UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2010

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to ______

Commission file number: **1-12471**

INTEGRATED SURGICAL SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**68-0232575**
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
401 Wilshire Blvd., Suite 1020 **Santa Monica, California**	**90401**
(Address of Principal Executive Offices)	(Zip Code)

(310) 526-5000
(Registrant’s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ or No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o or No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☑ or No o

As of November 5, 2010 there were 7,822,314 shares of the registrant’s common stock outstanding.

Integrated Surgical Systems, Inc.
Form 10-Q
for the nine months ended September 30, 2010

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Integrated Surgical Systems, Inc.
Balance Sheets

	September 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Assets		
Current assets:		
Cash	$ 64,332	$ 210,966
Investment in available-for-sale securities	4,057,441	4,022,809
Other current assets	38,592	49,891
Total current assets	$ 4,160,365	$ 4,283,666
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 13,381	$ 13,757
Accrued stock compensation	12,500	12,500
Deferred rent	5,716	23,185
Total current liabilities	31,597	49,442
Rent deposit	8,175	8,175
Total liabilities	39,772	57,617
Commitments and Contingencies		
Convertible preferred stock, $0.01 par value, 1,000,000 shares authorized; 168 shares issued and outstanding ($168,496 aggregate liquidation value)	168,496	168,496
Stockholders' equity:		
Common stock, $0.01 par value, 100,000,000 shares authorized; 7,882,314 and 7,701,258 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively	78,223	77,012
Additional paid-in capital	64,225,865	64,189,575
Accumulated deficit	(60,376,684)	(60,214,859)
Accumulated other comprehensive income	24,693	5,825
Total stockholders' equity	3,952,097	4,057,453
Total liabilities and stockholders' equity	$ 4,160,365	$ 4,283,666

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Statements of Operations
(Unaudited)

	Nine Months ended September 30,	
	2010	2009
Operating Expenses		
General and administrative expenses	$ 219,901	$ 269,170
Loss from operations	(219,901)	(269,170)
Other income (loss)		
Interest and dividend income, net	59,814	38,724
Realized gain (loss) on available-for-sale securities	(938)	4,749
Loss before income taxes	(161,025)	(225,697)
Income taxes	800	800
Net Loss	$ (161,825)	$ (226,497)
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	$ 18,868	$ (787)
Comprehensive loss	$ (142,957)	$ (227,284)
Basic net loss per common share	$ (0.02)	$ (0.03)
Diluted net loss per common share	$ (0.02)	$ (0.03)
Weighted average number of shares outstanding:		
Basic	7,749,233	7,513,623
Diluted	7,749,233	7,513,623

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.
Statements of Operations
(Unaudited)

	Three Months ended September 30, 2010	Three Months ended September 30, 2009
Operating Expenses		
General and administrative expenses	$ 46,069	$ 52,977
Loss from operations	(46,069)	(52,977)
Other income (loss)		
Interest and dividend income, net	20,470	14,444
Realized gain (loss) on available-for-sale securities	(688)	2,496
Loss before income taxes	(26,287)	(36,037)
Income taxes	-	-
Net Loss	$ (26,287)	$ (36,037)
Other comprehensive income (loss)		
Unrealized gain on available-for-sale securities	$ 8,848	$ 1,454
Comprehensive loss	$ (17,439)	$ (34,583)
Basic net loss per common share	$ (0.00)	$ (0.00)
Diluted net loss per common share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding:		
Basic	7,818,369	7,589,819
Diluted	7,818,369	7,589,819

See accompanying notes to financial statements.

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Integrated Surgical Systems, Inc.
Statements of Cash Flows
(Unaudited)

	Nine Months ended September 30, 2010	Nine Months ended September 30, 2009
Cash flows from operating activities		
Net loss	$ (161,825)	$ (226,497)
Adjustments to reconcile net loss to cash used in operating activities:		
Amortization of deferred compensation	-	18,825
Stock-based compensation	37,500	59,066
Realized (gain) loss on available-for-sale securities	938	(4,749)
Changes in assets and liabilities		
Other current assets	11,299	(4,139)
Accounts payable	(375)	562
Accrued liabilities	-	(3,000)
Accrued stock compensation	-	(21,566)
Income taxes payable	-	(800)
Deferred rent payable	(17,469)	(16,688)
Cash used in operating activities	(129,932)	(198,986)
Cash flows from investing activities		
Purchases of available-for-sale securities	(3,854,349)	(4,750,284)
Sales of available-for-sale securities	509,647	249,805
Maturities of available-for-sale securities	3,328,000	2,040,000
Cash used in investing activities	(16,702)	(2,460,479)
Net decrease in cash and cash equivalents	(146,634)	(2,659,465)
Cash and cash equivalents at beginning of period	210,966	3,322,358
Cash and cash equivalents at end of period	$ 64,332	$ 662,893
Supplemental cash flow disclosure:		
Cash paid for income taxes	$ 800	$ 1,600
Supplemental non-cash disclosure:		
Unrealized gain (loss) on available-for-sale securities	$ 18,868	$ (787)

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.

