

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 June 30, 2008

or

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

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 401
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 NO

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

Indicate by check mark whether the registrant is a shell company (as defined in
Rule 12b-2 of the Act). YES NO

As of August 19, 2008, there were 7,474,894 shares of the registrant's common
stock outstanding.

Integrated Surgical Systems, Inc.
Form 10-Q
for the six months ended June 30, 2008

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements.

Integrated Surgical Systems, Inc.
Balance Sheet

Assets	June 30, 2008 (Unaudited)	December 31, 2007 (Audited)
	-----	-----
Current assets:		
Cash	\$ 4,653,307	\$ 3,099,199
Other current assets	37,834	76,333
	-----	-----
Total current assets	4,691,141	3,150,532
	-----	-----
Total assets	\$ 4,691,141	\$ 3,175,532
	=====	=====
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 62,568	\$ 4,951
Accrued liabilities	4,692	10,782
Income taxes payable	--	31,482
Deferred rent - current portion	21,873	41,966
	-----	-----
Total current liabilities	89,133	89,181
Rent deposit	8,175	--
Deferred rent - noncurrent	34,502	220,824
	-----	-----
Total liabilities	131,810	310,005
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; 7,474,894 and 4,578,500 shares issued and outstanding	74,749	45,785
Additional paid-in capital	64,089,052	62,419,665
Accumulated deficit	(59,772,966)	(59,768,419)
	-----	-----
Total stockholders' equity	4,390,835	2,697,031
	-----	-----
Total liabilities and stockholders' equity	\$ 4,691,141	\$ 3,175,532
	=====	=====

See accompanying notes to financial statements.

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

	Six Months ended June 30, 2008	2007
	-----	-----
Continuing operations		
General and administrative expenses	\$ 39,742	\$ --
Interest income, net	35,195	--
	-----	-----
Loss from continuing operations	(4,547)	--
	-----	-----
Discontinued Operations:		
Loss from discontinued operations	--	(1,253,725)
Net gain on sale of assets	--	6,176,137
	-----	-----
Net income (loss)	\$ (4,547)	\$ 4,922,412
	=====	=====
Basic net income per common share		
Continuing operations	\$ --	\$ --
Discontinued operations	\$ --	\$ 1.09
	-----	-----
	\$ --	\$ 1.09
	=====	=====
Diluted net income per common share		
Continuing operations	\$ --	\$ --
Discontinued operations	\$ --	\$ 0.97
	-----	-----
	\$ --	\$ 0.97
	=====	=====
Weighted average number of shares outstanding:		
Basic	5,628,841	4,578,501
	=====	=====
Diluted	5,628,841	5,144,874
	=====	=====

See accompanying notes to financial statements.

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

	Three Months 2008	ended June 30, 2007
	-----	-----
Continuing operations		
General and administrative expenses	\$ (120,244)	\$ --
Interest income, net	17,054	--
	-----	-----
Income from continuing operations	137,298	--
	-----	-----
Discontinued Operations:		
Loss from discontinued operations	--	(1,323,212)
Net gain on sale of assets	--	6,176,137
	-----	-----
	=====	=====
Net income	\$ 137,298	\$ 4,852,925
	=====	=====
Basic net income per common share		
Continuing operations	\$ 0.02	\$ --
Discontinued operations	\$ --	\$ 1.06
	-----	-----
	\$ 0.02	\$ 1.06
	=====	=====
Diluted net income per common share		
Continuing operations	\$ 0.02	\$ --
Discontinued operations	\$ --	\$ 0.94
	-----	-----
	\$ 0.02	\$ 0.94
	=====	=====
Weighted average number of shares outstanding:		
Basic	6,679,181	4,578,501
	=====	=====
Diluted	7,143,498	5,144,874
	=====	=====

See accompanying notes to financial statements.

Integrated Surgical Systems, Inc.

Statement of Stockholders' Equity

	Common Shares	Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' (Deficit)/Equity
	-----	-----	-----	-----	-----
Balance at December 31, 2007 (audited)	4,578,500	\$ 45,785	\$ 62,419,665	\$(59,768,419)	\$ 2,697,031
Sale of common stock, net of offering cost (unaudited)	2,896,394	28,964	1,662,778	--	1,691,742
Stock-based compensation (unaudited)	--	--	6,609	--	6,609
Net loss (unaudited)	--	--	--	(4,547)	(4,547)
	-----	-----	-----	-----	-----
Balance at June 30, 2008 (unaudited)	<u>7,474,894</u>	<u>\$ 74,749</u>	<u>\$ 64,089,052</u>	<u>\$(59,772,966)</u>	<u>\$ 4,390,835</u>

See accompanying notes to financial statements.

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

	Six Months ended June 30, 2008	2007
	-----	-----
Continuing operations		
Cash flows from continuing operating activities	\$ (4,547)	\$ --
Loss from continuing operations		
Adjustments to reconcile net loss from continuing operations to cash flow used in continuing operations:		
Stock based compensation-directors	6,609	--
Changes in assets and liabilities		
Other current assets	38,499	--
Accounts payable	57,617	
Accrued liabilities	(6,090)	--
Income taxes payable	(31,482)	--
Rent deposit received	8,175	--
Deferred rent payable	(206,415)	--
	-----	-----
Cash used in continuing operating activities	(137,634)	--
	-----	-----
Cash flows from continuing financing activities		
Proceeds from sale of common stock	1,750,000	--
Offering cost	(58,258)	--
	-----	-----
Cash provided by continuing financing activities	1,691,742	--
Cash provided by continuing operations	1,554,108	--
	-----	-----
Discontinued operations		
Net cash used in discontinued operating activities	--	(2,216,608)
Net cash provided by investing activities	--	3,961,017
Net cash provided by financing activities	--	1,350,000
	-----	-----
Net cash provided by discontinued operations	--	3,094,409
	-----	-----
Net increase in cash	1,554,108	3,094,409
Cash at beginning of period	3,099,199	1,327,268
	-----	-----
Cash at end of period	\$ 4,653,307	\$ 4,421,677
	=====	=====

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 are 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, upon the sale of substantially all of its assets, the Company became inactive. As a result, all the Company's operations from January 1, 2007 through June 28, 2007 have been classified as discontinued operations.

