

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INTUITIVE SURGICAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation)77-0416458
(I.R.S. Employer Identification No.)950 Kifer Road
Sunnyvale, California 94086
(Address of Principal Executive Offices including Zip Code)COMPUTER MOTION, INC. TANDEM STOCK OPTION PLAN
COMPUTER MOTION, INC. 1997 STOCK INCENTIVE PLAN

(Full Title of the Plan)

David M. Shaw
Vice President, Legal Affairs and
Corporate Counsel
Intuitive Surgical, Inc.
950 Kifer Road
Sunnyvale, California 94086
(408) 523-2100Copy to:
Alan C. Mendelson, Esq
Latham & Watkins LLP
135 Commonwealth Drive
Menlo Park, California 94025
(650) 328-4600(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code for Agent for Service)**CALCULATION OF REGISTRATION FEE**

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Maximum Amount of Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$0.001 par value	1,500,000(2)	\$13.58(3)	\$20,370,000(3)	\$1,648

- (1) This registration statement shall also cover any additional shares of common stock which become issuable under the Computer Motion, Inc. Tandem Stock Option Plan and 1997 Stock Incentive Plan (together, the "Plans"), by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration which results in an increase in the number of outstanding shares of the registrant's common stock.
- (2) Represents 1,500,000 shares subject to options outstanding under the Plans, which options were assumed by the registrant in connection with the acquisition of Computer Motion, Inc. by Intuitive Surgical, Inc. on June 30, 2003.
- (3) Estimated for the purpose of calculating the registration fee pursuant to Rule 457(h) under the Securities Act. The price of \$13.58 per share represents the weighted average exercise price for such outstanding options.

Proposed sales to take place as soon after the effective date of the registration statement
as options granted under the Plans are exercised.



TABLE OF CONTENTS

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

Item 4. Description of Securities.

Item 5. Interests of Named Experts and Counsel.

Item 6. Indemnification of Directors and Officers.

Item 7. Exemption from Registration Claimed.

Item 8. Exhibits.

Item 9. Undertakings.

SIGNATURES

INDEX TO EXHIBITS

EXHIBIT 4.1

EXHIBIT 4.2

EXHIBIT 5.1

EXHIBIT 23.2

EXPLANATORY NOTE

On June 30, 2003, we acquired Computer Motion, Inc. In connection with the acquisition, we assumed all of the options then outstanding under Computer Motion, Inc.'s Tandem Stock Option Plan and 1997 Stock Incentive Plan (together, the "Plans"), which options became exercisable for shares of our common stock. We have prepared this registration statement in accordance with the requirements of Form S-8 under the Securities Act to register shares of common stock issuable pursuant to the Plans.

**PART I
INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS**

We will send or give the documents containing the information specified in Part I of Form S-8 to employees as specified by the Securities and Exchange Commission Rule 428(b)(1) under the Securities Act. We do not need to file these documents with the Commission either as a part of the registration statement or as prospectuses or prospectus supplements under Rule 424 of the Securities Act.

**PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT**

Item 3. Incorporation of Documents by Reference.

The following documents which we filed with the Commission are incorporated by reference into this registration statement:

- (a) Our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2002 filed on May 30, 2003;
 - (b) Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 filed on May 15, 2003;
 - (c) Our Current Report on Form 8-K filed on March 7, 2003, Item 5 of our Current Report on Form 8-K filed on April 24, 2003 and our Current Report on Form 8-K filed on July 15, 2003;
 - (d) The description of Common Stock contained in our registration statement on Form 8-A (File No. 000-30713) filed with the Commission on May 26, 2000, pursuant to Section 12 of the Exchange Act, including any subsequent amendment or report filed for the purpose of amending such description; and
 - (e) In addition, all documents which we file pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this registration statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part of this registration statement from the date of the filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained in this registration statement, or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this registration statement, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.
-

Table of Contents

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

Item 6. Indemnification of Directors and Officers.

Our Amended and Restated Certificate of Incorporation provides that to the fullest extent permitted by the Delaware General Corporation Law, our directors shall not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director. Under current Delaware law, liability of a director may not be limited (i) for any breach of the director's duty of loyalty to us or our stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases and (iv) for any transaction from which the director derives an improper personal benefit. The effect of the provision of our Amended and Restated Certificate of Incorporation is to eliminate our rights and the rights of our stockholders (through stockholders' derivative suits on our behalf) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate our rights or the rights of any of our stockholders to seek nonmonetary relief such as an injunction or rescission in the event of a breach of a directors duty of care. In addition, our Amended and Restated Certificate of Incorporation provides that we shall indemnify to the fullest extent permitted by law our directors, officers and employees and persons serving at any other enterprise as a director, officer or employee at our request against losses incurred by any such person by reason of the fact that such person was acting in such capacity.

In addition, we have entered into agreements with certain of our directors and officers pursuant to which we have agreed to indemnify such persons against expenses (including attorneys' fees), judgments, fines and certain amounts paid in settlement actually and reasonably incurred by such indemnified person if such person is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such indemnified person is or was our director, officer, employee or agent, or a director, officer, employee or agent of any of our subsidiaries, due to any action or inaction on the part of the indemnified person while an officer or director, or because the indemnified person is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, so long as such indemnified person acted in good faith and in a manner reasonably believed to be in or not opposed to our best interests and, with respect to any criminal action or proceeding, if such indemnified person had no reasonable cause to believe his or her conduct was unlawful. The agreements also provide that such indemnified persons will be entitled to an advance of expenses to meet the obligations indemnified against as set forth above.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

The following are the exhibits required by Item 601 of Regulation S-K:

<u>Exhibit Number</u>	
4.1	Computer Motion, Inc. Tandem Stock Option Plan.
4.2	Computer Motion, Inc. 1997 Stock Incentive Plan.
5.1	Opinion of Latham & Watkins LLP.
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
23.2	Consent of Ernst & Young LLP, Independent Auditors.
24.1	Power of Attorney (included on signature page of this registration statement).

Item 9. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Sunnyvale, State of California, on this 21st day of July, 2003.

Intuitive Surgical, Inc.

By: /s/ Lonnie M. Smith

Lonnie M. Smith
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Lonnie M. Smith and Susan K. Barnes, and each or any of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead in any and all capacities, to sign any and all amendments (including post-effective amendments) and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ LONNIE M. SMITH	President, Chief Executive Officer and Director (Principal Executive Officer)	July 21, 2003
_____ Lonnie M. Smith		
/s/ SUSAN K. BARNES	Senior Vice President, Chief Financial Officer and Assistant Secretary (Principal Financial and Accounting Officer)	July 21, 2003
_____ Susan K. Barnes		
	Director	July 21, 2003
_____ Robert W. Duggan		
/s/ SCOTT S. HALSTED	Director	July 21, 2003
_____ Scott S. Halsted		
	Director	July 21, 2003
_____ Eric H. Halvorson		
/s/ RUSSELL C. HIRSCH	Director	July 21, 2003
_____ Russell C. Hirsch, M.D., Ph.D.		
/s/ RICHARD J. KRAMER	Director	July 21, 2003
_____ Richard J. Kramer		
	Director	July 21, 2003
_____ James A. Lawrence		
/s/ ALAN J. LEVY	Director	July 21, 2003
_____ Alan J. Levy, Ph.D.		
/s/ FREDERIC H. MOLL	Vice President, Medical Director and Director	July 21, 2003
_____ Frederic H. Moll, M.D.		



