject to adjustment in the event that the proposed reverse stock split is approved by Intuitive Surgical's stockholders and implemented by Intuitive Surgical's board of directors;
5. to ratify the selection of Ernst & Young LLP as the independent auditors of Intuitive Surgical for the current fiscal year ending December 31, 2003; and
6. to transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Please refer to the attached joint proxy statement/prospectus, which forms a part of this Notice and is incorporated herein by reference, for further information with respect to the business to be transacted at the annual meeting.

Stockholders of record at the close of business on May 15, 2003, which we refer to as the record date, are entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting. Directors and executive officers of Intuitive Surgical owning Intuitive Surgical common stock representing approximately 7% of the Intuitive Surgical common stock outstanding as of the record date have agreed to vote their shares in favor of the proposal to issue shares of Intuitive Surgical common stock pursuant to the merger agreement.

The board of directors of Intuitive Surgical unanimously recommends that you vote **FOR** the proposal to approve the issuance of Intuitive Surgical common stock pursuant to the merger agreement, **FOR** the proposal to approve the amendment to Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split of Intuitive Surgical's common stock, **FOR** the nominees to the board of directors listed in this joint proxy statement/prospectus, **FOR** the proposal to approve the amendment to Intuitive Surgical's 2000 Non-Employee Directors' Stock Option Plan and **FOR** the proposal to ratify Ernst & Young LLP as the independent auditors of Intuitive Surgical for the current fiscal year ending December 31, 2003.

The presence, in person or by proxy, of shares of Intuitive Surgical common stock representing a majority of shares of Intuitive Surgical common stock issued and outstanding on the record date will be required to establish a quorum at the annual meeting. Approval of the proposal to issue shares of Intuitive Surgical common stock pursuant to the merger agreement requires the affirmative vote of a majority of the total votes cast at the annual meeting by holders of Intuitive Surgical's common stock outstanding as of the record date. Approval of the proposal to amend Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split requires the affirmative vote of a majority of the shares of Intuitive Surgical common stock outstanding as of the record date. The candidates for director receiving the highest

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number of votes, up to the number of directors to be elected, will be elected to Intuitive Surgical's board of directors. Approval of the proposal to amend Intuitive Surgical's 2000 Non-Employee Directors' Stock Option Plan and the proposal to ratify Ernst & Young LLP as the independent auditors of Intuitive Surgical for the current fiscal year ending December 31, 2003 requires the affirmative vote of a majority of the shares of Intuitive Surgical common stock represented and entitled to vote at the annual meeting.

Your vote is important. Please sign, date and return the enclosed proxy card as soon as possible to make sure that your shares are represented at the annual meeting. To do so, you may complete and return the enclosed proxy card. If you are a stockholder of record of Intuitive Surgical common stock, you also may cast your vote in person at the annual meeting. If your shares are held in an account at a brokerage firm or bank, you should instruct it on how to vote your shares.

By Order of the Board of Directors,

Lonnie M. Smith
President and Chief Executive Officer

May 30, 2003

Please note that attendance at the annual meeting will be limited to stockholders as of the record date, or their authorized representatives, and guests of Intuitive Surgical.

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COMPUTER MOTION, INC.

130-B Cremona Drive
Goleta, California 93117

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 30, 2003**

To the Stockholders of Computer Motion, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Computer Motion, Inc. will be held at its corporate headquarters, 130-B Cremona Drive, Goleta, California 93117 on June 30 at 8:00 a.m., local time, for the following purposes:

1. to approve and adopt the Agreement and Plan of Merger, dated as of March 7, 2003, by and among Intuitive Surgical, Inc., Intuitive Merger Corporation, which is a wholly owned subsidiary of Intuitive Surgical, and Computer Motion; and
2. to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Please refer to the attached joint proxy statement/prospectus, which forms a part of this Notice and is incorporated herein by reference, for further information with respect to the business to be transacted at the special meeting.

Stockholders of record at the close of business on May 15, 2003, which we refer to as the record date, are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting. Directors and executive officers of Computer Motion owning Computer Motion common and preferred stock representing approximately 14% of the voting power of the Computer Motion common and preferred stock outstanding as of the record date have agreed to vote their shares in favor of the proposal to approve and adopt the merger agreement.