On June 28, 2007, the stockholders approved the future liquidation of the Company if the Company is unable to complete an acquisition or similar transaction within one year of the sale of its assets. At the same time, our stockholders' granted the Board of Directors authority to abandon any decision to liquidate without further stockholder action if it determines the liquidation is not in the best interests of the Company or our stockholders.

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 June 30, 2008 and results of operations and cash flows for the six months then ended have been included. These financial statements should be read in conjunction with the financial statements of the Company together with the Company's management discussion and analysis in the Company's Form 10-KSB for the year ended December 31, 2007. Interim results are not necessarily indicative of the results for a full year.

Certain amounts for prior years have been reclassified to conform to 2008 financial statement presentations.

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 during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), "Business Combinations" ("SFAS 141R"), which replaces SFAS No. 141, "Business Combinations." SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including non-controlling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS 141R would have an impact on accounting for any businesses acquired after the effective date of this pronouncement.

Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", ("SFAS 157") defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require the use of fair value measurements. A fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market for the asset or liability.

SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement 115", ("SFAS 159") permits an entity to elect to measure various financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected should be reported in earnings at each subsequent reporting date.

Effective January 1, 2008, the Company adopted both SFAS 157 and SFAS 159 without any effect.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained non-controlling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company would be required to report any non-controlling interests as a separate component of stockholders' equity. The Company would also be required to present any net income allocable to non-controlling interests and net income attributable to stockholders of the Company separately in its consolidated statements of income. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 would have an impact on the presentation and disclosure of the non-controlling interests of any non wholly-owned businesses acquired in the future.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS 162 will become effective 60 days following the SEC's approval of the Public Company Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles."

The Company does not currently expect the adoption of SFAS 162 to have a material effect on its consolidated results of operations and financial condition.

Management does not believe that any other 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 by the weighted average number of shares of common stock outstanding during the period. Diluted net income 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.

For the six months and three months ended June 30, 2008 dilutive common stock equivalents were convertible preferred stock of 450,524 shares and stock options of 8,275 and 13,793, respectively. For the six months and three months ended June 30, 2007 dilutive common stock equivalents were convertible preferred stock of 566,373 shares.

A warrant for 30,000 shares of common stock and stock options for 13,050 and 5,050 were excluded from the dilutive common stock equivalents for the six and three months ended June 30, 2008 because their exercise price was greater than the weighted average share price for the period.

4. Common Stock

On April 25, 2008, the Company sold an aggregate of 2,896,394 shares of common stock at \$0.6042 per share, for an aggregate purchase price of \$1,750,000. The Company incurred \$58,258 of expenses in connection with the offering. Certain of the investors are affiliated with the Company's advisory services firm that is currently providing investment banking services.

5. Convertible Preferred Stock

The Company's Certificates of Incorporation authorized 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 June 30, 2008 and December 31, 2007, the Company's only outstanding series of convertible preferred stock is the Series G Convertible Preferred Stock ("Series G").

The Series G stock has a stated value of \$1,000 per share, and is convertible into common stock at conversion price equal to 85% 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 convertible preferred stock 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 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 six months ended June 30, 2008 and the year ended December 31, 2007, no shares of Series G were converted into shares of common stock. At June 30, 2008 and December 31, 2007, the outstanding Series G shares could have been converted into a minimum of 450,524 and 660,769 shares of common stock, respectively.

Upon a change in control, sale of or similar transaction, as defined, each holder of the Series G has the option to deem such transaction as a liquidation and may redeem their 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 they were redeemable preferred stock and are classified on the balance sheet between liabilities and stockholders' equity.

6. Stock-based compensation

The Company has two stock option plans to attract, motivate and retain selected officers, employees, directors and consultants under which incentive or non-incentive options may be granted, generally for a term of ten years from the date of grant. 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 greater of 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.

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 grant and must be exercised within 30 days of employee termination. As of June 30, 2008 and December 31, 2007, the 1998 plan had 22,857 options 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 Company. 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. As of June 30, 2008 and December 31, 2007, the 2000 plan had 98,046 options available for future grant.

Under both plans, exercised, forfeited/expired or cancelled shares may be reissued.

Options outstanding or options forfeited/expired may be from expired plans.

There were no stock options issued for the six months ended June 30, 2008.

For the six months ended June 30, 2008, option activity under both plans was as follows:

	Number of Shares -----	Six Months Ended June 30, 2008 Weighted-Average Exercise Price per Share -----
Outstanding at beginning of period	63,050	\$ 3.04
Granted	--	\$ --
Cancelled	--	\$ --
Exercised	--	\$ --
	-----	-----
Outstanding at end of period	63,050	\$ 3.04
	=====	
Exercisable at end of period	13,050	\$13.43
	=====	

For the six months ended June 30, 2008, there was no non plan option activity.

The Company's stock options have no intrinsic value as of June 30, 2008.

For the six and three months ended June 30, 2008, the Company recorded stock-based compensation expense of \$6,609 and \$3,306, respectively, which is included in general and administrative expenses.