Notes to Financial Statements (unaudited)

1. Organization and Operations

Integrated Surgical Systems, Inc. (the "Company") was incorporated in Delaware in 1990 to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. The Company's products were authorized to be sold through international distributors to hospitals and clinics in European Union member countries and Australia, Canada, India, Israel, Japan, Korea, New Zealand, Switzerland and South Africa.

On June 28, 2007, the Company completed the sale of substantially all of its assets. After completion of the sale, the Company became inactive, and it is no longer engaged in any business activities related to its former business described above. The Company's current operations are limited to raising additional funds to be used to maintain the Company's public company status and to complete a business combination if a suitable candidate for the combination is located.

On June 28, 2007, the stockholders approved the liquidation of the Company if the Company was unable to complete an acquisition or similar transaction within one year of the sale of its assets. With this approval, the stockholders also granted the Board of Directors the authority to delay, revoke or abandon any decision to liquidate without further stockholder action if it determined that the liquidation was not in the best interests of the Company or its stockholders. The Board of Directors has determined that it currently is not in the best interests of the Company and its stockholders to liquidate the Company.

2. Significant Accounting Policies

Basis of presentation

The accompanying unaudited financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and with the rules and regulations under Regulation S-X of the Securities and Exchange Commission for Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements presentation. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position as of September 30, 2010 and results of operations and cash flows for the nine months and three months then ended have been included. These financial statements should be read in conjunction with the financial statements of the Company and the Company's management discussion and analysis included in the Company's Form 10-K for the year ended December 31, 2009. Interim results are not necessarily indicative of the results for a full year.

The financial statements include all the accounts of the Company.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the reporting period. Actual results could differ from those estimates.

Investment in Available-for-Sale Securities

The Company has a portfolio of investments in available-for-sale debt securities, which consist of fixed income debt securities, which is accounted for in accordance with Accounting Standards Codification ("ASC") 320, "*Investments - Debt and Equity Securities.*" Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, net of the related deferred tax effect, if any, are reported as other comprehensive income, a separate component of stockholders' equit y.

Reclassifications

Certain prior year balances were reclassified to conform to current year presentation or to more accurately present the nature of the account balance.

Recently Adopted Accounting Pronouncements

In August 2009, the Financial Accounting Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-05, "Fair Value Measurements and Disclosures", an update to FASB ASC 820-10 "Fair Value Measurements and Disclosures-Overall". This update provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using certain valuation techniques. This accounting update did not have any impact on the results of operations and financial condition of the Company.

In January 2010, the FASB issued ASU 2010-06, "Fair Value Measurements and Disclosures" (Topic 820): Improving Disclosures about Fair Value Measurements. This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and requires new disclosures on the transfers of assets and liabilities between Level 1 (quoted prices in active market for identical assets or liabilities) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a roll forward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using significant unobservable inputs (Level 3 fair value measurements). The guidance became effective for the reporting period beginning January 1, 2010, except for the disclosure on the roll forward activities for Level 3 fair value measurements, which will become effective for the reporting period beginning January 1, 2011. Adoption of this new guidance did not, and the Company expects that it will not, have a material impact on the Company's financial statements.

In February 2010, the FASB issued Accounting Standards Update 2010-09, "*Subsequent Events*" (Topic 855): Amendments to Certain Recognition and Disclosure Requirements. This guidance amends the disclosure requirements related to subsequent events reported by Securities and Exchange Commission filers and removes the requirement to disclose the date through which subsequent events have been evaluated when filing revised financial statements. This became effective for interim or annual periods ending after June 15, 2010. Adoption of this new guidance did not have a material impact on the Company's financial statements.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

3. Income (Loss) Per Share

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period plus dilutive common stock equivalents, using the treasury stock method.