INDEX TO EXHIBITS

Exhibit Number	
4.1	Computer Motion, Inc. Tandem Stock Option Plan.
4.2	Computer Motion, Inc. 1997 Stock Incentive Plan.
5.1	Opinion of Latham & Watkins LLP.
23.1	Consent of Latham & Watkins LLP (included in Exhibit 5.1).
23.2	Consent of Ernst & Young LLP, Independent Auditors.
24.1	Power of Attorney (included on signature page of this registration statement).

COMPUTER MOTION, INC.
TANDEM STOCK OPTION PLAN

THIS TANDEM STOCK OPTION PLAN (the "Plan") is adopted by COMPUTER MOTION, INC., A CALIFORNIA CORPORATION (the "Company"), with reference to the following facts:

RECITALS:

A. The Company desires to issue shares of its common stock to certain employees, consultants and independent contractors (the "Recipients") in order to reward those Recipients for their contributions to the growth and profits of the Company.

B. To accomplish that goal, the Company is adopting this Plan to establish the terms and conditions on which the Company shall issue to such Recipients options to acquire the Company's common stock.

PLAN:

NOW, THEREFORE, the Company hereby adopts the following Plan:

1. DEFINITIONS

The following terms shall have the meanings indicated below:

1.1 "BOARD" means the Board of Directors of the Company.

1.2 "CODE" means the Internal Revenue Code of 1986, as amended.

1.3 "EMPLOYMENT TERMINATION DATE" means the date on which a Recipient ceases to be employed by the Company for any reason.

1.4 "EXERCISE DATE" means the date on which the Recipient delivers to the Company a written notice that such Recipient elects to exercise an Option with respect to some or all of the Shares of Stock subject to that Option.

1.5 "EXPIRATION DATE" means, with respect to each Option, the date specified by the Board as the last date on which the Option may be exercised.

1.6 "GRANT DATE" means the date on which the Board grants an Option to a Recipient pursuant to this Plan.

1.7 "INCENTIVE OPTION" means an Option which satisfies the requirements of Code Section 422.

1.8 "NONQUALIFIED OPTION" means an Option which is not an Incentive Option.

1.9 "OPTION" means an option granted under this Plan to a Recipient which entitles the Recipient to acquire Shares.

1.10 "OPTION TERM" means the period of time which commences on the Grant Date and ends on the earlier of the Expiration Date or the date which is thirty (30) days after the Recipient's Employment Termination Date, during which the Recipient may exercise an Option granted to the Recipient pursuant to this Plan.

1.11 "RECIPIENT" means an employee, consultant or independent contractor of the Company to whom an Option is granted pursuant to this Plan.

1.12 "SHARES" means the shares of common stock of the Company.

1.13 "VESTED PERCENTAGE" means, with respect to each Option, the portion of the Option in which the Recipient has become vested, as determined under Section 4.3.2, below.

1.14 "VESTED SHARES" means, with respect to each Option the number of Shares determined by multiplying (a) the total number of Shares subject to the Option, times (b) the Recipient's Vested Percentage.

2. COVERED OPTIONS

2.1 TYPES OF OPTIONS. The Company may grant to Recipients either Incentive Options or Nonqualified Options. Unless the Board of Directors designates an Option as an Incentive Option at the time the Option is granted to the Recipient, the Option shall be a Nonqualified Option.

2.2 APPLICATION OF PLAN. Except as otherwise expressly provided in this Plan, all the provisions of this Plan relate equally to both Incentive Options and Nonqualified Options.

3. RESERVATION OF SHARES

3.1 NUMBER OF SHARES RESERVED. The Company shall establish a Stock Option Reserve ("Stock Option Reserve") to which it shall credit Three Million (3,000,000) Shares of its authorized and unissued stock.

3.2 ISSUANCE OF OPTIONS. The Company may not grant an Option to acquire Shares unless there are credited to the Stock Option Reserve, immediately prior to the grant of the Option, the number of Shares to which the Option is to apply. If an Option is granted for a number of Shares which exceeds the number of Shares then credited to the Stock Option Reserve, then the Option shall be effective only with respect to the number of Shares then credited to the Stock Option Reserve.

3.3 ADJUSTMENT TO RESERVE. So long as this Plan is in effect, the Company shall not issue any of the Shares credited to the Stock Option Reserve, except pursuant to the exercise of Options granted under this Plan.

3.3.1 STOCK SPLIT, ETC. If the Company effects a subdivision or consolidation of Shares or any other capital readjustment, the payment of a stock dividend, a stock split or reverse stock split, or any other increase or decrease in the number of the outstanding Shares without receiving compensation therefor in money, services, or property, then the number of Shares then credited to the Stock Option Reserve shall:

A. In the event of an increase in the number of outstanding Shares, be proportionately increased;

B. In the event of a decrease in the number of outstanding Shares, be proportionately decreased.

3.3.2 GRANT AND EXERCISE OF OPTIONS. The number of Shares credited to the Stock Option Reserve shall be (a) reduced by the number of Shares for which Options are granted under this Plan and (b) increased, upon the expiration or sooner termination of an Option, by the number of Shares which were subject to that Option but for which the Option was not exercised.

4. GRANT OF OPTIONS

4.1 ELIGIBLE INDIVIDUALS. The Company may grant:

4.1.1 INCENTIVE OPTIONS. Incentive Options only to employees of the Company; provided, a person who is a member of the Board of Directors of the Company shall be eligible to receive an Incentive Option only if that person also is an employee of the Company.

4.1.2 NONQUALIFIED OPTIONS. Nonqualified Options to any employee, independent contractor or consultant of the Company.

4.2 DISCRETIONARY TERMS. Subject to Section 4.3, below, the Board in its discretion shall determine with respect to each Option granted under this Plan:

4.2.1 RECIPIENTS. Those Recipients, if any, to whom Options shall be granted under this Plan.

4.2.2 NUMBER OF SHARES. The number of Shares subject to the Option;

4.2.3 PRICE. The purchase price per Share subject to each Option; provided, if the Option is an Incentive Option, then:

A. The purchase price per Share shall be equal to the fair market value of each such Share as of the Grant Date, as determined by the Board in good faith; and

B. If the Recipient directly or indirectly owns stock of the Company possessing more than ten percent (10%) of the total voting power of all classes of stock of the Company or any parent corporation or subsidiary of the Company, then (1) the purchase price for the Shares subject to the Option shall be equal to or greater than one hundred ten percent (110%) of the fair market value of such Shares as of the Grant Date, and (2) the Option Term for such Option may not exceed five (5) years.

4.2.4 OTHER MATTERS. Whether:

A. To impose on each Option terms and conditions which are in addition to, or different from, those imposed on other Options; and

B. To require as a condition to the receipt of an Option that the Recipient surrender any Options then held by the Recipient to purchase Shares, whether pursuant to options previously granted to the Recipient under an employee stock option plan or pursuant to any other option, warrant or other right then held by the Recipient.

4.3 MANDATORY TERMS. Each Option granted pursuant to this Plan shall be subject to the following terms and conditions:

4.3.1 VESTED SHARES. A Recipient may exercise an Option at any time only with respect to the number of Vested Shares under the Option.

