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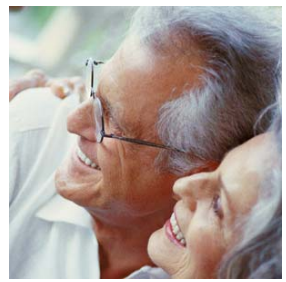
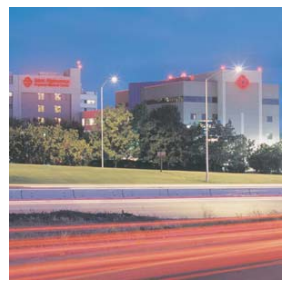
Intuitive Surgical Presentation to the Congressional Robotics Caucus – May 21, 2009

Intuitive Surgical - Overview

- Founded in 1995
  - Employs ~1100 people worldwide, ~1000 people in the US
  - Publicly-traded company, NASDAQ "ISRG"
- Intuitive's *da Vinci* systems used in 136,000 procedures performed in 2008, up 60% from 2007
  - Q109 procedures up approximately 60% from Q108
- 1,171 *da Vinci*® System base as of 3/31/09
  - 863 United States, 211 Europe, 97 Rest of World
- FDA Clearances – Laparoscopic, Thoracoscopic, Prostatectomy, Cardiotomy, Revascularization, Urology, Gynecology, Pediatric
- Target Markets - Urology, Gynecology, Cardiothoracic, General Surgery





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Medical-Surgical Robotics

Definition

- The use of computer-controlled mechanisms to improve therapeutic outcomes

Types of Medical-Surgical Robots

- Medical and Surgical Aids – Surgery and patient care
- Radiation Therapy Robots – Accurate therapy delivery
- Guidance and Positioning Robots – Hands-on manipulator control
- Surgical Tele-robots – Human-in-control

Value Proposition: Better therapeutic outcomes resulting from initial capital investment

- Better tissue targeting – higher precision
- Less invasive procedures - smaller access
- Reduced complications when compared to non-robotic procedures

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The Medical-Surgical Robotics Landscape (1)

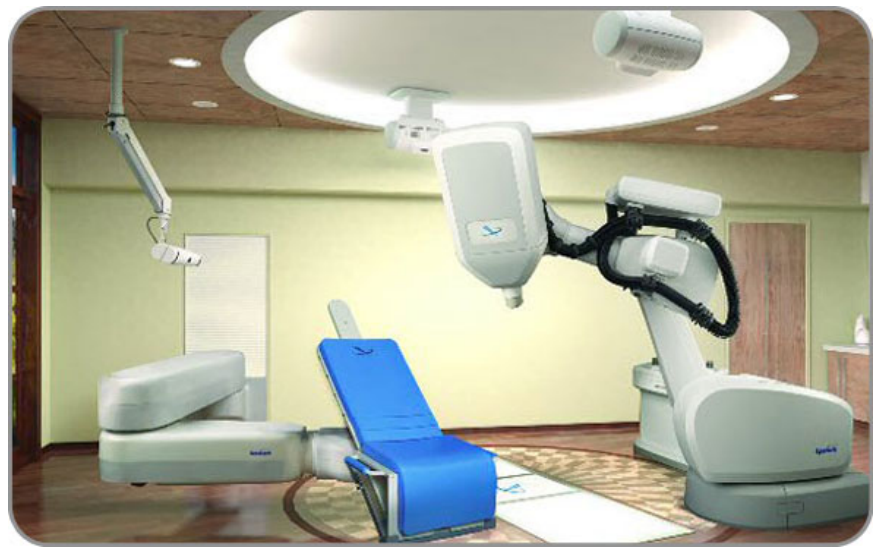
Medical and Surgical Robotic Aids

Rounding Robots
- *InTouch RP7*

MIS Scope Holders
- *Prosurgics EndoAssist*

Radiation Therapy Robots

Radiation Control Robots
- *Accuray Cyberknife*



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The Medical-Surgical Robotics Landscape (2)

Guidance & Positioning Robots

Image-Guided Robots

- *CUREXO Robodoc*
- *Mazor SpineAssist*

Hand Guidance/Haptic Walls

- *MAKO Surgical*

Surgical Tele-Robots

Catheter Guidance Robots

- *Hansen Sensei*
- *Stereotaxis Niobe*

Minimally Invasive Robots

- *Intuitive Surgical da Vinci*

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Example: Intuitive's *da Vinci® Si* Tele-robot