Common stock equivalents for convertible preferred stock of 638,242 were excluded from the calculation of loss per share for the nine months and three months periods ended September 30, 2010 because they were not dilutive; these shares would have been dilutive if the Company had not had a net loss for the those periods. Common stock equivalents for convertible preferred stock of 683,554 shares were excluded from the calculation of loss per share for the nine months and three months ended September 30, 2009 because they were not dilutive; these shares would have been dilutive if the Company had not had a net loss for the those periods.

A warrant for 30,000 shares, and stock options of 158,000 and 160,000 were excluded from the calculation of loss per share for the nine months and three months ended September 30, 2010 and 2009, respectively, because their effect was anti-dilutive; these warrants and options would have been dilutive if the Company had not had a net loss for those periods.

4. Investment in Available-for-Sale Securities

The following is a summary of the Company's investment in available-for-sale securities as of September 30, 2010:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. federal agency securities	$ 288,149	$ 1,830	$ -	$ 289,979
Corporate securities	1,374,269	3,836	(895)	1,377,210
Certificates of deposit	2,370,338	25,738	(5,824)	2,390,252
	$ 4,032,756	$ 31,404	$ (6,719)	$ 4,057,441

The Company's investment portfolio had a gross realized loss of $938 and a gain of $4,749 for the nine months ended September 30, 2010 and 2009, respectively. The Company's investment portfolio had a gross realized loss of $688 and a gain of $2,496 for the three months ended September 30, 2010 and 2009, respectively. The Company's investment portfolio has eighteen positions with an unrealized loss as of September 30, 2010.

The cost and fair value of investment in available-for-sale debt securities, by contractual maturity, as of September 30, 2010, were as follows:

	Cost	Fair Value
Due within one year	$ 2,709,514	$ 2,714,712
Due after one year through three years	1,257,641	1,276,028
Due after three years	65,601	66,701
	$ 4,032,756	$ 4,057,441

Expected maturities will differ from contractual maturities because the issuers of certain debt securities have the right to call or prepay their obligations without any penalties. Accordingly, the Company has classified the entire fair value of its investment in available-for-sale debt securities as current assets in the accompanying balance sheets.

FASB ASC 820 *"Fair Value Measurements and Disclosures"* (formerly Statement of Financial Accounting Standards ("SFAS") No. 157) clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

In accordance with FASB ASC 820, the Company measures its cash and investments in available-for-sale securities at fair value. The Company's cash and investments in available-for-sale securities are classified within Level 1 by using quoted market prices utilizing market observable inputs.

5. Common Stock

The Company agreed to compensate two of its directors in the form of common stock for 2009 and 2010. The number of shares issued to each director is determined based upon the equivalent cash compensation accrued divided by the closing price of the Company's common stock on the last day of each quarter for which the shares were earned. See Note 7. Both directors are affiliated with the advisory services firm that is currently providing investment banking services to the Company.

On May 25, 2010 and June 8, 2010, the Company issued 19,532 and 20,834 respectively, shares of common stock to each of two directors as compensation for the three months ended December 31, 2009 and March 31, 2010, respectively. On July 9, 2010, the Company issued 20,162 shares of common stock to each of two directors as compensation for the three months ended June 30, 2010. The Company issued to these directors a total of 121,056 shares for the nine months and 40,324 shares for three months ended September 30, 2010, and the shares were valued at an average of $0.31, or a total value of $37,500. The Company issued to these directors a total of 183,260 shares during the nine months and three months ended September 30, 2009.

6. Convertible Preferred Stock

The Company's Certificate of Incorporation authorizes 1,000,000 shares of undesignated, serial preferred stock. Preferred stock may be issued from time to time in one or more series. The Board of Directors is authorized to determine the rights, preferences, privileges, and restrictions granted to and imposed upon any wholly unissued series of preferred stock and designation of any such series without any further vote or action by the Company's stockholders.

As of September 30, 2010 and December 31, 2009, the Company's only outstanding series of convertible preferred stock was the Series G Convertible Preferred Stock ("Series G").

The Series G has a stated value of $1,000 per share, and is convertible into common stock at a conversion price equal to 80% of the lowest sale price of the common stock on its listed market over the five trading days preceding the date of conversion ("Beneficial Conversion Feature"), subject to a maximum conversion price. The number of shares of common stock that may be converted is determined by dividing the stated value of the number of shares of Series G to be converted by the conversion price. The Company may elect to pay the Series G holder in cash at the current market price multiplied by the number of shares of common stock issuable upon conversion.