4.3.2 VESTING. Unless a different schedule has been prescribed by the Board at the time an Option is granted, an Option shall vest at a rate of five percent (5%) per calendar quarter.

4.3.3 ASSIGNMENTS. No Option granted under this Plan may be assigned or transferred, except by will or the laws of descent and distribution, and during the life of the Recipient no Option shall be exercisable by any person other than the Recipient.

4.3.4 LIMITS ON INCENTIVE OPTIONS. With respect to Incentive Options only:

A. No Incentive Option granted under this Plan may be exercised unless the Recipient to whom such Option was granted was an employee of the Company (or a successor thereto pursuant to a transaction described in Section 424 of the Code) at all times during the period beginning on the Grant Date and ending no more than three (3) months prior to the date on which the option is exercised (subject to the 30-day period set forth in Section 4.3.7, below).

B. At no time shall the aggregate fair market value (determined at the time the option is granted) of all Shares with respect to which Incentive Options (whether they are Options granted under this Plan or are incentive stock options granted under any other plan sponsored by the Company) are exercisable for the first time by any employee during any calendar year, exceed \$100,000.

C. Each Incentive Option shall expire to the extent it is not exercised within ten (10) years after the Grant Date.

4.3.5 TIME OF EXERCISE. Options may be exercised only once during any calendar quarter and not more than four times in any calendar year.

4.3.6 PARTIAL EXERCISE. If a Recipient exercises an Option as to some but not all the Shares which are subject to the Option, then the remaining Shares subject to the Option shall continue to be subject to the Option and may be purchased upon any subsequent exercise of the Option prior to the end of the Option Term.

4.3.7 TERMINATION OF OPTION. If a Recipient of an Option who is an employee terminates employment with the Company, then the Option shall terminate on the earlier of (a) the Expiration Date, or (b) the date which is thirty (30) days after the Recipient's Employment Termination Date; provided, prior to termination the Recipient shall be entitled to exercise the Option with respect to Vested Shares by delivering the Exercise Notice (as defined in Section 5.1) to the Company prior to termination of the Option.

4.3.8 ADJUSTMENTS UPON CHANGES IN CAPITAL STRUCTURE. In the event that the outstanding shares of common stock of the Company are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock dividend or other change in the capital structure of the Company, then appropriate adjustment shall be made by the Board to

the number of Option Shares subject to the unexercised portion of this Option and to the exercise price per share, in order to preserve, as nearly as practical, but not to increase, the benefits of the Recipient under this Option. Any such adjustment made by the Board shall be conclusive.

4.3.9 MERGERS, REORGANIZATIONS, ETC. In the event that the Company at any time proposes to sell substantially all of its assets, merge into, consolidate with or to enter into any other reorganization in which the Company is not the surviving corporation, the Company shall cause either (a) outstanding Options to be assumed by the successor corporation or (b) a new option covering shares of the successor corporation of comparable value to outstanding Options, with appropriate adjustments as to the number and kind of shares and the exercise price, be granted to the Recipients. Upon such assumption or substitution, the terms of the assumed or substituted Option shall provide that if Recipient is terminated without cause by the successor corporation all Options shall become immediately exercisable and remain exercisable for a period of three (3) months after such termination.

4.3.10 RIGHTS AS SHAREHOLDER. No Recipient shall have any rights as a shareholder of the Company with respect to any Share subject to an Option until after (a) the Recipient has exercised the Option, and (b) there is issued to the Recipient a stock certificate evidencing ownership of such share. No adjustments shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

4.3.11 LISTING AND REGISTRATION. If at any time the Board determines, in its discretion, that the listing, registration or qualification of Options granted pursuant to the Plan, or the Shares to be sold and issued upon exercise of such Options, upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to or in connection with the granting of Options pursuant to the Plan, or the sale of Shares upon the exercise of such Options, then no further Options may be granted or Shares sold unless such listing, registration, qualification, consent or approval shall have been obtained free of any conditions not acceptable to the Board. The Board may cause the Company, at its expense, to take any action related to the Plan which may be required in connection with such listing, registration, qualification, consent or approval.

4.3.12 STOCK OPTION AGREEMENT. Options granted under this Plan shall be evidenced by a written Stock Option Agreement, substantially in the form attached as Exhibit A to this Plan (in the case of Incentive Options), or by a written Nonqualified Stock Option Agreement substantially in the form attached as Exhibit B to this Plan (in the case of Nonqualified Options), and in each case containing such additional terms and conditions consistent with the provisions of the Plan as are imposed by the Board and which, in the opinion of the Board, are necessary or desirable for the protection of the Company.

4.4 NOTICE. The Board shall give written notice of any Option granted under this Plan to the Recipient and to the Company within ten (10) days after the Grant Date. Each such notice shall specify (a) the number of shares subject to the Option, (b) the type of Option (Incentive or Nonqualified), (c) the purchase price for Shares under the Option, (d) the Option Term and (e) the times at which the Option may be exercised.

5. ISSUANCE OF SHARES

5.1 NOTICE OF EXERCISE. To the extent that an Option may be exercised with respect to Vested Shares under Section 4, above, such Option shall be exercised only by the Recipient delivering to the Company a written notice (the "Exercise Notice") stating the number of Shares with respect to which the Option is being exercised.

5.2 CLOSING. The closing of the purchase and sale of Shares pursuant to the exercise of an Option shall occur at the offices of the Company on a mutually agreeable date not more than thirty (30) days after the date on which the Exercise Notice is delivered to the Company pursuant to Section 5.1, above (or, if later, the third business day after the date on which the condition specified in Section 5.2.1, below, is satisfied).

5.2.1 CONDITION PRECEDENT. The obligations of the parties at the closing shall be subject to the Company's obtaining any permits, qualifications or other consents that may be required under state or federal securities laws in connection with the issuance of the Shares.

5.2.2 DELIVERIES AT CLOSING. At the closing:

A. The Recipient shall deliver:

(1) The purchase price for the Shares being purchased, either in cash or by certified or cashier's check or money order or, in the discretion of the Company, a number of Shares having a fair market value as of the date of the closing (as determined by the Board in good faith) equal to the purchase price due the Company.

(2) An executed Stock Transfer Agreement pursuant to Section 6, below;

(3) An executed Investment Letter, in substantially the form set forth as Exhibit C to this Plan; and

(4) Such other documents and instruments as the Company reasonably may request to effect the closing in compliance with this Plan and applicable law.

B. The Company shall deliver:

(1) One or more stock certificates evidencing the Shares being purchased by the Recipient; and

(2) An executed Stock Transfer Agreement pursuant to Section 6, below.

5.3 LEGEND. All certificates evidencing Shares purchased pursuant to exercise of an Option shall be imprinted with such legends, if any, as may be necessary to comply with applicable federal and State securities laws, and also bear a legend in substantially the following form:

THE SHARES OF STOCK EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS OF THAT CERTAIN STOCK TRANSFER AGREEMENT BETWEEN THE COMPANY AND (RECIPIENT) DATED _____, 19____, A COPY OF WHICH IS AVAILABLE FOR INSPECTION AT THE OFFICES OF THE COMPANY.

5.4 FAILURE TO COMPLETE PURCHASE. If, upon tender and delivery by the Company at the closing of the stock certificates required pursuant to Section 5.2, above, the Recipient fails to accept delivery of and to pay for all or any part of the number of Shares specified in the Exercise Notice, then the Board, in its discretion, may terminate the Recipient's right to exercise the Option with respect to such undelivered shares and any other Shares subject to the Option.