As of June 30, 2008, a summary of options outstanding under the plans was as follows:

Range of Exercise Price -----	Weighted-Average Remaining Contractual Life (Years) -----	Number Outstanding at 6/30/08 -----	Weighted-Average Exercise Price -----	Number Exercisable at 6/30/08 -----	Weighted-Average Exercise Price -----
0.00-9.99	4.1	58,000	\$ 0.34	8,000	\$ 0.40
10.00-30.99	1.8	1,550	28.55	1,550	28.55
31.00-37.00	0.7	3,500	36.51	3,500	36.51
	---	-----	-----	-----	-----
	4.0	63,050	\$ 3.04	13,050	\$13.43
	===	=====	=====	=====	=====

7. Income Taxes

Effective January 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No.109" (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements in accordance with FASB Statement 109, "Accounting for Income Taxes," and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance under recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Management is in the process of evaluating the impact of FIN 48 on the financial statements.

Federal and state income tax returns for the years ended December 31, 2007, 2006, and 2005 are subject to review by the taxing authorities.

The Company's policy is to classify assessments, if any, for tax related interest as interest expenses and penalties as general and administrative expenses.

8. Fair Value Measurement

The Company has recorded a deferred rent liability in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", ("SFAS 146") and SFAS No. 157, "Fair Value Measurements", ("SFAS 157"). The change in fair value of the deferred rent liability at June 30, 2008, was \$212,490 resulting in a liability of \$56,375. The amount of the liability was calculated based on the net present value technique using an interest rate of 4.58%. The interest rate is based upon the three-year Treasury-Bill rate as of July 2007. The change was due to a new sublease agreement with a company to rent office space from the Company.

9. Commitments and Contingencies

Lease

As of June 30, 2008, the Company was committed for future minimum rent under the lease for their former manufacturing, warehouse and administrative space, net of sublease income, plus subsidy payments by the Company to the sublessor, through December 31, 2010. The present value of the future minimum rent under the lease, net of sublease income, was charged to general and administrative expenses in connection with the Company's continuing operations. The minimum payments are as follows:

	Lease	Sublease net of sublease subsidy payments	Net
July 1 through December 31, 2008	\$ 46,350	\$ 34,350	\$12,000
2009	95,175	71,175	24,000
2010	97,875	73,875	24,000
	<u>\$239,400</u>	<u>\$179,400</u>	<u>\$60,000</u>
	=====	=====	=====

Other

The Company is subject to claims arising in the ordinary course of business. There are no current proceedings or litigation involving us that we believe if judgment were rendered against us would have a material adverse impact on our financial position, results of operations or cash flows.

10. Subsequent Event

Effective as of July 2, 2008, the Company's Board of Directors appointed its new chief financial officer and secretary as officers. The Company's prior chief financial officer and secretary resigned effective as of June 30, 2008.

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 about the software industry and certain assumptions made by the Company's management. 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 performance 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 SEC, particularly the Company's Annual Report on Form 10-KSB, 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, together with Management's Discussion and Analysis of Financial Condition and Results of Operations, which are included in the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2007 as filed with the SEC.

Overview

We were 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. Although we had not received clearance to market the ROBODOC(R) System (ROBODOC) in the U.S., we were permitted to export the system provided certain requirements were met. Products approved for use by European Union member countries and Australia, Canada, India, Israel, Japan, Korea, New Zealand, Switzerland and South Africa, do not require U.S. FDA export approval. We had sold our robotic systems to international distributors, who in turn resold the product in their territories. Our international distributors were KTEC in Japan, ROCOM Frontier in Korea and Paramount Impex in India.

After the sale of substantially all of our assets on June 28, 2007, the Company became inactive. The Company has no employees and all services are provided by contracted personnel.

Our operations are limited to raising additional funds to be used to maintain our public company status and for a business combination if a suitable candidate is located. Raising additional funds includes the sale of 2,896,394 shares of common stock at \$0.6042 per share for an aggregate purchase price of \$1,750,000 in April, 2008. Our stockholders have approved the future liquidation of the Company if we are unable to complete an acquisition or similar transaction by June 28, 2008. At the same time, our stockholders granted the Board of Directors authority to abandon any decision to liquidate without further stockholder action if it determines the liquidation is not in the best interests of the Company or our stockholders. As at the date of this filing, the Company has not begun a liquidation.

Operations for the six and three months ended June 30, 2008 are not comparative to the corresponding periods ended June 30, 2007 as 2008 included our limited activity, while 2007 included the operations of our historical discontinued business.

For the six months ended June 30, 2008, our general and administrative expenses consisted of our continuing expenses to maintain our public company status offset by the effect of a \$212,490 reduction in deferred rent from a new sublease agreement with a company to lease office space from us. We retained the lease obligation as part of the sale of substantially of our assets. The sublease agreement provides for the sublessee to pay our lessor each month for the rent owed by us under our lease through December 31, 2010, the duration of the lease term. As an incentive to agree to the sublease, we have agreed to pay the sublessor \$2,000 each month our rent is paid. Operations for the six and three months ended June 30, 2007 consisted primarily of revenues and the amortization and settlement of existing agreements of \$963,228, net of costs of those revenues general and administrative expenses. For the same period, net gain on sale of assets was related to the sale of substantially all of our assets on June 28, 2007 and consisted of the following:

Proceeds	
Cash	\$ 4,000,000
Cancellation of indebtedness	3,934,462

Total proceeds	7,934,462
Net book value of assets sold	(1,001,007)
Employee retention incentives	(486,385)
Present value of net future lease payments	(250,376)
Legal expenses	(20,557)

Gain on sale of assets	\$ 6,176,137
	=====

Liquidity and Capital Resources

On April 18, 2008, we entered into stock purchase agreements with five accredited investors pursuant to which the investors agreed to purchase from the Registrant an aggregate of 2,896,394 shares of our common stock at a purchase price per share equal to \$0.6042, for an aggregate purchase price of \$1,750,000. In connection with the transaction, we provided demand and piggy-back registration rights to each investor pursuant to a registration rights agreement. The transaction was completed on April 25, 2008.

We believe our current cash position is adequate to carry out our plan.