Vision

- 3D-HD view of the surgical field

Dexterity

- Greater range of motion than the human wrist

Precision

- Tremor reduction, motion scaling

Ergonomics

- Improved positioning & surgeon comfort

da Vinci® Si– Video Overview

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Drivers for Adoption of Robotic Surgery

$$\text{Patient Value} = \frac{\text{Efficacy}}{\text{Invasiveness}^2}$$

Surgeon Value = Patient Value + ease-of-use + dependability + shorter length-of-stay (LOS)

Hospital Value = Patient Value + Surgeon Value + economic benefits for the hospital

Economic Value = Improved outcomes + fewer complications + reduced LOS + fewer readmissions + faster return to normal activities

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Representative Procedure - *da Vinci®* Prostatectomy

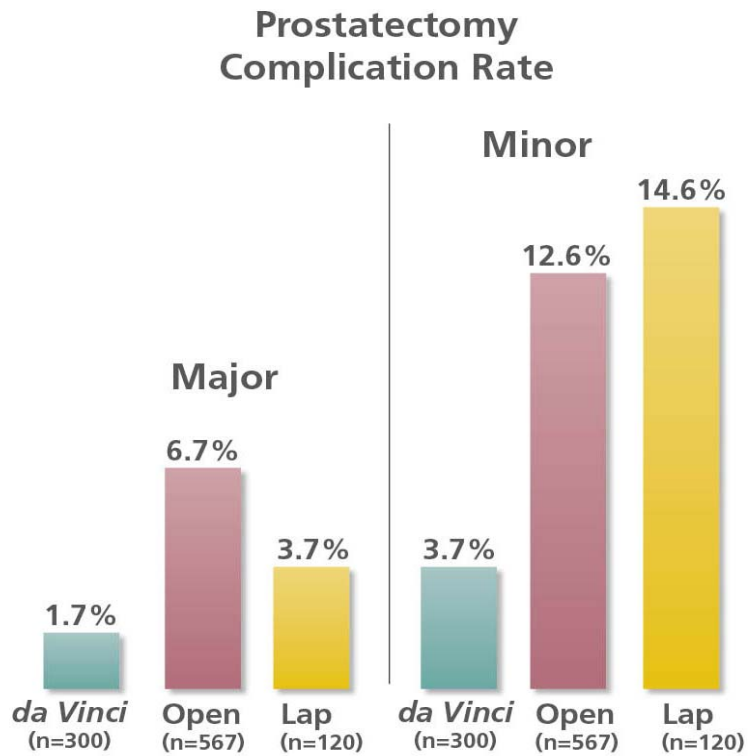
Reported Clinical Benefits of *da Vinci®* Procedures Versus Open Surgery

Greater Efficacy

- Improved cancer control[1]
- Increased continence[2]
- Enhanced sexual potency[3]

Reduced Invasiveness

- Reduced pain[3]
- Reduced blood loss[4]
- Reduced length of stay[4]



[1]VR Patel. Urology Centers, Vestavia Hills, USA. Histopathologic Outcomes and Short Term PSA Data after Robotic Radical Prostatectomy. 500 Patients. Moderated Poster Session MP27, Wednesday, August 24, 2005. 23rd World Congress on Endourology and SWL 21st Basic Research Symposium August 23-26, 2005, Amsterdam, The Netherlands. J Endourol. 2005 Aug.; 19, Supplement 1: A135.

[2] T Ahlering. Continence: The UC Irvine Experience. Presented at UC Irivine's 2006 ART (Advanced Robotic Techniques) of Prostatectomy Symposium, January 5, 2006, Anaheim, California

[3] Menon M, Kaul S, Bhandari A, Shrivastava A, Tewari A, Hemal A. Potency following robotic radical prostatectomy: a questionnaire based analysis of outcomes after conventional nerve sparing and prostatic fascia sparing techniques. J Urol. 2005 Dec;174(6):2291-6, discussion 2296. p. 2293 fig. 2.

[3, 4] Menon M, Tewari A, Peabody JO, Shrivastava A, Kaul S, Bhandari A, Hemal AK. Vattikuti Institute prostatectomy, a technique of robotic radical prostatectomy for management of localized carcinoma of the prostate: experience of over 1100 cases. Urol Clin North Am. 2004 Nov;31(4):701-17. Review.

* Comparative prostatectomy results from: Bhandari A, J Urology 2000; Brown JA, Urologic Oncology, 2004; Guillonneau B, Jnl of Urology, 2002.