5.5 FULLY PAID SHARES. All Shares issued upon the exercise of Options granted under this Plan shall be fully paid and nonassessable shares.

6. RESTRICTIONS ON SHARE TRANSFER

6.1 GRANT OF RIGHTS. With respect to all Shares purchased pursuant to the exercise of an Option (the "Option Shares"), the Company shall have:

6.1.1 FIRST REFUSAL. A right of first refusal to purchase the Option Shares prior to any sale, encumbrance, or other transfer, whether voluntarily or by operation of law, other than a transfer to a revocable inter vivos trust of which the Recipient is the trustor, trustee, and beneficiary, as further described in Section 6.2, below; and

6.1.2 REPURCHASE OPTION. The right and option (the "Repurchase Option"), but not the obligation, to purchase such Option Shares upon (a) the termination of the Recipient's employment or other service engagement with the Company for any reason, and (b) the death of the Recipient, as further described in Section 6.3, below.

6.2 FIRST REFUSAL RIGHTS. Prior to any transfer of any Option Shares, the Recipient shall deliver to the Company a written notice (the "Transfer Notice") describing (a) the name and address of the proposed transferee; (b) the proposed purchase price; (c) the number of Option Shares to be sold or transferred; and (d) the other terms and conditions of the transfer. Such Transfer Notice shall be treated as an offer by the Recipient to sell the Option Shares to the Company at the same price, and on the same other terms, as in the proposed transfer described in the Transfer Notice.

6.2.1 EXERCISE. If the Company wishes to purchase the Option Shares, then the Company shall deliver to the Recipient, within thirty (30) days after receiving the Transfer Notice, a written acceptance of the offer. The closing of the sale of the Option Shares to the Company thereafter shall occur, at the offices of the Company, within thirty (30) days after the Company accepts the Recipient's offer.

6.2.2 FAILURE TO EXERCISE. If the Company fails to deliver to the Recipient within such 30-day period a written acceptance of the Recipient's offer, then the Recipient may proceed with the proposed transfer to the proposed transferee, and on the same terms and conditions, described in the Transfer Notice. If such transfer fails to close within 60 days after the end of such 30-day period, then the Recipient shall be obligated to offer the Option Shares to the Company

pursuant to this Section 6.2 prior to transferring those Shares to the proposed transferee or any other person.

6.3 REPURCHASE OPTION. If a Recipient dies or the Recipient's employment or other service engagement with the Company is terminated for any other reason, then during the 90-day period after the occurrence of such event (the "Marketing Period"), the Recipient shall have the opportunity to sell or attempt to sell, to any purchaser at whatever price the Recipient is able to negotiate, any Option Shares then owned by the Recipient. Any such sale or attempted sale of those Option Shares shall be subject to the right of first refusal described in Sections 6.1.1 and 6.2, above.

6.3.1 OPTION EXERCISE. If, during the Marketing Period, the Recipient:

A. Delivers to the Company a Transfer Notice pursuant to Section 6.2, above, describing a bona fide offer to purchase the Option shares described in the notice, then the sale of such Option Shares shall be governed by that Section. If the Company declines to exercise its right of first refusal and the sale to the proposed transferee fails to close within the 60-day period described in Section 6.2.2, above, then the Company thereafter shall be entitled to exercise its Repurchase Option with respect to such Option Shares by delivering to the Recipient, within 180 days after the end of such 60-day period, a written notice of its election to exercise of that option (the "Exercise Notice").

B. Fails to deliver to the Company a Transfer Notice regarding a bona fide offer to purchase any Option Shares then held by the Recipient, then the Company may exercise the Repurchase Option with respect to those Option Shares by delivering an Exercise Notice to the Recipient within one hundred eighty (180) days after the end of the Marketing Period.

6.3.2 CLOSING. The closing of the sale of the Option Shares to the Company pursuant to the exercise of the Repurchase Option shall occur at the offices of the Company on a mutually acceptable date within thirty (30) days after delivery of the Exercise Notice.

6.3.3 PRICE. The purchase price for each of the Option Shares shall be determined in accordance with this Section 6.3.3.

A. If the Shares:

(1) Are then traded on an established securities market, then the purchase price per Share shall be the closing bid price per share of the Company's Stock quoted on the second business day prior to the date of the closing; or

(2) Are not then traded on an established securities market, then the purchase price per Share shall be the greater of (a) the net book value of such Shares as of the last day of the last calendar month preceding the date of the closing, or (b) an amount determined by multiplying ten (10) times the Company's earnings per Share during the twelve-month period ending on the last day of the last full calendar month immediately preceding the date of the closing.

B. The net book value per Share shall be determined, by the Company's independent certified public accountant, by (1) first allocating the book value of the Company to all of its outstanding capital stock in such manner as that accountant deems appropriate, and (2) then dividing that portion of such net book value allocable to all the Shares, by the number of Shares outstanding on the last day of the last full calendar month preceding the closing. The Company's net

book value shall be the excess of the amount of the Company's total assets over the amount of the Company's total liabilities.

C. The Company's earnings per Share shall be determined, by the Company's independent certified public accountant, by (1) allocating the Company's earnings for the 12-month period described in Section 6.3.3.A(2)(b), above, to all the Company's outstanding capital stock in such manner as that accountant deems appropriate, and (2) then dividing that portion of such earnings allocable to all the Shares, by the number of Shares outstanding on the last day of the 12-month period described in Section 6.3.3A(2)(b).

D. All such determinations shall be made in accordance with generally accepted accounting principles applied on a basis consistent with those previously applied by the Company.

6.4 STOCK TRANSFER AGREEMENT. Concurrently with a Recipient's purchase of Shares pursuant to the exercise of an Option, the Recipient and the Company shall execute a Stock Transfer Agreement in substantially the form set forth at Exhibit D, evidencing the right of first refusal and Repurchase Option described in this Section 6.

7. TERM AND AMENDMENT OF PLAN

7.1 TERM. Unless sooner terminated pursuant to Section 7.2, below, this Plan shall have a term of ten (10) years and shall expire on the tenth (10th) anniversary of (a) the date of its adoption by the Board, or (b) the date of its approval by the shareholders of the Company, whichever first occurs.

7.2 AMENDMENT AND TERMINATION. The Board in its sole and absolute discretion may amend, suspend or terminate the Plan in whole or in part at any time, but no such amendment, suspension or termination shall adversely affect the rights or obligations of Recipients with respect to Options granted prior to the date of any such amendment, suspension or termination; provided, notwithstanding the foregoing, the shareholders shall be required to approve any amendment which has the effect of (a) increasing the number of shares subject to the Plan or (b) changing the designation of the class of employees eligible to receive options under the Plan.

8. MISCELLANEOUS

8.1 APPROVAL OF SHAREHOLDERS. This Plan shall be effective only if it is approved by the shareholders of the Company within the period beginning twelve (12) months before and ending within twelve (12) months after the date of its adoption by the Board. Options may be granted under this Plan prior to the date of its approval by the Company's shareholders, but no such Option may be exercised until this Plan has been so approved by the shareholders. Upon such approval, Options previously granted under this Plan shall be given effect retroactive to their Grant Date.