At June 30, 2008, our "quick ratio" (cash divided by current liabilities), a conservative liquidity measure designed to predict our ability to pay bills, was 52.21.

We anticipate that we will incur operating losses from continuing operations in the next twelve months, until we enter into a business combination or until our liquidation.

Cash used in continuing operating activities of \$137,000 for the six months ended June 30, 2008 was due primarily to our net loss from continuing operations of \$5,000 and a decrease in deferred rent of \$206,000 offset by an increase in accounts payable of \$58,000 and a decrease in other current assets of \$38,000.

We do not have any material commitments for capital expenditures.

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, liquidity or capital resources that are material to our 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 our annual financial statements in our Form 10-KSB for the year ended December 31, 2007. Interim results are not necessarily indicative of the results for a full year.

The Company believes the following critical accounting policies affect the Company's more significant judgments and estimates used in the preparation of the financial statements.

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 during the reporting period. Actual results could differ from those estimates.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position, operating results or cash flows due to changes in U.S. interest rates. Our exposure to market risk is confined to our cash and short-term investments that have maturities or interest reset dates of less than one year. The goals of our cash investment policy are the security of the principal invested and fulfillment of liquidity needs. We currently do not hedge interest rate exposure. Because of the short-term nature of our investments, we do not believe that an increase in market rates would have any material negative impact on the value of our investment portfolio.

As of June 30, 2008, we held approximately \$4.6 million in a money market account at a major bank.

Item 4T. Controls And Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management has established and maintains a system of disclosure controls and procedures (as defined in Rule 13(a)-15(e) under the Securities Act of 1934) designed to provide reasonable assurance that information required to be disclosed by us in the reports filed or submitted by us under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and includes controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate to allow timely decisions regarding required disclosure. As of June 30, 2008, our management, including our Chief Executive Officer and our Chief Financial Officer, had conducted an evaluation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

All disclosure control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management, including our Chief Executive Officer and our Chief Financial Officer, also conducted an evaluation of any changes in internal control over financial reporting (as defined under Rule 13(a)-15(e) under the Securities Exchange Act of 1934) that occurred during the last fiscal quarter covered by this Quarterly Report. That evaluation did not identify any significant changes to the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(b) Changes in Internal Controls

Since the end of the last fiscal quarter, there have not been any significant changes in our internal control over financial reporting (as defined in Rule 13(a)-15(e) under the Securities Exchange Act of 1934) or in other factors that could significantly affect our internal control over financial reporting. Management will continue to assess and monitor our internal control over financial reporting and may make refinements and enhancements as appropriate.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. There are no current proceedings or litigation involving us that we believe if judgment were rendered against us would have a material adverse impact on our financial position, results of operation or cash flows.

Item 6. Exhibits

Pursuant to the rules and regulations of the SEC, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by such disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

Exhibit No.	Description
3.1	Articles of Incorporation (1)
3.2	By-laws (1)
10.1	Form of Stock Purchase Agreement dated as of April 18, 2008*
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 Michael J. Tomczak*
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 Michael J. Tomczak*

(1) Incorporated by reference to Form SB-2 filed on July 30, 1996
* 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/ Michael J. Tomczak

Michael J. Tomczak, Chief Financial Officer

Dated: August 19, 2008

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of April 11, 2008, by and between INTEGRATED SURGICAL SYSTEMS, INC., a Delaware corporation (the "Company"), and the party set forth on the signature page hereto ("Purchaser").

WHEREAS, the Company desires to issue to Purchaser, and Purchaser desires to purchase from the Company, that number of shares set forth on the signature page hereto (the "Shares") of common stock, par value \$.01 per share, of the Company ("Common Stock"); and

WHEREAS, the Company is issuing and selling to other purchasers additional shares of Common Stock either simultaneously with the Closing (as hereinafter defined) or as soon thereafter as practicable (collectively, the "Offering").

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Purchase and Sale of Shares; Purchase Price.

a. Purchase of Shares. Purchaser hereby agrees to purchase the Shares from the Company, and the Company hereby agrees to issue and deliver to Purchaser, on the Closing Date (as hereinafter defined), the Shares.

b. Purchase Price. In consideration of the purchase of the Shares hereunder, Purchaser hereby agrees to pay to the Company on the Closing Date an amount equal to the amount set forth on the signature page hereto (the "Purchase Price").

2. Closing; Deliverables.

a. Closing. Consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Snow Becker Krauss P.C., 605 Third Avenue, New York, New York 10158, at 10:00 a.m., New York time, as soon as practicable following the date hereof, or at such other time, date or place as the parties hereto may agree upon (the "Closing Date").

b. Closing Deliverables. At the Closing, the Company shall issue and deliver to Purchaser certificate(s) representing the Shares registered in the name of Purchaser (or if so designated, a nominee thereof), and Purchaser shall deliver to the Company the Purchase Price by wire transfer of immediately available funds to such account or accounts as designated by the Company.

3. Representations and Warranties of the Company. The Company hereby represents and warrants to Purchaser as follows:

a. Organization. The Company and each of its subsidiaries, if any ("Subsidiaries"), is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization. Each of the Company and its Subsidiaries has full power and authority to own, operate and occupy its properties and to conduct its business as presently conducted and is registered or qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted by it or the location of the properties owned or leased by it requires such qualification and where the failure to be so qualified would have a material adverse effect upon the condition (financial or otherwise), earnings, business, properties, prospects or operations of the Company and its Subsidiaries, considered as one enterprise (a "Material Adverse Effect"), and no proceeding has been instituted in any such jurisdiction, revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

b. Authority. The Company has full power and authority to execute, and deliver this Agreement and that certain registration rights agreement in the form of Exhibit A annexed hereto (the "Registration Rights Agreement"), and to perform its obligations hereunder and thereunder. Each of this Agreement and the Registration Rights Agreement constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy or insolvency statutes.

