

COMPUTER MOTION INC

Form 425

April 24, 2003

Edgar Filing: COMPUTER MOTION INC - Form 425

Filed by Computer Motion, Inc. Pursuant to Rule 425  
under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12  
under the Securities Exchange Act of 1934

Subject Company: Computer Motion, Inc.  
Commission File No. 000-22755

This filing relates to a proposed merger between a wholly owned subsidiary of Intuitive Surgical, Inc. ( Intuitive ) and Computer Motion, Inc. ( CMI ) pursuant to the terms of an Agreement and Plan of Merger, dated as of March 7, 2003. The merger agreement was previously filed by Intuitive under cover of a current report of Form 8-K on March 7, 2003, and is incorporated by reference into this filing.

On April 24, 2003, CMI issued a press release announcing the financial results from its first quarter ended March 31, 2003. The text of the press release is as follows:

---

**Contacts:**      **Computer Motion**  
Bob Duggan  
Chief Executive Officer  
805-968-9600, ext. 113  
  
Dan Tamkin  
Investor Relations  
805-968-9600, ext. 166

**COMPUTER MOTION ANNOUNCES RECORD FIRST QUARTER  
REVENUE**

***First Quarter 2003 Earnings Conference Call Scheduled For Today, Thursday, April 24th at  
2:30 p.m. PT; Simultaneous Webcast Available at [www.ComputerMotion.com](http://www.ComputerMotion.com)***

*Santa Barbara, Calif., April 24, 2003* Computer Motion, Inc. (Nasdaq: RBOT) today announced record revenue results for the first quarter ending March 31, 2003. Revenues for the quarter totaled \$7,011,000 as compared to \$5,691,000 recorded in the first quarter ended March 31, 2002, up 23%. Gross profit for the first quarter 2003 increased by 40% to \$4,271,000 from \$3,046,000 for the first quarter of 2002. Computer Motion achieved a 61% gross margin in the first quarter of 2003.

We are excited about our record first quarter results and the sale of the first ZEUS® Surgical System in Latin America. Computer Motion continues to drive global presence and utilization of our robotic surgical systems, stated Bob Duggan, Chairman and CEO of Computer Motion.

For Computer Motion's first quarter 2003 financial statements, the company recorded a litigation provision of \$3,039,000 and a merger expense incurred of \$544,000. The litigation provision is comprised of the company's intellectual property litigation expenses. Furthermore, all legal matters have been stayed pending the completion of the company's announced merger agreement with Intuitive Surgical, Inc. The merger expenses are the costs recorded in association with the proposed merger between Intuitive Surgical and Computer Motion.

---

## Edgar Filing: COMPUTER MOTION INC - Form 425

Net loss per share for the first quarter of 2003 totaled \$0.52 as compared to \$0.65 for the first quarter of 2002.

Computer Motion ended the first quarter of 2003 with \$3,567,000 in cash. The \$7,300,000 working capital line from Intuitive Surgical has not been drawn down upon.

Intuitive Surgical and Computer Motion continue to expect to close the proposed merger by the end of June 2003. Currently, planning for the post-merger transition is underway and the companies expect to meet the estimated \$18 million in annual operating pre-tax cost savings. The outlook for the combined entity is to record between \$110 and \$130 million of 2003 revenue on a pro forma basis. The companies are targeting profitability by the fourth quarter of 2003 for the combined entity, excluding amortization of intangible assets and one-time charges associated with the merger. The companies are analyzing possible post-merger plans to enhance the efficiency and productivity of a merged company. While no final decisions have been made, the companies are considering various post-merger opportunities including the consolidation of manufacturing and administrative functions at corporate headquarters, maintaining an engineering presence in multiple locations, and creating a single sales and service force to cost-effectively serve and support customers world-wide.

Computer Motion will host a conference call to discuss its first quarter 2003 earnings today, April 24th, 2003 at 2:30 p.m. PT. To participate, please call 800-937-6983, or 706-679-5457, and ask to be connected to the Computer Motion First Quarter 2003 Earnings Conference Call. A live webcast will also be available at the Computer Motion Investor Relations website under the events section. Computer Motion's website is [www.ComputerMotion.com](http://www.ComputerMotion.com). For parties interested in a replay of the call, a digital playback will be available through May 8th, 2003 at 800-642-1687, or 706-645-9291, code 9993052. An archive of the webcast will also be available through May 8th, 2003 on the Computer Motion Investor Relations website under the events section.

Computer Motion's products include: the ZEUS® Surgical System and accessories for minimally invasive surgery, the HERMES® Control Center, a centralized system that enables the surgeon to voice control a network of smart medical devices, and the AESOP® Robotic Endoscope Positioner, which was also the first surgical robot to be made commercially available in the U.S. The company's newest product, the SOCRATES Telecollaboration System, is the first device in the newly created FDA category of Robotic Telemedicine Devices, and is designed to facilitate surgeon collaboration using video and audio conferencing, shared control of the endoscopic camera, and video annotation on the surgical image in the operating room. The company's products are CE-Marked for commercial sale in the European Community. The company's Web site is [www.ComputerMotion.com](http://www.ComputerMotion.com).