The board of directors of Computer Motion recommends that you vote **FOR** the proposal to approve and adopt the merger agreement.

The presence, in person or by proxy, of a majority of the votes of outstanding shares of Computer Motion common stock and preferred stock entitled to vote will be required to establish a quorum at the Computer Motion special meeting. The affirmative vote of the holders of a majority of the votes of the outstanding shares of Computer Motion common stock and preferred stock, voting together as a single class, is required to approve and adopt the merger agreement.

Your vote is important. Please sign, date and return the enclosed proxy card as soon as possible to make sure that your shares are represented at the special meeting. To do so, you may complete and return the enclosed proxy card. If you are a stockholder of record of Computer Motion common or preferred stock, you also may cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct it on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the proposal to approve and adopt the merger agreement.

Please do not send any certificates representing your Computer Motion common stock at this time.

By Order of the Board of Directors,

Larry Redfern
Secretary

May 30, 2003

Please note that attendance at the special meeting will be limited to stockholders as of the record date, or their authorized representatives, and guests of Computer Motion.

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Intuitive Surgical and Computer Motion from other documents that are not included in or delivered with this joint proxy statement/prospectus. For a listing of the documents incorporated by reference into this joint proxy statement/prospectus, please see the section entitled *Where You Can Find More Information*.

Intuitive Surgical will provide you with copies of the information relating to Intuitive Surgical, without charge, upon written or oral request to:

Intuitive Surgical, Inc.

950 Kifer Road
Sunnyvale, California 94086
(408) 523-2100
Attention: Investor Relations

In addition, you may obtain copies of the information relating to Intuitive Surgical, without charge, by sending an e-mail to ir@intusurg.com. Furthermore, you may obtain copies of this information by making a request through the Intuitive Surgical investor relations web site, www.intuitivesurgical.com.

Computer Motion will provide you with copies of the information relating to Computer Motion, without charge, upon written or oral request to:

Computer Motion, Inc.

130-B Cremona Drive
Goleta, California 93117
(805) 968-9600
Attention: Investor Relations

In addition, you may obtain copies of the information relating to Computer Motion, without charge, by sending an e-mail to ir@computermotion.com. Furthermore, you may obtain copies of this information by making a request through the Computer Motion investor relations web site, www.computermotion.com.

In order for you to receive timely delivery of the documents in advance of the Intuitive Surgical and Computer Motion stockholder meetings, Intuitive Surgical or Computer Motion should receive your request no later than June 23, 2003.

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Annex A	Agreement and Plan of Merger, dated as of March 7, 2003, by and among Intuitive Surgical, Inc., Intuitive Merger Corporation (formerly Iron Acquisition Corporation) and Computer Motion, Inc.
Annex B	Stockholder Support Agreement, dated as of March 7, 2003, by and among Intuitive Surgical, Inc., Intuitive Merger Corporation (formerly Iron Acquisition Corporation) and certain stockholders of Intuitive Surgical, Inc.
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QUESTIONS AND ANSWERS

Q: Why am I receiving this joint proxy statement/prospectus?

A: Intuitive Surgical and Computer Motion have agreed to combine pursuant to the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. In order to complete the merger, Intuitive Surgical stockholders must vote to approve the issuance of shares of Intuitive Surgical common stock pursuant to the merger agreement and Computer Motion stockholders must vote to approve and adopt the merger agreement.

Intuitive Surgical and Computer Motion will hold separate meetings of their respective stockholders to obtain these approvals. In addition to the proposal to issue shares of Intuitive common stock pursuant to the merger agreement, Intuitive Surgical stockholders will also be asked

to approve an amendment to Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split;

to elect three Class III members of Intuitive Surgical's board of directors;

to approve an amendment to Intuitive Surgical's 2000 Non-Employee Directors' Stock Plan to increase the annual stock option grant for non-employee directors, to provide for an additional annual grant of options to committee chairs and to amend the automatic share increase provision; and

to ratify the selection of Ernst & Young LLP as Intuitive Surgical's independent auditors for the current fiscal year ending December 31, 2003.