The value that had been assigned to the Beneficial Conversion Feature of the Series G was based on the difference between the maximum conversion price and quoted market price of the common stock on the date that the Series G was sold (the "Discount"). The Discount was accreted using the straight-line method over the conversion period. The Series G does not entitle holders to dividends or voting rights, unless required by law.

For the nine month periods ended September 30, 2010 and 2009, no shares of Series G were converted into shares of common stock. At September 30, 2010 and December 31, 2009, the outstanding Series G shares were convertible into a minimum of 638,242 and 658,188 shares of common stock, respectively.

Upon a change in control, sale of substantially all assets, or similar transaction, as defined in the Certificate of Designation for the Series G, each holder of the Series G has the option to deem such transaction as a liquidation and may redeem his or her shares at the liquidation value of $1,000, per share, for an aggregate amount of $168,496. As such redemption is not in control of the Company, the Series G preferred stock has been accounted for as if it was redeemable preferred stock and is classified on the balance sheet between liabilities and stockholders' equity.

7. Stock-based compensation

The Company currently has two stock option plans with outstanding options issued to its officers, employees, directors and consultants. The 1998 Stock Option Plan ("1998 Plan") was established to grant up to 85,000 non-qualified options through May 12, 2008 to employees and other individuals providing services to the Company. Options under the 1998 Plan vest variably from one year to four years from the date of grant and must be exercised within 30 days of termination. As of September 30, 2010 the plan had expired, and therefore no options were available for future grant. The 2000 Stock Award Plan ("2000 Plan") was established to grant up to 100,000 incentive options through December 11, 2010 to employees, excluding officers and directors, and other individuals providing services to the Com pany. Options under the 2000 Plan vest variably from one year to four years from the date grant and must be exercised within three months of employee termination. Exercised, forfeited/expired or cancelled shares may be reissued under the 2000 Plan. As of September 30, 2010 and December 31, 2009, the 2000 Plan had 98,046 options available for future grant.

Under both the 1998 Plan and the 2000 Plan, exercise prices of incentive stock options may not be less than 100% and exercise prices of non-statutory stock options may not be less than 85% of the fair market value of the common stock on the date of the grant. For persons owning 10% or more than the voting power of all classes of the Company's stock, the exercise price of the incentive or the non-qualified stock options may not be less than 110% of the fair market value of the common stock on the date of the grant. Both plans are administered by the Company's board of directors.

FASB ASC 718 "Compensation-Stock Compensation" (formerly SFAS 123(R)) requires entities to estimate the number of forfeitures expected to occur and record expense based upon the number of awards expected to vest. Prior to adoption of FASB ASC 718, the Company accounted for forfeitures as they occurred. The cumulative effect of adopting the method change of estimating forfeitures is not material to the Company's financial statements for the nine months ended September 30, 2010.

For the nine months ended September 30, 2010, option activity was as follows:

	Shares	Weighted-Average Exercise Price	Remaining Contractual Term	Aggregate Fair Value
Outstanding at beginning of period	159,000	$ 0.55		
Granted	-	$ -		
Expired and forfeited	1,000	$ 30.00		
Exercised	-	$ -		
Outstanding at end of period	158,000	$ 0.36	2.47	$ 43,335
Exercisable at September 30, 2010	158,000	$ 0.36	2.47	$ 43,335

All of the Company's granted and outstanding options were vested at September 30, 2010.

The Company recorded stock-based compensation expense related to its stock options, which is included in general and administrative expenses for the nine months and three months ended September 30, 2009, of $18,825 and $3,765, respectively, and did not record expense related to stock options for the nine months and three months ended September 30, 2010.

As of September 30, 2010, a summary of options outstanding under the Company's 1998 Plan and 2000 Plan was as follows:

Range of Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Number Outstanding at 9/30/2010	Weighted-Average Exercise Price	Number Exercisable at 9/30/2010	Weighted-Average Exercise Price
0.00-9.99	2.47	158,000	$ 0.36	158,000	$ 0.36

In addition, the Company has outstanding 30,000 warrants issued in lieu of consulting fees, which expire in July 2014 and have an exercise price of $0.63 per share.