c. No Conflict. Neither the execution and delivery of this Agreement or the Registration Rights Agreement by the Company, nor the consummation of the transactions contemplated hereby or thereby, will result in (A) a conflict with or constitute a violation of, or default (with the passage of time or otherwise) under, (i) any material bond, debenture, note or other evidence of indebtedness, lease, contract, indenture, mortgage, deed of trust, loan agreement, joint venture or other agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any of its Subsidiaries or their respective properties are bound, (ii) the certificate of incorporation, by-laws or other organizational documents of the Company or any Subsidiary, or (iii) any law, administrative regulation, ordinance or order of any court or governmental

agency, arbitration panel or authority applicable to the Company or any Subsidiary or their respective properties, except in the case of clauses (i) and (iii) for any such conflicts, violations or defaults which are not reasonably likely to have a Material Adverse Effect or (B) the creation or imposition of any lien, encumbrance, claim, security interest or restriction whatsoever upon any of the material properties or assets of the Company or any Subsidiary or an acceleration of indebtedness pursuant to any obligation, agreement or condition contained in any material bond, debenture, note or any other evidence of indebtedness or any material indenture, mortgage, deed of trust or any other agreement or instrument to which the Company or any Subsidiary is a party or by which any of them is bound or to which any of the material property or assets of the Company or any Subsidiary is subject.

d. Authorized Capitalization; Shares Duly Issued. The authorized capital stock of the Company consists of (i) 100,000,000 shares of Common Stock, 4,578,500 of which are issued and outstanding, and (ii) 1,000,000 shares of preferred stock, 168 of which are issued and outstanding. The Shares, when issued in accordance with the terms and conditions of this Agreement, shall be duly authorized, validly issued, fully-paid and non-assessable, subject to no

lien or encumbrance. The outstanding shares of capital stock of the Company have been duly and validly issued and are fully paid and non-assessable, have been issued in compliance with all federal and state securities laws, and were not issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. Except as set forth on Schedule 3(d), there are no outstanding rights (including, without limitation, preemptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any unissued shares of capital stock or other equity interest in the Company or any Subsidiary, or any contract, commitment, agreement, understanding or arrangement of any kind to which the Company or any Subsidiary is a party or of which the Company has knowledge and relating to the issuance or sale of any capital stock of the Company or any Subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options. No preemptive rights, co-sale rights, rights of first refusal, registration rights (other than with respect to the Purchaser) or other similar rights exist with respect to the Shares or the issuance and sale thereof.

e. SEC Reports. The Company has filed with the Securities and Exchange Commission (the "Commission") all reports, schedules, forms, statements and other documents required to be filed by it, as applicable, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for the last three (3) fiscal years ("SEC Reports"). The SEC Reports, when filed, complied in all material respects with the requirements of the Exchange Act, and to the knowledge of the Company, contain no 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.

f. Financial Statements. The financial statements of the Company included in the SEC Reports ("Financial Statements") (i) comply in all material respects with the requirements of the Exchange Act, (ii) fairly present the financial condition of the Company for the periods represented thereby and (iii) have been prepared in accordance with generally accepted accounting principles ("GAAP"). The capitalization table annexed hereto as Schedule 3(f) sets forth the basis for the calculation of the Purchase Price and is true and correct in all material respects as of the date hereof. There are no financial statements (historical or pro forma) that are required to be included in the SEC Reports that are not included as required; and the Company does not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations) required to be disclosed in the SEC Reports that are not disclosed in the SEC Reports. Except as disclosed in the SEC Reports and Financial Statements, subsequent to the respective dates as of which information is given in the Financial Statements, there has not been (i) any material adverse change in the business, properties, management, financial condition or results of operations of the Company, (ii) other than in the ordinary course of business, any transaction which is material to the Company, (iii) any obligation, direct or contingent (including any off-balance sheet obligations), incurred by the Company which is material to the Company, (iv) any change in the capital stock or outstanding indebtedness of the Company other than pursuant to the terms of outstanding debt and equity securities, or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company.

g. Legal Compliance. Neither the Company nor any Subsidiary is in violation of its charter, bylaws, or other organizational document. Neither the Company nor any Subsidiary has in the past been or currently is in violation of any law, administrative regulation, ordinance or order of any court or governmental agency, arbitration panel or authority applicable to the Company or any Subsidiary, which violation, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect, or is in default (and there exists no condition which, with the passage of time or otherwise, would constitute a default) in any material respect in the performance of any bond, debenture, note or any other evidence of indebtedness in any indenture, mortgage, deed of trust or any other material agreement or instrument to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or by which the properties of the Company or any Subsidiary are bound, which would be reasonably likely to have a Material Adverse Effect.

h. Litigation. Except as set forth on Schedule 3(h), there are no actions, suits, claims, investigations or proceedings pending or, to the Company's knowledge, threatened or contemplated to which the Company or any of its directors or officers is or would be a party or of which any of the properties of the Company is or would be subject at law or in equity, before or by any governmental or regulatory commission, board, body, authority or agency, or preventing consummation of the transactions contemplated hereby; there are no legal or governmental proceedings pending before or by any governmental or regulatory commission, board, body, authority or agency relating to the Company's business practices and activities or to its securities, and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others. There has not been, and to the knowledge of the Company, there is not pending any investigation by the Commission involving the Company or any current or former director or officer of the Company (in his or her capacity as such). The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary.

i. Material Contracts. Schedule 3(i) sets forth the material contracts of the Company in effect as of the date hereof ("Contracts") together with a list of consents, if any, requiring consent to the transactions contemplated hereby. As of the date hereof, no party is in breach or default in any material respect under any Contract, except for such breaches and defaults as to which requisite waivers or consents have been obtained. Each Contract is valid, binding and enforceable by the Company in accordance with its terms subject to: (i) laws of general application relating to bankruptcy, insolvency and the relief of debtors; and (ii) rules of law governing specific performance, injunctive relief and other equitable remedies.