8.2 USE OF PROCEEDS. The proceeds from the sale of Shares pursuant to Options granted under this Plan shall constitute general funds of the Company.

8.3 NO RIGHT TO ALLOCATION. No person shall be entitled to receive an Option under this Plan and no person shall have authority to enter into an agreement for the granting of an Option or to make any representation or warranty with respect thereto. No Options shall be earmarked for the

account of a Recipient nor shall a Recipient have any rights with respect to such Options until such Options have been issued in accordance with the provisions of this Plan.

8.4 NO EMPLOYMENT RIGHTS. Neither the adoption of this Plan, nor any action taken by the Board under the Plan, nor any provision of the Plan, shall be construed as giving to any person the right to be retained in the employ of the Company.

8.5 NOTICES. All notices permitted or required by this Plan shall be in writing and shall be deemed to be delivered and received (a) when personally delivered, or (b) on the day on which telecopied, or (c) on the third (3rd) business day after the day on which deposited in the United States mail, first-class-certified mail, postage prepaid, transmitted or addressed to the person for whom intended, at the telecopy number or address appearing on the records of the Company, or such other telecopy number or address, notice of which is given in the manner contemplated by this Section 8.5.

8.6 GOVERNING LAW. The Plan shall be governed by the Internal Revenue Code of 1986, as amended, and by the laws of the State of California.

8.7 EFFECTIVE DATE. The effective date of this Plan shall be March 1, 1993.

EXHIBITS

- - - - -

- A Stock Option Agreement (Incentive Options)
- B Stock Option Agreement (Nonqualified Options)
- C Form of Investment Letter
- D Stock Purchase Agreement

COMPUTER MOTION, INC.

1997 STOCK INCENTIVE PLAN

This 1997 STOCK INCENTIVE PLAN (the "Plan") is hereby established by Computer Motion, Inc., a California corporation (the "Company"), and adopted by its Board of Directors as of the ____ day of April, 1997 (the "Effective Date").

ARTICLE 1.

PURPOSES OF THE PLAN

1.1 PURPOSES. The purposes of the Plan are (a) to enhance the Company's ability to attract and retain the services of qualified employees, officers and directors (including non-employee officers and directors), and consultants and other service providers upon whose judgment, initiative and efforts the successful conduct and development of the Company's business largely depends, and (b) to provide additional incentives to such persons or entities to devote their utmost effort and skill to the advancement and betterment of the Company, by providing them an opportunity to participate in the ownership of the Company and thereby have an interest in the success and increased value of the Company.

ARTICLE 2.

DEFINITIONS

For purposes of this Plan, the following terms shall have the meanings indicated:

2.1 ADMINISTRATOR. "Administrator" means the Board or, if the Board delegates responsibility for any matter to the Committee, the term Administrator shall mean the Committee.

2.2 AFFILIATED COMPANY. "Affiliated Company" means any "parent corporation" or "subsidiary corporation" of the Company, whether now existing or hereafter created or acquired, as those terms are defined in Sections 424(e) and 424(f) of the Code, respectively.

2.3 BOARD. "Board" means the Board of Directors of the Company.

2.4 CHANGE IN CONTROL. "Change in Control" shall mean (i) the acquisition, directly or indirectly, by any person or group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) of the beneficial ownership of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of all outstanding securities of the Company; (ii) a merger or consolidation in which the Company is not the surviving entity, except for a transaction in which the holders of the outstanding voting securities of the Company immediately prior to such merger or consolidation hold, in the aggregate, securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the surviving entity immediately after such merger or consolidation; (iii) a reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of all outstanding voting securities of the Company are transferred to or acquired by a person or persons different from the persons holding

those securities immediately prior to such merger; (iv) the sale, transfer or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; or (v) approval by the shareholders of a plan or proposal for the liquidation or dissolution of the Company.

2.5 CODE. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.6 COMMITTEE. "Committee" means a committee of two or more members of the Board appointed to administer the Plan, as set forth in Section 7.1 hereof.

2.7 COMMON STOCK. "Common Stock" means the Common Stock, no par value, of the Company, subject to adjustment pursuant to Section 4.2 hereof.

2.8 DISABILITY. "Disability" means permanent and total disability as defined in Section 22(e)(3) of the Code. The Administrator's determination of a Disability or the absence thereof shall be conclusive and binding on all interested parties.

2.9 EFFECTIVE DATE. "Effective Date" means the date on which the Plan is adopted by the Board, as set forth on the first page hereof.

2.10 EXERCISE PRICE. "Exercise Price" means the purchase price per share of Common Stock payable upon exercise of an Option.

2.11 FAIR MARKET VALUE. "Fair Market Value" on any given date means the value of one share of Common Stock, determined as follows:

(a) If the Common Stock is then listed or admitted to trading on a NASDAQ market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the closing sale price on the date of valuation on such NASDAQ market system or principal stock exchange on which the Common Stock is then listed or admitted to trading, or, if no closing sale price is quoted on such day, then the Fair Market Value shall be the closing sale price of the Common Stock on such NASDAQ market system or such exchange on the next preceding day for which a closing sale price is reported.

(b) If the Common Stock is not then listed or admitted to trading on a NASDAQ market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the average of the closing bid and asked prices of the Common Stock in the over-the-counter market on the date of valuation.

(c) If neither (a) nor (b) is applicable as of the date of valuation, then the Fair Market Value shall be determined by the Administrator in good faith using any reasonable method of valuation, which determination shall be conclusive and binding on all interested parties.

2.12 INCENTIVE OPTION. "Incentive Option" means any Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

2.13 INCENTIVE OPTION AGREEMENT. "Incentive Option Agreement" means an Option Agreement with respect to an Incentive Option.

2.14 NASD DEALER. "NASD Dealer" means a broker-dealer that is a member of the National Association of Securities Dealers, Inc.

2.15 NONQUALIFIED OPTION. "Nonqualified Option" means any Option that is not an Incentive Option. To the extent that any Option designated as an Incentive Option fails in whole or in part to qualify as an Incentive Option, including, without limitation, for failure to meet the limitations applicable to a 10% Shareholder or because it exceeds the annual limit provided for in Section 5.6 below, it shall to that extent constitute a Nonqualified Option.

2.16 NONQUALIFIED OPTION AGREEMENT. "Nonqualified Option Agreement" means an Option Agreement with respect to a Nonqualified Option.

2.17 OFFEREE. "Offeree" means a Participant to whom a Right to Purchase has been offered or who has acquired Restricted Stock under the Plan.

2.18 OPTION. "Option" means any option to purchase Common Stock granted pursuant to the Plan.

2.19 OPTION AGREEMENT. "Option Agreement" means the written agreement entered into between the Company and the Optionee with respect to an Option granted under the Plan.

2.20 OPTIONEE. "Optionee" means a Participant who holds an Option.

2.21 PARTICIPANT. "Participant" means an individual or entity who holds an Option, a Right to Purchase or Restricted Stock under the Plan.

2.22 PURCHASE PRICE. "Purchase Price" means the purchase price per share of Restricted Stock payable upon acceptance of a Right to Purchase.

2.23 RESTRICTED STOCK. "Restricted Stock" means shares of Common Stock issued pursuant to Article 6 hereof, subject to any restrictions and conditions as are established pursuant to such Article 6.