---

## Edgar Filing: COMPUTER MOTION INC - Form 425

This press release contains forward-looking statements concerning the company's business and products. Actual results may differ materially depending on a number of risk factors, including the risks of not completing the proposed merger between Intuitive Surgical and Computer Motion, competition and competing technologies, duration or suspension of clinical studies, regulatory clearances and approvals, and physician, hospital and payor acceptance of the company's products. These factors and other risks inherent in the company's business are described from time to time in the company's Securities and Exchange Commission filings, including its Annual Report on Form 10-K. The company undertakes no obligation to revise the forward-looking statements contained herein to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

In connection with Intuitive Surgical's proposed merger with Computer Motion, Intuitive Surgical has filed a registration statement on Form S-4 containing a joint proxy statement/prospectus and other relevant materials. INVESTORS AND SECURITY HOLDERS OF INTUITIVE SURGICAL AND COMPUTER MOTION ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER MATERIALS CONTAINED IN THE REGISTRATION STATEMENT BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT INTUITIVE SURGICAL, COMPUTER MOTION AND THE PROPOSED MERGER. The registration statement and any other documents filed with the SEC by Intuitive Surgical or Computer Motion may be obtained free of charge at the SEC's website at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Intuitive Surgical by directing a request to Intuitive Surgical, Inc., 950 Kifer Road, Sunnyvale, CA 94086, Attn: Sarah Norton. Investors and security holders may obtain free copies of the documents filed with the SEC by Computer Motion by contacting Computer Motion, Inc., 130-B Cremona Drive, Goleta, CA 93117, Attn: Dan Tamkin.  
RBOT-Santa Barbara

###

---

**COMPUTER MOTION, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(Amounts in thousands, except per share amounts)*  
*(unaudited)*

	<b>Three Months Ended March 31,</b>	
	<b>2003</b>	<b>2002</b>
Revenue	\$ 7,011	\$ 5,691
Cost of revenue	2,740	2,645
Gross profit	4,271	3,046
Gross profit %	61%	54%
Research & development expense	2,701	2,652
Selling, general & administrative expense	5,693	4,525
Merger expense	544	
Litigation provision	3,039	291
Total operating expense	11,977	7,468
Loss from operations	(7,706)	(4,422)
Interest income	6	12
Interest expense	(132)	(13)
Foreign currency translation loss	(28)	(27)
Other expense	(4)	(2)
Total other income/(expense)	(158)	(30)
Loss before income tax provision	(7,864)	(4,452)
Income tax provision	10	6
Net loss	(7,874)	(4,458)
Dividend to Series B preferred stockholders		4,978
Dividend to Series C and D preferred stockholders	1,375	
Net loss available to common stockholders	\$ (9,249)	\$ (9,436)
Weighted average common shares outstanding used to compute net loss per share    basic and diluted	17,694	14,467
Net loss per share    basic and diluted	\$ (0.52)	\$ (0.65)

\*\*\*

**Additional Information About the Merger and Where to Find It**

In connection with Intuitive's proposed merger with Computer Motion, Intuitive and Computer Motion intend to file with the SEC a joint proxy statement/prospectus and other relevant materials.

INVESTORS AND SECURITY HOLDERS OF INTUITIVE AND COMPUTER MOTION ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND THE OTHER RELEVANT MATERIALS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT INTUITIVE, COMPUTER MOTION AND THE MERGER.

The joint proxy statement/prospectus and other relevant materials (when they become available), and any other documents filed by Intuitive or Computer Motion with the SEC, may be obtained free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents (when they are available) filed with the SEC by Intuitive by directing a request to: Intuitive Surgical, Inc., 950 Kifer Road, Sunnyvale, CA 94086, Attn: Sarah Norton. Investors and security holders may obtain free copies of the documents filed with the SEC by Computer Motion by contacting Computer Motion, Inc., 130-B Cremona Drive, Goleta, CA 93117, Attn: Dan Tamkin.

Investors and security holders are urged to read the joint proxy statement/prospectus and the other relevant materials when they become available before making any voting or investment decision with respect to the merger.

Intuitive, Computer Motion and their respective executive officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of Intuitive and Computer Motion in favor of the merger. Information about the executive officers and directors of Intuitive and their ownership of Intuitive common stock is set forth in the proxy statement for Intuitive's 2002 Annual Meeting of Stockholders, which was filed with the SEC on April 17, 2002. Information about the executive officers and directors of Computer Motion and their ownership of Computer Motion common stock is set forth in the proxy statement for Computer Motion's 2002 Annual Meeting of Stockholders, which was filed with the SEC on June 19, 2002. Investors and security holders may obtain more detailed information regarding the direct and indirect interests of Intuitive, Computer Motion and their respective executive officers and directors in the merger by reading the joint proxy statement/prospectus regarding the merger when it becomes available.