j. Property; Lease. Except with respect to that certain leasehold for the premises located at 1433 N. Market Blvd. #1, Sacramento, California 95834 (the "Lease") by and between the Company, as tenant, and JB Management LP, as landlord, the Company is not party to any leasehold obligation and does not own any real or intellectual property.

k. Benefit Plans. Set forth on Schedule 3(k) is a list of each material bonus, deferred compensation, pension, profit-sharing, retirement, stock purchase or stock option, hospitalization or other medical, life or other insurance plan relating to the Company, including any policy, plan, program or agreement that provides for the payment of severance benefits, salary continuation, salary in lieu of notice or similar benefits, maintained, sponsored or contributed to by the Company or under which the Company has any present or future material obligations or material liability on behalf of the Company's employees or former employees or their dependents or beneficiaries of the Company (collectively, the "Employee Benefit Plans"). To the knowledge of the Company, the Employee Benefit Plans that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the Internal Revenue Code of 1986, as amended (the "Code"), are in compliance in all material respects with the presently applicable provisions of ERISA and the Code.

l. Intellectual Property. To the knowledge of the Company, each of the Company and its Subsidiaries, prior to selling substantially all of the Company's assets to a third party, owned or possessed sufficient rights to conduct its business in the ordinary course, including, without limitation, rights to use all material patents, patent rights, industry standards, trademarks, copyrights, licenses, inventions, trade secrets, trade names and know-how (collectively, "Intellectual Property") that was necessary for the conduct of its business as was conducted, except where the failure to have so owned or possessed would not have resulted in a Material Adverse Effect. To the knowledge of the Company, neither the Company nor any of its Subsidiaries infringed any rights of a third party with respect to any Intellectual Property that, individually or in the aggregate, would have had a Material Adverse Effect, and neither the Company nor any of its Subsidiaries has received any notice of, or has any knowledge of, any asserted infringement by the Company or any of its Subsidiaries of any rights of a third party with respect to any Intellectual Property that, individually or in the aggregate, would have a Material Adverse Effect.

m. Taxes. All income tax returns required to be filed by the Company have been filed and all such returns are true, complete, and correct in all material respects and all taxes that are due or claimed to be due from the Company have been paid other than those (x) currently payable without penalty or interest or (y) being contested in good faith and by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP.

n. Investment Company Status. The Company is not and, after giving effect to the Offering, will not be an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

o. Private Placement. Assuming that all representations and warranties of Purchaser set forth in Section 4 hereof are true and correct in all respects, the offer and sale of Shares hereunder is exempt from registration under the Securities Act (as hereinafter defined) and applicable state securities laws.

p. Internal Controls. At all times since first required by all applicable Exchange Act rules, the Company has established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and designed such disclosure controls and procedures to ensure that material information relating to the Company, including its Subsidiaries, is made known to the certifying officers by others within those entities, particularly during the period in which the Form 10-KSB or Form 10-QSB, as the case may be, is being prepared. The Company's certifying officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by each Form 10-KSB or Form 10-QSB for which such evaluation was required by applicable Exchange Act rules, as the case may be (each such date, the "Evaluation Date"). The Company presented in each such Form 10-KSB or Form 10-QSB, as the case may be, the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the most recent Evaluation Date, there have been no significant changes in the Company's internal controls (as such term is used in Item 308(c) of Regulations S-K and S-B under the Exchange Act) or, to the Company's knowledge, in other factors that could significantly affect the Company's internal controls.

q. No Employee Violations. To the Company's knowledge, no employee or agent of the Company has made any payment of funds of the Company or received or retained any funds in violation of any law, rule or regulation. Neither the Company nor any of its directors, officers, or controlling persons has taken or will take, directly or indirectly, any action designed, or which has constituted or might reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares in violation of applicable law.

r. Foreign Corrupt Practices. Neither the Company, nor to the best knowledge of the Company, any agent or other person acting on behalf of the Company, has (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law, or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act of 1977, as amended.

s. No Brokers. The Company is not subject to any valid claim of any broker, investment banker, finder or other intermediary in connection with the transactions contemplated by this Agreement.

4. Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to the Company as follows:

a. Authority. Purchaser has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Purchaser, enforceable in accordance with its terms, except as the same may be limited by applicable bankruptcy or insolvency statutes.

b. No Conflict. Neither the execution and delivery of this Agreement by Purchaser, nor the consummation of the transactions contemplated hereby, will result in a violation of any statute, regulation, rule, judgment, order, decree, stipulation, injunction, charge, or other restriction of any government, governmental agency, or court to which Purchaser is subject, or conflict with, result in a breach of, constitute a default under, or result in the acceleration of, any contract or agreement to which Purchaser is a party or by which it is bound.

c. Review of SEC Reports and Financial Statements. Purchaser has fully reviewed all of the SEC Reports and Financial Statements.

d. Accredited Investor. Purchaser qualifies as an accredited investor as such term is defined under Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Purchaser has provided a completed and signed Investor Questionnaire in the form annexed to this Agreement.

e. Sophistication. Purchaser acknowledges that it is a sophisticated investor, has such knowledge and experience in financial and business matters in general and has full familiarity with the current business and future business prospects of the Company and the financial and other affairs of the Company and acknowledges that it has had access to and has received sufficient written and oral information about the Company, including any and all such information requested by Purchaser and including copies of all of the SEC Reports in order to make an informed decision to purchase the Shares. In addition, Purchaser acknowledges that it has had access to the officers, directors and employees of the Company to discuss the business, affairs and prospects of the Company and has had the opportunity to obtain additional information necessary to evaluate the merits and risks of engaging in the transactions contemplated by this Agreement. Purchaser has reached an independent decision with respect to the advisability of the purchase of the Shares and, in arriving at its decision, has considered both the value of the Shares as well as the present condition and future prospects of the Company.