This joint proxy statement/prospectus contains important information about the merger, the additional proposals to be considered by the stockholders of Intuitive Surgical and the stockholder meetings of Intuitive Surgical and Computer Motion, and you should read it carefully.

The enclosed voting materials allow you to vote your shares without attending your stockholder meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: Why are Intuitive Surgical and Computer Motion proposing the merger?

A: We believe that the merger will provide substantial strategic and financial benefits to the stockholders of both companies. We believe that the combination will create a stronger and more competitive company that will be able to better serve the surgical community. We are proposing the merger because we believe it will benefit the stockholders of both companies by combining the strengths of the companies in operative surgical robotics, telesurgery and operating room integration to better serve hospitals, doctors and patients. The merger will also result in the dismissal of the pending patent litigations between Intuitive Surgical and Computer Motion. To review the reasons for the merger in greater detail, please see [The Merger Reasons For the Merger Intuitive Surgical](#) and [The Merger Reasons For the Merger Computer Motion](#).

Q: What will happen in the merger?

A: The businesses of Intuitive Surgical and Computer Motion will be combined in a stock-for-stock transaction. At the closing, a newly formed, wholly owned subsidiary of Intuitive Surgical will merge with Computer Motion, with Computer Motion surviving the merger as a wholly owned subsidiary of Intuitive Surgical. In exchange for their shares of Computer Motion stock, the former stockholders of Computer Motion will receive shares of Intuitive Surgical common stock.

Q: What will I receive for my Computer Motion shares in the merger?

A: Upon completion of the merger, Computer Motion stockholders will be entitled to receive a fraction of a share of Intuitive Surgical common stock for each share of Computer Motion common stock owned as of the effective time of the merger. The fraction of a share of Intuitive Surgical common stock to be issued with respect to each share of Computer Motion common stock will be determined by a formula described in the merger agreement

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and this joint proxy statement/prospectus. Based on the capitalization of Intuitive Surgical and Computer Motion and the market price of Computer Motion common stock as of the date of this joint proxy statement/prospectus and assuming that the merger is completed on June 30, 2003, we estimate that the exchange ratio will be approximately 0.52. The exchange ratio will be adjusted proportionately in the event that the proposed reverse split of Intuitive Surgical's common stock is approved by Intuitive Surgical's stockholders and implemented by Intuitive Surgical's board of directors.

The final exchange ratio will be calculated based on the total number of fully diluted shares outstanding for Intuitive Surgical and Computer Motion (including out-of-the-money options and warrants for both companies) immediately prior to the effective time of the merger. The number of Computer Motion's fully diluted shares will vary based on the number of shares of Computer Motion common stock into which Computer Motion's Series D convertible preferred stock will be convertible and the number of shares of Computer Motion common stock which may be issued to pay accrued dividends on the Series D convertible preferred stock upon conversion. All shares of Computer Motion Series D convertible preferred stock will convert into shares of Computer Motion common stock immediately prior to the effective time of the merger. Under the terms of the Series D convertible preferred stock, in the event that the average of the closing bid prices of Computer Motion's common stock for the 20 consecutive trading days ending 15 consecutive trading days prior to the Computer Motion special meeting is below \$1.86 per share, the conversion ratio for Computer Motion's Series D convertible preferred stock could increase. As a result, the exchange ratio in the merger may decrease and, therefore, Computer Motion common stockholders would receive a lesser number of Intuitive Surgical shares, and Computer Motion preferred stockholders would receive a greater number of Intuitive Surgical shares, in the merger. The total number of shares of Intuitive Surgical common stock to be issued or reserved for issuance to holders of equity securities of Computer Motion will not change, unless there is a change in the fully diluted capitalization of Intuitive Surgical. Any change in the conversion ratio of the Series D convertible preferred stock will merely change the proportional allocation between Computer Motion's common and preferred stockholders. Assuming the merger closes on June 30, 2003, Computer Motion common stockholders will receive a minimum of 0.479 (or, in the event the reverse stock split is completed prior to the merger, 0.239) shares of Intuitive Surgical common stock for each share of Computer Motion common stock. After June 9, 2003, stockholders may visit Intuitive Surgical's website, www.intuitivesurgical.com, or Computer Motion's website, www.computermotion.com, for announcements regarding the exchange ratio. If you would like to change your vote after you have delivered your proxy, please see "Can I change my vote after I have delivered my proxy?" below. Computer Motion stockholders will receive cash in lieu of any fractional share of Intuitive Surgical common stock. Please see "The Merger Agreement" "The Merger Consideration and Conversion of Securities."