The Company agreed to compensate two of its directors in the form of common stock for 2009 and 2010. The number of shares issued to each director is determined based upon the equivalent cash compensation accrued divided by the closing price of the Company's common stock on the last day of each quarter. The Company recorded stock-based compensation for the three months ended December 31, 2009 of $12,500 total for two directors. The closing stock price on December 31, 2009 was $0.32 resulting in compensation of 19,532 shares to each of the two directors for the fourth quarter of 2009, and shares were issued on May 25, 2010. The Company recorded stock-based compensation for the three months ended March 31, 2010 of $12,500 total for two directors. The closing stock price on March 31, 2010 was $0.30 resulting in compensation of 20,834 shares to each of two directors for the three months ended March 31, 2010, and shares were issued on June 8, 2010. The Company recorded stock-based compensation for the three months ended June 30, 2010 of $12,500 total for two directors. The closing stock price on June 30, 2010 was $0.31 resulting in compensation of 20,162 shares to each of two directors for the three months ended June 30, 2010, and shares were issued on July 9, 2010. The Company recorded stock-based compensation for the three months ended September 30, 2010 of $12,500 total for two directors. The closing stock price on September 30, 2010 was $0.34 resulting in compensation of 18,383 shares to each of two directors for the three months ended September 30, 2010. These shares have not been issued as of the date of these financial statements.

8. Income Taxes

The Company accounts for income taxes under FASB ASC 740 "Accounting for Income Taxes." Deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities in the Company's financial statements and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that all or some portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

As of December 31, 2009, the Company had deferred tax assets primarily consisting of its net operating loss carryforward. However, because of the cumulative losses in several consecutive years, the Company has recorded a full valuation allowance such that its net deferred tax asset is zero.

Federal and state income tax returns for the years ended December 31, 2009, 2008 and 2007 are subject to review by the taxing authorities.

The Company has evaluated and concluded that there are no uncertain tax positions requiring recognition in the Company's financial statements for the nine months ended September 30, 2010. The tax benefit for the nine months ended September 30, 2010 is approximately $53,000. This tax benefit was fully reserved and resulted in a net tax expense of $0 for the nine months ended September 30, 2010.

Income tax expense consisted of the following for the periods indicated:

	Federal	California	Total
Current provision	-	$ 800	$ 800
Deferred provision:			
Deferred tax – beg of year	-	-	-
Deferred tax – end of year	-	-	-
Change in deferred	-	-	-
Subtotal	-	-	-
Total Provision	-	$ 800	$ 800

The Company follows guidance issued by the FASB with regard to its accounting for uncertainty in income taxes recognized in the financial statements. Such guidance prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. The Company's policy is to include interest and penalties in general and administrative expenses. There were no interest and penalties recorded for the nine months ended September 30, 2010 and 2009. The Company's review of prior year tax positions using the criteria and provisions presented in guidance issued by the FASB did not result in a material impact on the Company's financial position or results of operations.

9. Related Party Transactions

In July 2008, the Company retained Tomczak & Co. CPA LLP, an accounting firm in which Mr. Michael Tomczak, who is a director of the Company, is a partner to perform accounting services. During the nine months and three months ended September 30, 2010, the Company incurred expenses from this firm of $5,803 and $45, respectively, and in the nine months and three months ended September 30, 2009, the Company incurred expenses from this firm of $30,091 and $11,438, respectively.

The Company entered into an Investment Banking Advisory Services agreement in November 2007 with MDB Capital Group, LLC ("MDB"), and the parties extended this agreement indefinitely in April 2009. The agreement may be terminated by either party upon 30-days written notice. The Company has a securities investment account with MDB, comprised of (a) available-for-sale investments totaling $4,057,441, including short-term federal securities of $289,979 and certificates of deposit and corporate bonds totaling $3,767,462, at September 30, 2010, and (b) available-for-sale investments totaling $4,022,809 comprised of short-term federal securities of $1,050,384 and certificates of deposit and corporate bonds totaling $2,972,425 at December 31, 2009. Mr. Christopher Marlett, the Chief Executive Office r and director of the Company is the Chief Executive Officer and a director of MDB. Mr. Gary Schuman, who is the Chief Financial Officer of the Company, is the Chief Financial Officer and Chief Compliance Officer of MDB. The Company reimburses MDB for Mr. Schuman's services in the amount of $3,000 per month, totaling $27,000 and $9,000 for the nine months and three months ended September 30, 2010, respectively. There was no such reimbursement expense for the nine months and three months ended September 30, 2009. Mr. Robert Levande, who is an officer and director of the Company, is a managing director of MDB.