2.24 RIGHT TO PURCHASE. "Right to Purchase" means a right to purchase Restricted Stock granted to an Offeree pursuant to Article 6 hereof.

2.25 SERVICE PROVIDER. "Service Provider" means a consultant or other person or entity who provides services to the Company or an Affiliated Company and who the Administrator authorizes to become a Participant in the Plan.

2.26 STOCK PURCHASE AGREEMENT. "Stock Purchase Agreement" means the written agreement entered into between the Company and the Offeree with respect to a Right to Purchase offered under the Plan.

2.27 10% SHAREHOLDER. "10% Shareholder" means a person who, as of a relevant date, owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of an Affiliated Company.

ARTICLE 3.

ELIGIBILITY

3.1 INCENTIVE OPTIONS. Officers and other key employees of the Company or of an Affiliated Company (including members of the Board if they are employees of the Company or of an Affiliated Company) are eligible to receive Incentive Options under the Plan.

3.2 NONQUALIFIED OPTIONS AND RIGHTS TO PURCHASE. Officers and other key employees of the Company or of an Affiliated Company, members of the Board (whether or not employed by the Company or an Affiliated Company), and Service Providers are eligible to receive Nonqualified Options or Rights to Purchase under the Plan.

3.3 LIMITATION ON SHARES. In no event shall any Participant be granted Options or Rights to Purchase in any one calendar year pursuant to which the aggregate number of shares of Common Stock that may be acquired thereunder exceeds 500,000 shares.

ARTICLE 4.

PLAN SHARES

4.1 SHARES SUBJECT TO THE PLAN. A total of 2,000,000 shares of Common Stock may be issued under the Plan, subject to adjustment as to the number and kind of shares pursuant to Section 4.2 hereof. For purposes of this limitation, in the event that (a) all or any portion of any Option or Right to Purchase granted or offered under the Plan can no longer under any circumstances be exercised, or (b) any shares of Common Stock are reacquired by the Company pursuant to an Incentive Option Agreement, Nonqualified Option Agreement or Stock Purchase Agreement, the shares of Common Stock allocable to the unexercised portion of such Option or such Right to Purchase, or the shares so reacquired, shall again be available for grant or issuance under the Plan.

4.2 CHANGES IN CAPITAL STRUCTURE. In the event that the outstanding shares of Common Stock are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock dividend, or other change in the capital structure of the Company, then appropriate adjustments shall be made by the Administrator to the aggregate number and kind of shares subject to this Plan, and the number and kind of shares and the price per share subject to outstanding Option Agreements, Rights to Purchase and Stock Purchase Agreements in order to preserve, as nearly as practical, but not to increase, the benefits to Participants.

ARTICLE 5.

OPTIONS

5.1 OPTION AGREEMENT. Each Option granted pursuant to this Plan shall be evidenced by an Option Agreement which shall specify the number of shares subject thereto, the Exercise Price per share, and whether the Option is an Incentive Option or Nonqualified Option. As soon as is practical following the grant of an Option, an Option Agreement shall be duly executed and delivered by or on behalf of the Company to the Optionee to whom such Option was granted. Each Option Agreement shall be in such form and contain such additional terms and conditions, not inconsistent with the provisions of this Plan, as the Administrator shall, from time to time, deem desirable, including, without limitation, the imposition of any rights of first refusal and resale obligations upon any shares of Common Stock acquired pursuant to an Option Agreement. Each Option Agreement may be different from each other Option Agreement.

5.2 EXERCISE PRICE. The Exercise Price per share of Common Stock covered by each Option shall be determined by the Administrator, subject to the following: (a) the Exercise Price of an Incentive Option shall not be less than 100% of Fair Market Value on the date the Incentive Option is granted, (b) the Exercise Price of a Nonqualified Option shall not be less than 85% of Fair Market Value on the date the Nonqualified Option is granted, and (c) if the person to whom an Incentive Option is granted is a 10% Shareholder on the date of grant, the Exercise Price shall not be less than 110% of Fair Market Value on the date the Option is granted.

5.3 PAYMENT OF EXERCISE PRICE. Payment of the Exercise Price shall be made upon exercise of an Option and may be made, in the discretion of the Administrator, subject to any legal restrictions, by: (a) cash; (b) check; (c) the surrender of shares of Common Stock owned by the Optionee that have been held by the Optionee for at least six (6) months, which surrendered shares shall be valued at Fair Market Value as of the date of such exercise; (d) the Optionee's promissory note in a form and on terms acceptable to the Administrator; (e) the cancellation of indebtedness of the Company to the Optionee; (f) the waiver of compensation due or accrued to the Optionee for services rendered; (g) provided that a public market for the Common Stock exists, a "same day sale" commitment from the Optionee and an NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the shares so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such shares to forward the Exercise Price directly to the Company; (h) provided that a public market for the Common Stock exists, a "margin" commitment from the Optionee and an NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to pledge the shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such shares to forward the Exercise Price directly to the Company; or (i) any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable corporate law.

5.4 TERM AND TERMINATION OF OPTIONS. The term and provisions for termination of each Option shall be as fixed by the Administrator, but no Option may be exercisable more than ten (10) years after the date it is granted. An Incentive Option granted to a person who is a 10% Shareholder on the date of grant shall not be exercisable more than five (5) years after the date it is granted.

5.5 VESTING AND EXERCISE OF OPTIONS. Each Option shall vest and become exercisable in one or more installments at such time or times and subject to such conditions, including without limitation the achievement of specified performance goals or objectives, as shall be determined by the Administrator.

5.6 ANNUAL LIMIT ON INCENTIVE OPTIONS. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the Common Stock shall not, with respect to which Incentive Options granted under this Plan and any other plan of the Company or any Affiliated Company become exercisable for the first time by an Optionee during any calendar year, exceed \$100,000.

5.7 NONTRANSFERABILITY OF OPTIONS. No Option shall be assignable or transferable except by will or the laws of descent and distribution, and during the life of the Optionee shall be exercisable only by such Optionee; provided, however, that, in the discretion of the Administrator, any Option may be assigned or transferred in any manner which an "incentive stock option" is permitted to be assigned or transferred under the Code.

5.8 RIGHTS AS SHAREHOLDER. An Optionee or permitted transferee of an Option shall have no rights or privileges as a shareholder with respect to any shares covered by an Option until such Option has been duly exercised and certificates representing shares purchased upon such exercise have been issued to such person.

ARTICLE 6.

RIGHTS TO PURCHASE

6.1 NATURE OF RIGHT TO PURCHASE. A Right to Purchase granted to an Offeree entitles the Offeree to purchase, for a Purchase Price determined by the Administrator, shares of Common Stock subject to such terms, restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Such conditions may include, but are not limited to, continued employment or the achievement of specified performance goals or objectives.

6.2 ACCEPTANCE OF RIGHT TO PURCHASE. An Offeree shall have no rights with respect to the Restricted Stock subject to a Right to Purchase unless the Offeree shall have accepted the Right to Purchase within ten (10) days (or such longer or shorter period as the Administrator may specify) following the grant of the Right to Purchase by making payment of the full Purchase Price to the Company in the manner set forth in Section 6.3 hereof and by executing and delivering to the Company a Stock Purchase Agreement. Each Stock Purchase Agreement shall be in such form, and shall set forth the Purchase Price and such other terms, conditions and restrictions of the Restricted Stock, not inconsistent with the provisions of this Plan, as the Administrator shall, from time to time, deem desirable. Each Stock Purchase Agreement may be different from each other Stock Purchase Agreement.