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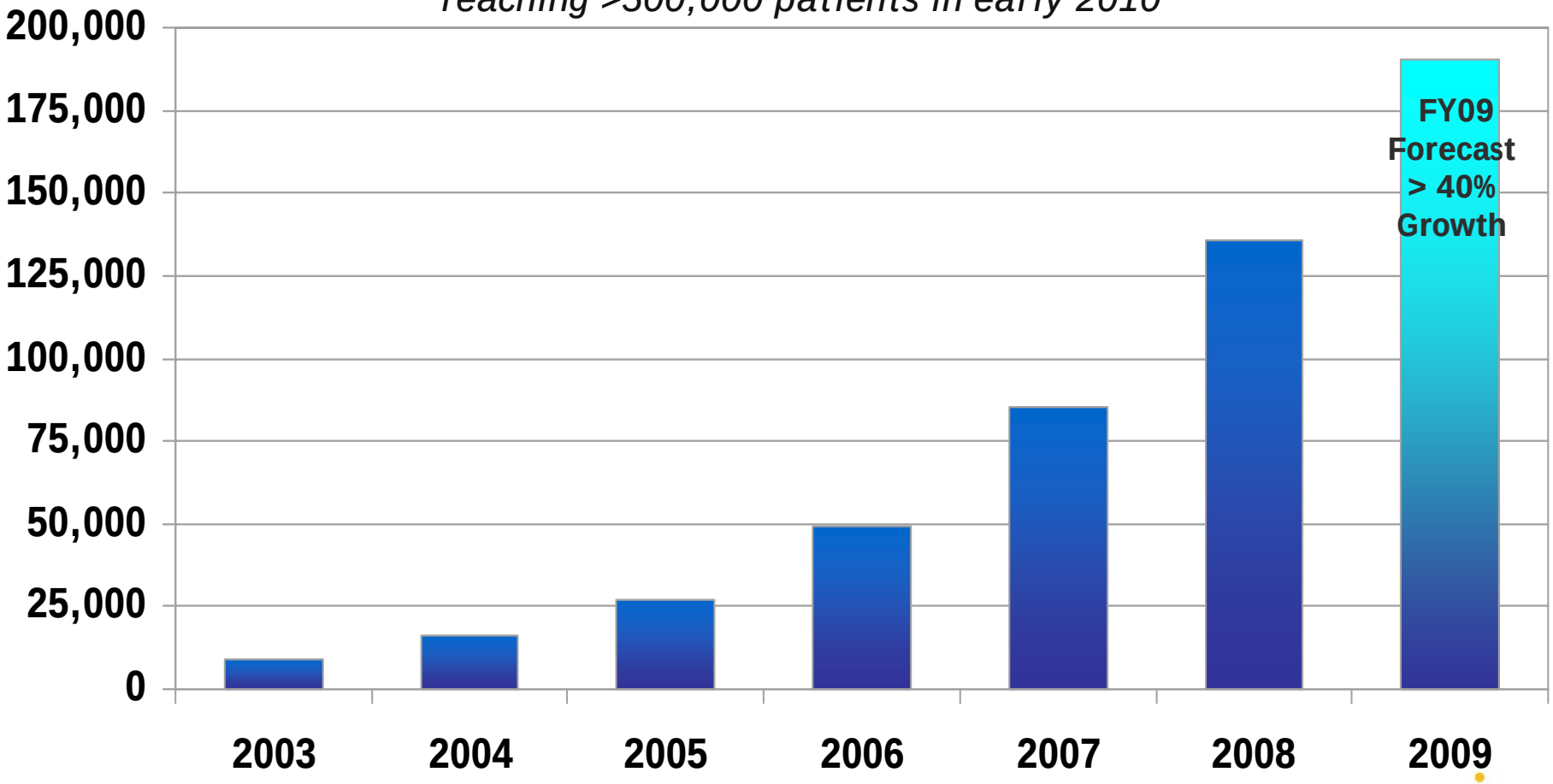
Annual Worldwide daVinci Procedures

*Cumulative total of ~300,000 da Vinci patients through 2008, reaching >500,000 patients in early 2010**



* Forecasts based on Company estimates.