10. Fair Value of Financial Instruments

FASB ASC 820 "*Fair Value Measurements and Disclosures*" (formerly SFAS No. 257, "*Fair Value Measurements*"), which defines the fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Company's adoption of FASB ASC 820 on January 1, 2008 did not have a material impact on the Company's financial position, results of operations or cash flows.

The carrying value of accounts receivable, cash accounts, other current assets, accounts payable, deferred rent, and accrued liabilities are considered to be representative of their respective fair values because of the short-term nature of those instruments.

FASB ASC 825 "*Financial Instruments*" (formerly SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*") permits entities to choose to measure at fair value many financial instruments and certain other items that had previously not been required to be measured at fair value. Subsequent changes in fair value for designated items are required to be reported in earnings in the current period. FASB ASC 825 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. As permitted by FASB ASC 825, the Company has elected not to use the fair value option to measure the Company's available-for-sale securities a nd will continue to report under FASB ASC 320, "Investments-Debt and Equity Securities". The Company has made this election because it believes the nature of its financial assets and liabilities are not so complex that they would benefit from a change in valuation to fair value.

11. Commitments and Contingencies

Lease

As of September 30, 2010, the Company was committed for future minimum rent under the lease for its former manufacturing, warehouse and administrative space through December 31, 2010. The rent is calculated at fair value and was amortized against deferred rent over the period. The future minimum rent payments are as follows:

	Rent
October 1, 2010 through December 31, 2010	$ 6,000

Other

On January 8, 2009, plaintiffs John Cazares and Eduardo Jorrin filed a complaint in the Superior Court of California, County of Sacramento, seeking damages for pain and suffering, emotional distress, past and future medical expenses and past and future loss of earnings totaling approximately $30,000,000, in connection with an automobile accident. The Company was named a co-defendant in the matter, together with Ramesh Trivedi. On March 9, 2010, the Court granted the Company's motion for summary judgment. Plaintiffs had 60 days from the date judgment was entered to appeal the grant of summary judgment. The plaintiffs and the Company entered into an agreement whereby the plaintiffs agreed to waive any right to appeal the grant of summary judgment in return for the defendant's agreem ent to waive recoverable costs.

From time to time, the Company may be subject to other claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings that it believes would reasonably be expected to have a material adverse effect on the Company's business, financial condition or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The discussion in this Quarterly Report on Form 10-Q contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations, estimates and projections and certain assumptions made by management of Integrated Surgical Systems, Inc. (the "Company"). Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "could," "would," "may," "on target," "envisions," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future perfor mance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, readers should carefully review the risk factors set forth in other reports or documents the Company files from time to time with the Securities and Exchange Commission ("SEC"), particularly the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

The following discussion should be read in conjunction with the unaudited financial statements and notes thereto in Part I, Item 1 of this Quarterly Report on Form 10-Q and with the audited financial statements and Notes thereto, and Management’s Discussion and Analysis of Financial Condition and Results of Operations that are included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 as filed with the SEC.

Overview

The Company was incorporated in Delaware in 1990 to design, manufacture, sell and service image-directed, computer-controlled robotic software and hardware products for use in orthopedic surgical procedures. The Company’s products were sold through international distributors to hospitals and clinics in European Union member countries and Australia, Canada, India, Israel, Japan, Korea, New Zealand, Switzerland and South Africa.

On June 28, 2007, the Company completed the sale of substantially all of its assets. After completion of the sale, the Company became inactive, and it is no longer engaged in any business activities related to its former business described above. The Company’s current operations are limited to raising additional funds to be used to maintain the Company’s public company status and to complete a business combination if a suitable candidate for the combination is located.

On June 28, 2007, the Company’s stockholders approved the liquidation of the Company if the Company was unable to complete an acquisition or similar transaction by June 28, 2008, one year after the sale of the assets. With this approval, the stockholders also granted the Board of Directors the authority to delay, revoke or abandon any decision to dissolve, without further stockholder action, if it determined that the liquidation was not in the best interests of the Company or its stockholders. The Board of Directors has determined that it currently is not in the best interests of the Company or its stockholders to liquidate the Company.

As of September 30, 2010, the Company had no employees.

For the nine months and three months ended September 30, 2010 and 2009, the Company’s general and administrative expenses consisted primarily of its continuing expenses to maintain its public company status, and the cost to maintain a lease agreement for the facility the Company used while the Company was an operating company offset by a sublease for the same space. The Company retained the lease obligation as part of the sale of substantially all of its assets. The sublease agreement provides for the sublessee to pay the lessor each month for the rent owed by the Company under its lease through December 31, 2010, the duration of the lease term. As an incentive to agree to the sublease, the Company has agreed to pay the sublessor $2,000 each month its rent is paid.