Based on the estimated exchange ratio of approximately 0.52 and the number of shares outstanding as of the record date, we estimate that, on a pre-reverse split basis, Intuitive Surgical will issue approximately 15.6 million shares of Intuitive Surgical common stock in the merger and reserve approximately 4.8 million shares of Intuitive Surgical common stock for future issuance in connection with Intuitive Surgical's assumption of Computer Motion's outstanding options and warrants (including out-of-the-money options and warrants). Of the 15.6 million shares of Intuitive Surgical common stock estimated to be issued in the merger, Intuitive Surgical expects that:

approximately 4.4 million shares will be issued upon conversion of shares of Computer Motion's Series D convertible preferred stock outstanding as of the record date;

less than 0.1 million shares will be issued upon conversion of additional shares of Computer Motion's common stock issued as accrued dividends on Computer Motion's Series D convertible preferred stock outstanding as of the record date; and

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approximately 11.1 million shares will be issued upon conversion of shares of Computer Motion's common stock outstanding as of the record date.

If the conversion ratio for Computer Motion's Series D convertible preferred stock were to increase such that the exchange ratio were reduced to 0.479, we estimate that, on a pre-reverse split basis, Intuitive Surgical will issue approximately 15.9 million shares of Intuitive Surgical common stock in the merger and reserve approximately 4.5 million shares of Intuitive Surgical common stock for future issuance in connection with Intuitive Surgical's assumption of Computer Motion's outstanding options and warrants (including out of the money options and warrants). Of the 15.9 million shares of Intuitive Surgical common stock estimated to be issued in the merger, Intuitive Surgical expects that:

approximately 5.6 million shares will be issued upon conversion of shares of Computer Motion's Series D convertible preferred stock outstanding as of the record date;

less than 0.1 million shares will be issued upon conversion of additional shares of Computer Motion's common stock issued as accrued dividends on Computer Motion's Series D convertible preferred stock outstanding as of the record date; and

approximately 10.3 million shares will be issued upon conversion of shares of Computer Motion's common stock outstanding as of the record date.

Q: What will happen to the pending litigations between Intuitive Surgical and Computer Motion?

A: In connection with the proposed merger, Intuitive Surgical and Computer Motion have obtained a stay through August 31, 2003 of all proceedings in the pending litigation proceedings between the companies. As part of the stays, the courts have ceased all further activity in the cases during the period of stays and will not issue any opinions or orders on issues already submitted for decision. The stays may be terminated before, or extended beyond, August 31, 2003 under specified circumstances. In the event the merger is completed, Intuitive Surgical and Computer Motion will request dismissal with prejudice of the pending litigations.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as practicable. We currently expect to complete the merger on June 30, 2003. However, we cannot predict the exact timing of the completion of the merger.

Q: What rights do I have to seek a valuation or appraisal of my shares?

A: Neither Intuitive Surgical stockholders nor Computer Motion stockholders will have appraisal rights in connection with the proposals to be voted on.

Q: What are the expected United States federal income tax consequences of the merger?

A: The merger has been structured to qualify as a reorganization for U.S. federal income tax purposes, and Computer Motion has received a legal opinion that, subject to certain qualifications, the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result of qualifying as a reorganization, in general, Computer Motion stockholders will not recognize gain or loss for U.S. federal income tax purposes as a result of the merger, except that Computer Motion stockholders will recognize gain or loss with respect to any cash they receive in lieu of a fractional share of Intuitive Surgical common stock upon completion of the merger. No gain or loss will be recognized by Intuitive Surgical stockholders as a result of the merger.