f. Economic Risk. Purchaser is able to bear the economic risks of the investment in the Shares and, consequently, without limiting the generality of the foregoing, is able to hold the Shares for an indefinite period of time and has a sufficient net worth to sustain a loss of its entire investment in the Company in the event such loss should occur.

g. No Representations. Purchaser fully understands and acknowledges that the Company makes no representations or warranties whatsoever with respect to the business, operations, financial condition, prospects or other affairs of the Company other than as explicitly set forth in this Agreement, and Purchaser expressly represents and warrants that in connection with its decision to purchase the Shares as contemplated hereunder, Purchaser is not relying upon any statements made by the Company or any of its shareholders, directors, officers, employees or agents, whether oral or written, concerning the Company, other than those set forth in this Agreement.

h. Own Account. Purchaser is acquiring the Shares for its own account for investment and not with a view to or for resale in connection with any distribution of the Shares. It has not offered or sold any portion of the Shares and has no present intention of dividing the Shares with others or of selling, distributing or otherwise disposing of any portion of the Shares either currently or after the passage of a fixed or determinable period of time or the occurrence or non-occurrence of any predetermined event or circumstance.

i. Resale. Purchaser acknowledges that the Shares have not been registered under the Securities Act and may not be offered or sold except pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements thereof. Purchaser agrees that it shall not offer or sell any Shares except in accordance with Rule 144A, Rule 144 or other applicable exemption under the Securities Act, unless pursuant to an effective registration statement.

j. Taxes. Any obligation or liability for taxes (state, federal or otherwise) incurred by Purchaser in connection with this Agreement or the transactions contemplated hereby shall be the sole responsibility of and be paid for by Purchaser.

k. No Brokers. Purchaser is not subject to any valid claim of any broker, investment banker, finder or other intermediary in connection with the transactions contemplated by this Agreement.

l. Advice of Counsel. Purchaser acknowledges that it has been advised to consult with its own attorney regarding the transactions contemplated hereby and to consult with its tax advisor regarding the tax consequences of acquiring the Shares.

m. Restrictive Legend. Certificates for the Shares shall contain a restrictive legend substantially in the following form:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE SECURITIES LAWS AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, HYPOTHECATED OR OTHERWISE DISPOSED OF, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO A TRANSACTION THAT IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION REQUIREMENTS.

5. Covenants.

a. Confidentiality. Purchaser agrees that it will not divulge, communicate, use to the detriment of the Company or for the benefit of any other person, firm or entity, or misappropriate in any way, any confidential information or trade secrets relating to the Company or any of its businesses including without limitation, business plans, systems and strategies, operating plans, acquisition strategies (including the identities of and any other information concerning possible acquisition candidates), financial information (whether pro forma or otherwise), market analyses, procedures or strategies, acquisition terms and conditions, personnel information, trade processes, manufacturing methods, operational and equipment techniques, quality control procedures and systems, projects and technological research or methods, know-how, customer lists and relationships, supplier lists, or other non-public proprietary and confidential information relating to the Company.

b. Board of Directors; Continuation of Offering. Simultaneously with the Closing, and explicitly subject to purchasers in the Offering purchasing shares of Common Stock for a purchase price not less than \$1,750,000 on or before the Closing, the Company agrees to appoint Christopher Marlett ("Marlett") as the Chief Executive Officer thereof and use its reasonable efforts to cause the Board of Directors of the Company (the "Board") to be established at a total of four (4) members, two of whom shall be the designees of Marlett. Following the Closing, MDB Capital Group LLC ("MDB") shall use its best efforts to arrange for an additional purchase or series of purchases of Common Stock (the "Subsequent Offering") with an aggregate purchase price of not less than \$1,649,608 (the "Subsequent Offering Minimum"), it being the intent of the parties that the total equity investment by all purchasers (including Purchaser) in the Offering and the Subsequent Offering be an aggregate amount not less than \$3,399,608. In the event that additional purchases of Common Stock in connection with the Subsequent Offering are completed in which the Company receives proceeds of not less than the Subsequent Offering Minimum, the Company agrees to use its reasonable efforts thereafter to cause the Board to be established at a total of five (5) members, and, at Marlett's option, cause a designee to be elected as a member of the Board at the next annual meeting of stockholders of the Company, or in the event that no such annual meeting has taken place on or before 90 days following the Subsequent Offering, appointed by the Board, provided that, such appointment does not violate any rules and regulations of the Commission. The Company agrees to accept as a purchaser in the Subsequent Offering any reasonable accredited investor introduced by MDB that has no criminal, civil or regulatory sanctions in respect thereof.

c. Blue Sky. The Company shall make all necessary filings under the Blue Sky laws of the State of New York related to the sale of the Shares and at Purchaser's request, provide evidence of filing and payment of all related filing fees.

d. Lease. As soon as practicable after the Closing, the Company shall use its best efforts to arrange for a release from any obligation of the Company under the Lease except for a cash payment of up to \$60,000 to a new tenant leasing the leased premises. In the event that the Lease obligations are not so released on or before July 31, 2008, the Company agrees to pay to each purchaser in the Offering an amount in cash equal to \$0.0355 per share of Common Stock purchased by such purchaser in the Offering.

6. Conditions to Closing.

a. Both Parties. The obligations of the parties to consummate the transactions contemplated hereby shall be subject to the following conditions:

(i) The representations and warranties of each of the Company and Purchaser shall be true and correct in all material respects on the Closing Date (except for representations and warranties that speak as of a specific date, which representations and warranties shall be true and correct as of such date).

