INTUITIVE SURGICAL®

Company Backgrounder

Intuitive Surgical, Inc. (NASDAQ: **ISRG**), headquartered in Sunnyvale, California, is the global technology leader in the rapidly emerging field of robotic-assisted, minimally invasive surgery (MIS). Intuitive Surgical develops, manufactures and markets robotic technologies designed to improve clinical outcomes and help patients return more quickly to active and productive lives. The company's mission is to extend the benefits of minimally invasive surgery to the broadest possible base of patients.

Intuitive Surgical's flagship product, the *da Vinci*® Surgical System, is a sophisticated robotic platform designed to enable complex surgery using a minimally invasive approach. The original prototype for the *da Vinci* System was developed in the late 1980s at the former Stanford Research Institute — now SRI International — under contract to the U.S. Army. While initial work was funded in the interest of developing a system to perform battlefield surgery remotely, potential commercial applications were even more compelling: It was clear that this technology could accelerate the application of a minimally invasive surgical approach to a broad range of complex procedures.

In 1995, Intuitive Surgical was founded to test this theory. In January 1999, Intuitive launched the *da Vinci* Surgical System. In 2000, it became the first robotic surgical system cleared by the FDA for general laparoscopic surgery. In the years that followed, the FDA cleared the *da Vinci* Surgical System for thoracoscopic (chest) surgery, for cardiac procedures and for urologic and gynecologic procedures.

In June 2000, Intuitive Surgical completed a successful initial public offering. This was followed by a second successful public offering in 2003. In 2003, the company also acquired its principal competitor, Computer Motion, strengthening its intellectual property holdings.

As of June 2005, Intuitive Surgical has 324 *da Vinci* Systems installed in hospitals worldwide. The company employs more than 350 people and owns rights to more than 260 U.S. and foreign patents, as well as patents pending. The company also has established, collaborative relationships with technology leaders including Ethicon Endo-Surgery (Johnson & Johnson), Medtronic and Olympus Optical.

Intuitive Surgical's sales for the second quarter 2005 totaled $52.8 million, an increase of 70% over second quarter of 2004 sales. Second quarter 2005 recurring revenue — consisting of instrument, accessory, service and training revenue — increased to $24.3 million from $13.0 million during the second quarter of 2004. The *da Vinci* Prostatectomy procedure also became the fastest growing treatment for prostate cancer in 2004. Prostate cancer is currently the second leading cause of cancer-related death in U.S. men.

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