Results of Operations

Nine Months Ended September 30, 2010 and 2009

For the nine months ended September 30, 2010 and 2009 the Company had a net loss of $161,825 and $226,497, respectively. General and administrative expenses were $219,901 and $269,170 for the nine months ended September 30, 2010 and 2009, respectively. Legal fees increased by approximately $3,300 for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009. Stock-based compensation decreased by approximately $19,000 for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009 due to the full amortization of stock options in 2009. Accounting and accounting consulting fees decreased by approximately $32,000 for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009 due to effor ts to reduce costs. Net interest income was approximately $60,000 and $39,000 for the nine months ended September 30, 2010 and 2009, respectively. This approximately $21,000 increase in the current period was due to a higher percentage of funds being invested in bonds yielding a higher return than in the same period of the previous year.

Three Months Ended September 30, 2010 and 2009

For the three months ended September 30, 2010 and 2009 the Company had a net loss of $26,287 and $36,037, respectively. General and administrative expenses were $46,069 and $52,977 for the three months ended September 30, 2010 and 2009, respectively. Legal fees increased by approximately $11,113 for the three months ended September 30, 2010 compared to the three months ended September 30, 2009 due to the issuance of a credit memo in 2009. Stock-based compensation decreased by approximately $3,800 for the three months ended September 30, 2010 compared to the three months ended September 30, 2009 due to the full amortization of stock options in 2009. Accounting and accounting consulting fees decreased by approximately $12,600 for the three months ended September 30, 2010 compared to the three m onths ended September 30, 2009 due to efforts to reduce costs. Net interest income was approximately $20,500 and $14,400 for the three months ended September 30, 2010 and 2009, respectively. The increase in the current period was due to a higher percentage of funds being invested in bonds yielding a higher return than in the same period of the previous year.

Liquidity and Capital Resources

The Company believes that existing cash and cash equivalents of approximately $64,000 as of September 30, 2010 may not provide sufficient working capital for the Company to meet its operating plan for the balance of 2010. However short-term available-for-sale-securities can be readily liquidated to provide additional working capital. The Board of Directors has retained its directors, including a director as its Chief Executive Officer, another director as its Secretary, and the Chief Financial Officer of a related party as the Company's Chief Financial Officer, to assist with its continuing obligations under the federal securities laws and to assist with the Company's plan to evaluate various merger, acquisition or strategic alliance opportunities. The Company does not have an estimate as to when it will identify a qualified merger, acquisition or strategic alliance candidate. There is no assurance that such opportunities will be available, or if available, upon favorable terms. If the Company is unsuccessful in completing a suitable combination, then the Board of Directors may liquidate the Company and distribute all its remaining assets, which consist primarily of cash and available-for-sale securities, to its stockholders.

The Company anticipates that it will incur losses from continuing operations in the next 12 months, until it enters into a business combination or until its liquidation.

Cash used in operating activities was $129,932 and $198,986 for the nine months ended September 30, 2010 and 2009, respectively. Cash used in operating activities for the nine months ended September 30, 2010 was due primarily to (i) the Company's net loss from operations of $161,825 offset by adding back non-cash expenses of $38,438 and (ii) changes in the Company's assets and liabilities of $6,545 consisting of a decrease in other current assets of $11,299, a decrease in accounts payable of $375, and a decrease in deferred rent payable of $17,469. Cash used in operating activities for the nine months ended September 30, 2009 was due primarily to (a) the Company's net loss from operations of $226,497 offset by adding back non-cash expenses of $73,142 and (b) changes in the Company's assets and liabilities of $45,631, consisting of an increase in other current assets of $4,139, an increase in accounts payable of $562, a decrease in accrued liabilities of $3,000, a decrease in accrued stock compensation of $21,566, a decrease in income tax payable of $800, and a decrease in deferred rent payable of $16,688.

Cash used in investing activities for the nine months ended September 30, 2010 of $16,702 was for the purchase of available-for-sale securities of $3,854,349, offset by the maturity and sale of available-for-sale securities of $3,837,647. Cash used in investing activities for the nine months ended September 30, 2009 of $2,460,479 was for the purchase of available-for-sale securities of $4,750,284, offset by the maturity and sale of available-for-sale securities of $2,289,805.