Q: Why is Intuitive Surgical proposing a 1-for-2 reverse stock split?

A: The board of directors of Intuitive Surgical believes that it is in the best interests of Intuitive Surgical to effect a 1-for-2 reverse split of Intuitive Surgical's common stock. The reverse stock split is intended to increase the marketability and liquidity of Intuitive Surgical's common stock. In the event that the reverse stock split is approved by Intuitive Surgical's stockholders and implemented by Intuitive Surgical's board of directors, the number of shares of Intuitive Surgical common

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stock to be received by Computer Motion's stockholders in the merger will be reduced by 50%.

Q: Who has been nominated for election to the board of directors of Intuitive Surgical?

A: The board of directors of Intuitive Surgical has nominated James A. Lawrence, Lonnie M. Smith and Richard J. Kramer, each of whom is a current director of Intuitive Surgical, for election to the board of directors. In addition, upon completion of the merger, the size of Intuitive Surgical's board of directors will be increased to nine and Robert W. Duggan, Computer Motion's Chairman and Chief Executive Officer, and Eric H. Halvorson, a member of Computer Motion's board of directors, will be appointed to Intuitive Surgical's board of directors.

Q: Why is Intuitive Surgical proposing to amend its 2000 Non-Employee Directors' Stock Option Plan?

A: Intuitive Surgical is proposing to amend its 2000 Non-Employee Directors' Stock Option Plan to increase the annual stock option grant for non-employee directors from 5,000 to 10,000 shares, to provide for an additional annual grant of options to purchase 5,000 shares to committee chairs and to amend the automatic share increase provision. These share amounts will be reduced proportionately in the event that the proposed reverse split of Intuitive Surgical's common stock is approved by Intuitive Surgical's stockholders and implemented by Intuitive Surgical's board of directors.

Q: Where and when are the stockholder meetings?

A: The Intuitive Surgical annual meeting will take place at the Summerfield Suites by Wyndham, 900 Hamlin Court, Sunnyvale, California 94086, on June 30, 2003, at 8:00 a.m., local time. The Computer Motion special meeting will take place at Computer Motion's corporate headquarters, 130-B Cremona Drive, Goleta, California, 93117 on June 30, 2003 at 8:00 a.m., local time.

Q: What vote of Intuitive Surgical stockholders is required to approve the proposals?

A: Approval of the proposal to issue shares of Intuitive Surgical common stock pursuant to the merger agreement requires the affirmative vote of a majority of the total votes cast at the annual meeting by holders of Intuitive Surgical's common stock outstanding as of the record date. Directors and executive officers of Intuitive Surgical owning Intuitive Surgical common stock representing approximately 7% of the shares of Intuitive Surgical common stock outstanding as of the record date have agreed to vote their shares in favor of the proposal to issue shares of Intuitive Surgical common stock pursuant to the merger agreement.

Approval of the proposal to amend Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split requires the affirmative vote of a majority of the shares of Intuitive Surgical common stock outstanding as of the record date. The candidates for director receiving the highest number of votes, up to the number of directors to be elected, will be elected to Intuitive Surgical's board of directors. Approval of the proposal to amend Intuitive Surgical's 2000 Non-Employee Directors' Stock Option Plan to increase the annual stock option grant for non-employee directors, to provide for an additional annual grant of options to committee chairs and to amend the automatic share increase provision and the proposal to ratify Ernst & Young LLP as the independent auditors of Intuitive Surgical for the current fiscal year ending December 31, 2003 requires the affirmative vote of a majority of the shares of Intuitive Surgical common stock represented and entitled to vote at the annual meeting.

Q: What vote of Computer Motion stockholders is required to approve and adopt the merger agreement?

A: The affirmative vote of the holders of a majority of the votes of outstanding shares of Computer Motion common stock and preferred stock, voting together as a single class, is required to approve and adopt the merger agreement. Each Computer Motion stockholder is entitled to one vote for each share of

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common stock held by such stockholder and 1,000 votes for each share of Series D convertible preferred stock held by such stockholder. Directors and executive officers of Computer Motion owning Computer Motion common and preferred stock representing approximately 14% of the voting power of the Computer Motion common and preferred stock outstanding as of the record date have agreed to vote their shares in favor of the approval and adoption of the merger agreement.