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Procedures Performed with daVinci

Urology

Prostatectomy
Nephrectomy
Partial Nephrectomy
Pyeloplasty
Cystectomy
Donor Nephrectomy
Ureterolithotomy
Pelvic Lymphadenectomy
Adrenalectomy
Cystocele Repair
Excision of Renal Cyst
Lymphadenectomy
Testicular Resection
Renal Cyst Decortication
Ureteral Transplant
Nephropexy
Ureterectomy
Rectocele Repair
Varicocele
Ureteroplasty
Ureteral Implantation
Vaso-vasostomy

Gynecology

Hysterectomy
Myomectomy
Sacral Colpopexy
Pelvic Lymphadenectomy
Tubal Reanastomosis
Vaginal Prolapse Repair
Dermoid Cyst
Endometrial Ablation
Oophorocystectomy
Oophorectomy
Ovarian Cystectomy
Ovarian Transposition
Salpingectomy
Salpingo-Oophorectomy
Colposuspension (Burch)
Tubal Ligation
Tubalplasty

Cardiothoracic

Mitral Valve Repair & Replacement
Single Vessel Beating Heart Bypass
Multi-Vessel Beating Heart Bypass
Single Vessel Arrested Heart Bypass
Multi-Vessel Arrested Heart Bypass
IMA Harvesting
Coronary Anastomosis
Atrial Septum Aneurysm
Atrial Septal Defect Repair
Tricuspid Valve Repair
Thrombectomy
Thymectomy
Esophagectomy
Pericardial Window
Lobectomy
Pneumonectomy
Pacemaker Lead Implantation
Mediastinal Resection
Pulmonary Wedge Resection

General

Gastric Bypass
Nissen Fundoplication
Heller Myotomy
Gastrectomy
Colon Resection
Thyroidectomy
Arteriovenous Fistula
Toupet
Pancreatectomy
Adrenalectomy
Hemi-Colectomy
Sigmoidectomy
Splenectomy
Pyloroplasty
Gastroplasty
Appendectomy
Intra-rectal Surgery
Bowel Resection
Lumbar Sympathectomy
Liver Resection
Cholecystectomy
Hernia Repair

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Where Are We Now?

- *Growing Market*
  - 6 companies in the US market today
  - Many more working to bring new products to the market
- *Substantive and Growing Clinical Literature*
  - Over 1400 articles demonstrating equivalent or better outcomes, decreased trauma and decreased complication rates across many different procedures
- *Compelling Value Proposition*
  - Initial capital investments result in reduced hospital stays, decreased complication rates leading to decreases in re-admissions, and faster return to normal life for patients
  - Primary savings from hospital operating costs, increased productivity, and avoided cost of capital for hospital facilities
  - Within a few years, and with modest assumptions, net benefits in the US would total billions of dollars annually

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Medical Robotics Presents a Substantial Opportunity

- Medical Tele-robots alone could be a $4 Billion annual industry
- Government sponsored programs exist to create medical robots to compete in world markets in at least
  - Japan
  - Canada
  - Korea
  - Singapore
  - Great Britain
  - France
  - Germany

What Does the Future Hold?

Future Innovations in Surgical Robotics…

- Improved capability through fewer, smaller incisions
- Integrated imaging for diagnostics and therapeutics
- Advanced delivery of focal therapies

Leading to More Applications, Increased Benefits…

- Expanded set of robotic-minimally invasive procedures
- Greater access to higher quality care—for rural and smaller urban areas, and in military uses, e.g., bases and naval ships
- Improved healthcare outcomes overall
- Broader economic benefits

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What Was Required for Early Entrants to Get Here?

Coordinated Public-Private Effort

- Collaborative projects with early government support laid the foundation for a new industry

Long-Range Vision for Government and Investors

- Intuitive's evolution (and that of other surgical robotics companies) depended on "patient" investment

Hospital Vision in Adopting Innovative Technologies

- Early adopters provided patients with new treatment options while ensuring safety, efficacy, and cost-effectiveness
- Leaders "saw beyond" accounting practices that distort the impact of new technologies and fail to account for patient benefits

What Does the Industry Need Moving Forward?

Strong Commitments to Technology Leadership

- Delivering globally competitive medical robots will require on-going R&D and commercialization-focused investment

Cross-Agency Coordination and Support

- Surgical robotic technologies cut across a variety of disciplines and agency missions, making coordination of efforts essential

Thoughtful Approaches to Comparative Effectiveness Research and Healthcare Economics

- Robotics demonstrates increased clinical performance AND reduced end-to-end cost to treat—a cross-treatment-cycle view of costs and benefits is required

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Thank You