The Company does not have any material commitments for capital expenditures.

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, liquidity or capital resources that are material to its investors.

Critical Accounting Policies and Estimates

The Company's discussion and analysis of the financial condition and results of operations are based upon the Company's unaudited financial statements included elsewhere in this Form 10-Q and has been prepared in accordance with accounting principles generally accepted in the United States of America as disclosed in the Company's annual financial statements in its Form 10-K for the year ended December 31, 2009. Interim results are not necessarily indicative of the results for a full year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the Untied States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment in Available-for-Sale Securities

The Company has a portfolio of investments in available-for-sale debt securities, which consist of fixed income debt securities, which is accounted for in accordance with Accounting Standards Codification ("ASC") 320, "*Investments - Debt and Equity Securities.*" Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, net of the related deferred tax effect, if any, are reported as other comprehensive income, a separate component of stockholders' equit y.

Financial Instruments

The Company considers the carrying amounts of financial instruments, including cash, accounts payable and accrued expenses, to approximate their fair values because of their relatively short maturities.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact the Company's financial position, operating results or cash flows due to changes in U.S. interest rates. The Company's exposure to market risk is confined to its available-for-sale investments that it expects to hold less than one year. The goals of the Company's cash investment policy are the security of the principal amount invested and fulfillment of liquidity needs. The Company currently does not hedge interest rate exposure. Because of the short-term nature of its investments, the Company does not believe that an increase in market rates would have any material negative impact on the value of its investment portfolio.

As of September 30, 2010, the Company held $64,332 in money market, savings and checking accounts. The Company has a checking account and a savings account at one major banking institution with combined balances of $35,870 at September 30, 2010. The Company has a savings account in another major banking institution with a balance of $6,000 at September 30, 2010. These checking and savings accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000 per institution. The Company has a money market account in a brokerage account with a third financial institution, with a balance of $22,462 at September 30, 2010. The funds in the money market account at this institution are guaranteed by the Securities Investor Protection Corporation up to $500,000. Th e Company had no uninsured funds at September 30, 2010.

Item 4. Controls and Procedures

The Company's management has established and maintains a system of disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). As of September 30, 2010, the Company's management, including the Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of that date, the Company's disclosure controls and procedures were effective.

No changes to our internal control over financial reporting were identified in connection with the evaluation referenced above that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of management override or improper acts, if any, have been detected. Because of the inherent limitations in a control system, misstatements due to management override, error or improper acts may occur and not be detected. Any resulting misstatement or loss may have an adverse and material effect on the Company's business, financial condition and results of operations.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may be subject to other claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings that it believes would reasonably be expected to have a material adverse effect on the Company's business, financial condition or results of operations.

Item 6. Exhibits

Exhibit No.	Description
3.1	Articles of Incorporation (1)
3.2	By-laws (1)
31.1	Certification Pursuant to Exchange Act Rule 13a-14(a) of Christopher A. Marlett *
31.2	Certification Pursuant to Exchange Act Rule 13a-14(a) of Gary A. Schuman *
32.1 *	Certification Pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 of Christopher A. Marlett
32.2	Certification Pursuant to Section 1350 of the Sarbanes-Oxley Act of 2002 of Gary A. Schuman *

(1) Incorporated by reference to Form SB-2 filed on July 30, 1996 (file no. 333-09207)
* Filed herewith

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTEGRATED SURGICAL SYSTEMS, INC.

By: /s/ Gary A. Schuman
Gary A. Schuman, Chief Financial Officer

Dated: November 5, 2010

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Marlett, Chief Executive Officer of Integrated Surgical Systems, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 of Integrated Surgical Systems, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
   (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report, our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2010

By: Christopher A. Marlett
/s/

Christopher A. Marlett
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary A. Schuman, Chief Financial Officer of Integrated Surgical Systems, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 of Integrated Surgical Systems, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
   (b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and
   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 5, 2010

By: Gary A. Schuman
/s/
Gary A. Schuman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher A. Marlett, Chief Executive Officer of Integrated Surgical Systems, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2010, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2010

/s/ Christopher A. Marlett
Christopher A. Marlett
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Gary A. Schuman, Chief Financial Officer of Integrated Surgical Systems, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2010, which this certification accompanies (the "Periodic Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date Dated: November 5, 2010

/s/ Gary A. Schuman
Name Gary A. Schuman
Chief Financial Officer