6.3 PAYMENT OF PURCHASE PRICE. Subject to any legal restrictions, payment of the Purchase Price upon acceptance of a Right to Purchase Restricted Stock may be made, in the discretion of the Administrator, by: (a) cash; (b) check; (c) the surrender of shares of Common Stock owned by the Offeree that have been held by the Offeree for at least six (6) months, which surrendered shares shall be valued at Fair Market Value as of the date of such exercise; (d) the

Offeree's promissory note in a form and on terms acceptable to the Administrator; (e) the cancellation of indebtedness of the Company to the Offeree; (f) the waiver of compensation due or accrued to the Offeree for services rendered; or (g) any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable corporate law.

6.4 RIGHTS AS A SHAREHOLDER. Upon complying with the provisions of Section 6.2 hereof, an Offeree shall have the rights of a shareholder with respect to the Restricted Stock purchased pursuant to the Right to Purchase, including voting and dividend rights, subject to the terms, restrictions and conditions as are set forth in the Stock Purchase Agreement. Unless the Administrator shall determine otherwise, certificates evidencing shares of Restricted Stock shall remain in the possession of the Company until such shares have vested in accordance with the terms of the Stock Purchase Agreement.

6.5 RESTRICTIONS. Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided in the Stock Purchase Agreement. In the event of termination of a Participant's employment, service as a director of the Company or Service Provider status for any reason whatsoever (including death or disability), the Stock Purchase Agreement may provide, in the discretion of the Administrator, that the Company shall have the right, exercisable at the discretion of the Administrator, to repurchase (i) at the original Purchase Price, any shares of Restricted Stock which have not vested as of the date of termination, and (ii) at Fair Market Value, any shares of Restricted Stock which have vested as of such date, on such terms as may be provided in the Stock Purchase Agreement.

6.6 VESTING OF RESTRICTED STOCK. The Stock Purchase Agreement shall specify the date or dates, the performance goals or objectives which must be achieved, and any other conditions on which the Restricted Stock may vest.

6.7 DIVIDENDS. If payment for shares of Restricted Stock is made by promissory note, any cash dividends paid with respect to the Restricted Stock may be applied, in the discretion of the Administrator, to repayment of such note.

6.8 NONASSIGNABILITY OF RIGHTS. No Right to Purchase shall be assignable or transferable except by will or the laws of descent and distribution or as otherwise provided by the Administrator.

ARTICLE 7.

ADMINISTRATION OF THE PLAN

7.1 ADMINISTRATOR. Authority to control and manage the operation and administration of the Plan shall be vested in the Board, which may delegate such responsibilities in whole or in part to a committee consisting of two (2) or more members of the Board (the "Committee"). Members of the Committee may be appointed from time to time by, and shall serve at the pleasure of, the Board. As used herein, the term "Administrator" means the Board or, with respect to any matter as to which responsibility has been delegated to the Committee, the term Administrator shall mean the Committee.

7.2 POWERS OF THE ADMINISTRATOR. In addition to any other powers or authority conferred upon the Administrator elsewhere in the Plan or by law, the Administrator shall have full power and authority: (a) to determine the persons to whom, and the time or times at which, Incentive Options or Nonqualified Options shall be granted and Rights to Purchase shall be offered, the number of shares to be represented by each Option and Right to Purchase and the consideration to be received by the Company upon the exercise thereof; (b) to interpret the Plan; (c) to create, amend or rescind rules and regulations relating to the Plan; (d) to determine the terms, conditions and restrictions contained in, and the form of, Option Agreements and Stock Purchase Agreements; (e) to determine the identity or capacity of any persons who may be entitled to exercise a Participant's rights under any Option or Right to Purchase under the Plan; (f) to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option Agreement or Stock Purchase Agreement; (g) to accelerate the vesting of any Option or release or waive any repurchase rights of the Company with respect to Restricted Stock; (h) to extend the exercise date of any Option or acceptance date of any Right to Purchase; (i) to provide for rights of first refusal and/or repurchase rights; (j) to amend outstanding Option Agreements and Stock Purchase Agreements to provide for, among other things, any change or modification which the Administrator could have provided for upon the grant of an Option or Right to Purchase or in furtherance of the powers provided for herein; and (k) to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan. Any action, decision, interpretation or determination made in good faith by the Administrator in the exercise of its authority conferred upon it under the Plan shall be final and binding on the Company and all Participants.

7.3 LIMITATION ON LIABILITY. No employee of the Company or member of the Board or Committee shall be subject to any liability with respect to duties under the Plan unless the person acts fraudulently or in bad faith. To the extent permitted by law, the Company shall indemnify each member of the Board or Committee, and any employee of the Company with duties under the Plan, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, by reason of such person's conduct in the performance of duties under the Plan.

ARTICLE 8.

CHANGE IN CONTROL

8.1 CHANGE IN CONTROL. In order to preserve a Participant's rights with respect to Options and Rights to Purchase in the event of a Change in Control of the Company, (i) the vesting of Options or Rights to Purchase shall automatically accelerate immediately prior to the consummation of such Change in Control, and (ii) the Administrator in its discretion may, at any time an Option or Right to Purchase is granted, or at any time thereafter, take one or more of the following actions: (A) provide for the purchase or exchange of each Option or Right to Purchase for an amount of cash or other property having a value equal to the difference, or spread, between (x) the value of the cash or other property that the Participant would have received pursuant to such Change in Control transaction in exchange for the shares issuable upon exercise of the Option or Right to Purchase had the Option or Right to Purchase been exercised immediately prior to such Change in Control transaction and (y) the Exercise Price of such Option or the Purchase Price under such Right to Purchase, (B) adjust the terms of the Options and Rights to Purchase in a manner determined by the Administrator to reflect the Change in Control, (C) cause the Options and Rights to Purchase to be assumed, or new rights substituted therefor, by another entity, through the continuance of the Plan and the assumption of outstanding Options and Rights to Purchase, or the substitution for such Options and Rights to Purchase of new options and

new rights to purchase of comparable value covering shares of a successor corporation, with appropriate adjustments as to the number and kind of shares and Exercise Prices, in which event the Plan and such Options and Rights to Purchase, or the new options and rights to purchase substituted therefor, shall continue in the manner and under the terms so provided, or (D) make such other provision as the Administrator may consider equitable. If the Administrator does not take any of the forgoing actions, all Options and Rights to Purchase shall terminate upon the consummation of the Change in Control and the Administrator shall cause written notice of the proposed transaction to be given to all Participants not less than fifteen (15) days prior to the anticipated effective date of the proposed transaction. If the Administrator does not cause the assumption or substitution as set forth in clause (C) of the preceding sentence, the time periods relating to the exercise or realization of all outstanding Options, Rights to Purchase and Restricted Stock shall automatically accelerate immediately prior to the consummation of such Change in Control. If the Administrator does cause such assumption or substitution, and a Participant is subsequently terminated involuntarily and without cause, then the time periods relating to the exercise or realization of all Options, Rights to Purchase and Restricted Stock that were held by such Participant at the time of the Change of Control and which remain unexercised or subject to forfeiture shall automatically accelerate immediately prior to such termination or resignation.