(ii) There shall not have occurred a suspension or material limitation in trading in the Common Stock on any trading medium or exchange on which the Common Stock was being traded prior to the consummation of the purchase of the Shares.

(iii) The Registration Rights Agreement shall have been executed and delivered by the parties.

(iv) All consents, approvals or authorizations of any person required for the valid authorization, execution and delivery by the parties of this Agreement or for the consummation of the transactions contemplated hereby shall have been obtained.

(v) No action or proceeding by or before any court, administrative body or governmental agency shall have been instituted or threatened by a third party which seeks to enjoin, restrain or prohibit this Agreement or consummation of the transactions contemplated hereby.

b. Purchaser. The obligations of Purchaser to consummate the transactions contemplated hereby shall be subject to the following additional conditions:

(i) The Company shall have delivered a secretary's certificate attesting to the current certificate of incorporation and by-laws of the Company and the resolutions approving the transactions contemplated by this Agreement.

(ii) If applicable, appropriate "blue sky" filings shall have been made under the Blue Sky laws of the State of New York relating to the sale of the Shares.

7. Indemnification. Each of the parties hereby agrees to indemnify and hold harmless the other party and each of its respective officers, directors, employees, affiliates and agents, from and against any and all losses, costs, claims, damages, expenses, obligations and liabilities of any nature whatsoever, including, without limitation, court costs and reasonable attorneys' fees (specifically including court costs and reasonable attorneys' fees incurred in enforcing this Section 7 or in recovering damages or pursuing other remedies with respect to any breach of this Section 7), incurred by such party as a result of or in connection with any breach of any representation, warranty, covenant or other obligation of the other party contained in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Company shall only be liable to indemnify Purchaser up to a maximum aggregate indemnification amount equal to the Purchase Price.

8. Expenses. The Company shall pay the expenses of Purchaser and the other purchasers in connection with the Offering, including without limitation, reasonable legal fees, expenses of registration, and other out-of-pocket expenses, up to an aggregate maximum for all purchasers of \$50,000. Purchaser agrees to provide written evidence to the Company reasonably satisfactory thereby of any expense in excess of \$500.

9. Miscellaneous.

a. Waiver. No right or obligation under this Agreement will be deemed to have been waived unless evidenced by a writing signed by the party against which the waiver is asserted or by its duly authorized representative. Any waiver will be effective only with respect to the specific instance involved, and will not impair or limit the right of the waiving party to insist upon strict performance of the right or obligation in any other instance, in any other respect, or at any other time.

b. Notices. All notices and other communications required or permitted to be made or given hereunder (all of the foregoing hereinafter collectively referred to as "Communications") shall be in writing, signed by or on behalf of the notifying party, and shall be deemed to have been duly made or given when (i) delivered personally, (ii) five (5) business days after being sent by registered or certified mail or equivalent, return receipt requested, or (iii) one (1) business day after being sent by recognized overnight courier for next business day delivery, in each case as set forth below or to such other or additional address as either party shall hereafter specify by Communication to the other party:

If to the Company:

Integrated Surgical Systems, Inc.
105 Solana Drive
Los Altos, California 94022
Attention: Peter B. Mills, Chief Executive Officer

With a copy to:

Snow Becker Krauss P.C.
605 Third Avenue
New York, New York 10158
Attention: David R. Fishkin, Esq.

If to Purchaser:

to the address as set forth on the signature page hereto

With a copy to:

Golenbock Eiseman Assor Bell & Peskoe LLP
437 Madison Avenue
New York, New York 10022
Attention: Andrew D. Hudders, Esq.

c. Modifications to Be in Writing. To be effective, any modification to this Agreement must be in writing signed by all parties to this Agreement.

d. Agreement Binding upon Successors and Assigns. This Agreement shall bind both parties and their respective successors and assigns. All rights, privileges and powers granted to each party under this Agreement shall benefit such party and its successors and assigns.

e. Assignment of Agreement. This Agreement shall not be assigned by either party without the prior written consent of the other party.

f. Further Assurances. Both parties agree to take any further actions and to make, execute and deliver any further written instruments which may be reasonably required to carry out the terms, provisions, intentions and purposes of this Agreement.

g. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts or choice of laws thereof.

h. Severability. If any provision of this Agreement or any application of any provision is determined to be unenforceable, the remainder of this Agreement shall be unaffected. If the provision is found to be unenforceable when applied to particular persons or circumstances, the application of the provision to other persons or circumstances shall be unaffected.

i. Headings. Headings used in this Agreement have been included for convenience and ease of reference only and will not in any manner influence the construction or interpretation of any provision of this Agreement.

j. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will constitute a single agreement.

[The rest of this page is intentionally left blank]

IN WITNESS WHEREOF, the undersigned parties have executed and delivered this Agreement as of the date first written above.

INTEGRATED SURGICAL SYSTEMS, INC.

By: /s/ Peter B. Mills

Name: Peter B. Mills
Title: Chief Executive Officer

Purchaser:

By: _____
Name:
Title:

Address:

Number of Shares:

Purchase Price:

Purchase Price per Share:

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 June 30, 2008 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 officers 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 me 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, my 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.
5. The registrant's other certifying officer(s) 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: August 19, 2008

By: /s/ Christopher A. Marlett

Christopher A. Marlett
Chief Executive Officer

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

I, Michael J. Tomczak, 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 June 30, 2008 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 officers 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 me 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 my 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.
5. The registrant's other certifying officer(s) 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: August 19, 2008

By: /s/ Michael J. Tomczak

Michael J. Tomczak
Chief Financial Officer

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 June 30, 2008, 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: August 19, 2008

/s/ Christopher A. Marlett

Christopher A. Marlett
Chief Executive Officer

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

I, Michael J. Tomczak, 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 June 30, 2008, 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: August 19, 2008

/s/ Michael J. Tomczak

Michael J. Tomczak
Chief Financial Officer