Q: How does my company's board of directors recommend that I vote?

A: Intuitive Surgical's board of directors unanimously recommends that Intuitive Surgical stockholders vote **FOR** the proposal to issue shares of Intuitive Surgical common stock pursuant to the merger agreement, **FOR** the proposal to amend Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split of Intuitive Surgical's common stock, **FOR** the nominees to the board of directors listed in this joint proxy statement/prospectus, **FOR** the proposal to amend the 2000 Non-Employee Directors' Stock Option Plan to increase the annual stock option grant for non-employee directors, to provide for an additional annual grant of options to committee chairs and to amend the automatic share increase provision and **FOR** the proposal to ratify Ernst & Young LLP as the independent auditors of Intuitive Surgical for the current fiscal year ending December 31, 2003. For a more complete description of the recommendation of Intuitive Surgical's board of directors regarding the issuance of Intuitive Surgical common stock pursuant to the merger agreement, please see "The Merger - Reasons For the Merger - Intuitive Surgical."

Computer Motion's board of directors unanimously recommends that Computer Motion stockholders vote **FOR** the proposal to approve and adopt the merger agreement. For a more complete description of the recommendation of Computer Motion's board of directors, please see "The Merger - Reasons For the Merger - Computer Motion."

Q: What do I do now?

A: Carefully read and consider the information contained in this joint proxy statement/prospectus, including its appendices. There are several ways your shares can be represented at your stockholder meeting. You can attend your stockholder meeting in person or you can indicate on the enclosed proxy card how you want to vote and return it in the accompanying pre-addressed postage paid envelope. If you sign and send in your proxy but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the proposals.

Q: How do I cast my vote?

A: If you are a holder of record, you may vote in person at your stockholder meeting or by submitting a proxy for your stockholder meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope.

Q: If my broker holds my shares in street name, will my broker vote my shares?

A: If you hold your shares in a stock brokerage account or if your shares are held by a bank or nominee (*i.e.*, in street name), you should provide the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction card used by your broker or nominee to see if you may submit voting instructions by telephone.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. You can change your vote at any time before your proxy is voted at your stockholder meeting. You can do this in one of three ways: (1) you can send a signed notice of revocation; (2) you can grant a new, valid proxy; or (3) if you are a holder of record, you can attend your stockholder meeting and vote in person; however, your attendance alone will not revoke your proxy. If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the Secretary of Intuitive Surgical or Computer Motion, as appropriate, before the applicable stockholder meeting. However, if your shares are held in a street name account at a brokerage firm or

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bank, you should contact your brokerage firm or bank to change your vote. If you would like additional information and you are an Intuitive Surgical stockholder, please see [The Intuitive Surgical Annual Meeting Voting; Proxies; Revocation](#). If you would like additional information and you are a Computer Motion stockholder, please see [The Computer Motion Special Meeting Voting; Proxies, Revocation](#).

Q: What will happen if I abstain from voting?

A: In the case of Intuitive Surgical, abstentions will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum at the annual meeting. Abstentions (1) will have the same effect as voting against the proposal to amend Intuitive Surgical's Amended and Restated Certificate of Incorporation to effect a 1-for-2 reverse stock split, the proposal to amend Intuitive Surgical's 2000 Non-Employee Directors' Stock Option Plan and the proposal to ratify the selection of Ernst & Young LLP as the independent auditors for Intuitive Surgical for the current fiscal year ending December 31, 2003 and (2) will not have any impact on approval of the proposal to issue Intuitive Surgical common stock pursuant to the merger agreement or the election of members to Intuitive Surgical's board of directors.

In the case of Computer Motion, abstentions will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum at the special meeting. Abstentions will have the same effect as voting against the proposal to approve and adopt the merger agreement.

Q: Should I send in my Computer Motion stock certificates now?

A: No. After the merger is completed, you will receive written instructions from the exchange agent on how to exchange your Computer Motion stock certificates for Intuitive Surgical stock certificates.