ARTICLE 9.

AMENDMENT AND TERMINATION OF THE PLAN

9.1 AMENDMENTS. The Board may from time to time alter, amend, suspend or terminate the Plan in such respects as the Board may deem advisable. No such alteration, amendment, suspension or termination shall be made which shall substantially affect or impair the rights of any Participant under an outstanding Option Agreement or Stock Purchase Agreement without such Participant's consent. The Board may alter or amend the Plan to comply with requirements under the Code relating to Incentive Options or other types of options which give Optionees more favorable tax treatment than that applicable to Options granted under this Plan as of the date of its adoption. Upon any such alteration or amendment, any outstanding Option granted hereunder may, if the Administrator so determines and if permitted by applicable law, be subject to the more favorable tax treatment afforded to an Optionee pursuant to such terms and conditions.

9.2 PLAN TERMINATION. Unless the Plan shall theretofore have been terminated, the Plan shall terminate on the tenth (10th) anniversary of the Effective Date and no Options or Rights to Purchase may be granted under the Plan thereafter, but Option Agreements, Stock Purchase Agreements and Rights to Purchase then outstanding shall continue in effect in accordance with their respective terms.

ARTICLE 10.

TAX WITHHOLDING

10.1 WITHHOLDING. The Company shall have the power to withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any applicable Federal, state, and local tax withholding requirements with respect to any Options exercised or Restricted Stock issued under the Plan. To the extent permissible under applicable tax, securities and other laws, the Administrator may, in its sole discretion and upon such terms and conditions as it may deem appropriate, permit a Participant to satisfy his or her obligation to pay any such tax, in whole or in

part, up to an amount determined on the basis of the highest marginal tax rate applicable to such Participant, by (a) directing the Company to apply shares of Common Stock to which the Participant is entitled as a result of the exercise of an Option or as a result of the purchase of or lapse of restrictions on Restricted Stock or (b) delivering to the Company shares of Common Stock owned by the Participant. The shares of Common Stock so applied or delivered in satisfaction of the Participant's tax withholding obligation shall be valued at their Fair Market Value as of the date of measurement of the amount of income subject to withholding.

ARTICLE 11.

MISCELLANEOUS

11.1 BENEFITS NOT ALIENABLE. Other than as provided above, benefits under the Plan may not be assigned or alienated, whether voluntarily or involuntarily. Any unauthorized attempt at assignment, transfer, pledge or other disposition shall be without effect.

11.2 NO ENLARGEMENT OF EMPLOYEE RIGHTS. This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any Participant to be consideration for, or an inducement to, or a condition of, the employment of any Participant. Nothing contained in the Plan shall be deemed to give the right to any Participant to be retained as an employee of the Company or any Affiliated Company or to limit the right of the Company or any Affiliated Company to discharge any Participant at any time.

11.3 APPLICATION OF FUNDS. The proceeds received by the Company from the sale of Common Stock pursuant to Option Agreements and Stock Purchase Agreements, except as otherwise provided herein, will be used for general corporate purposes.

2.27 10% SHAREHOLDER. "10% Shareholder" means a person who, as of a relevant date, owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of an Affiliated Company.

ARTICLE 3.
ELIGIBILITY

3.1 INCENTIVE OPTIONS. Officers and other key employees of the Company or of an Affiliated Company (including members of the Board if they are employees of the Company or of an Affiliated Company) are eligible to receive Incentive Options under the Plan.

3.2 NONQUALIFIED OPTIONS AND RIGHTS TO PURCHASE. Officers and other key employees of the Company or of an Affiliated Company, members of the Board (whether or not employed by the Company or an Affiliated Company), and Service Providers are eligible to receive Nonqualified Options or Rights to Purchase under the Plan.

3.3 LIMITATION ON SHARES. In no event shall any Participant be granted Options or Rights to Purchase in any one calendar year pursuant to which the aggregate number of shares of Common Stock that may be acquired thereunder exceeds 500,000 shares.

ARTICLE 4.

PLAN SHARES

4.1 SHARES SUBJECT TO THE PLAN. A total of 2,000,000 shares of Common Stock may be issued under the Plan, subject to adjustment as to the number and kind of shares pursuant to Section 4.2 hereof. For purposes of this limitation, in the event that (a) all or any portion of any Option or Right to Purchase granted or offered under the Plan can no longer under any circumstances be exercised, or (b) any shares of Common Stock are reacquired by the Company pursuant to an Incentive Option Agreement, Nonqualified Option Agreement or Stock Purchase Agreement, the shares of Common Stock allocable to the unexercised portion of such Option or such Right to Purchase, or the shares so reacquired, shall again be available for grant or issuance under the Plan.

4.2 CHANGES IN CAPITAL STRUCTURE. In the event that the outstanding shares of Common Stock are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock dividend, or other change in the capital structure of the Company, then appropriate adjustments shall be made by the Administrator to the aggregate number and kind of shares subject to this Plan, and the number and kind of shares and the price per share subject to outstanding Option Agreements, Rights to Purchase and Stock Purchase Agreements in order to preserve, as nearly as practical, but not to increase, the benefits to Participants.

[Latham & Watkins Letterhead]

July 21, 2003

Intuitive Surgical, Inc.
950 Kifer Road
Sunnyvale, California 94086

Ladies and Gentlemen:

In connection with the registration under the Securities Act of 1933, as amended, by Intuitive Surgical, Inc., a Delaware corporation (the "Company"), on Form S - 8 to be filed with the Securities and Exchange Commission on July 21, 2003 (the "Registration Statement") of an aggregate 1,500,000 shares of common stock, \$0.001 par value (the "Shares"), of the Company issuable pursuant to outstanding options under Computer Motion, Inc.'s Tandem Stock Option Plan and 1997 Stock Incentive Plan (the "Plans"), as assumed by the Company in connection with the Company's acquisition of Computer Motion, Inc., you have requested our opinion with respect to the matters set forth below.

In our capacity as your special counsel in connection with such registration, we are familiar with the proceedings taken and proposed to be taken by the Company in connection with the authorization, issuance and sale of the Shares. In addition, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and instruments as we have deemed necessary or appropriate for purposes of this opinion.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies.

We are opining herein as to the effect on the subject transaction only of the General Corporation Law of the State of Delaware, and we express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction or, in the case of Delaware, any other laws, or as to any matters of municipal law or the laws of any local agencies within any state.

Subject to the foregoing, it is our opinion that the Shares to be issued under the Plans have been duly authorized, and upon the issuance and delivery of the Shares in the manner contemplated by the Plans, and assuming the Company completes all actions and proceedings required on its part to be taken prior to the issuance and delivery of the Shares pursuant to the terms of the Plans, including, without limitation, collection of required payment for the Shares, the Shares will be validly issued, fully paid and nonassessable.

We consent to your filing this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Latham & Watkins LLP

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 of Intuitive Surgical, Inc. pertaining to the Computer Motion, Inc. Tandem Stock Option Plan and the Computer Motion, Inc. 1997 Stock Incentive Plan of our report dated January 31, 2003 (except for Note 1, as to which the date is May 5, 2003), with respect to the consolidated financial statements and schedule of Intuitive Surgical, Inc. included in its Annual Report (Form 10-K/A) for the year ended December 31, 2002, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Palo Alto, California
July 16, 2003