

market conditions the Sunnyvale lease is at a rate above market rate. The Company has recorded a liability of approximately \$746,000 reflecting the off-market value of the rent.

In addition to the foregoing leases relating to its principal properties, the Company also has a lease for an additional facility in Nashua, New Hampshire used for product repairs, manufacturing and warehousing.

If the Company is required to seek additional or replacement facilities, it believes there are adequate facilities available at commercially reasonable rates.

Item 3. Legal Proceedings.

On February 18, 2011, in the Orange County Superior Court (Docket No. 30-2011-00451816-CU-PL-CJC), named plaintiffs Jane Doe and John Doe filed a complaint against Xoft, the Company and Hoag Memorial Hospital Presbyterian asserting causes of action for general negligence, breach of warranty, and strict liability and seeking unlimited damages in excess of \$25,000 for alleged personal injuries. On March 2, 2011, the Company received an amended complaint specifying that the damages being sought aggregated an amount of at least approximately \$14.5 million. It is alleged that plaintiff Jane Doe was a patient at a hospital who was treated with the Axxent Electronic Brachytherapy System that incorporated the Axxent Flexishield Mini. The Company believes that this patient is one of 30 patients treated using the Axxent Flexishield Mini as part of a clinical trial. The Axxent Flexishield Mini is the subject of a voluntary recall. Because of the preliminary nature of this complaint the Company is unable to evaluate the merits of the claims, however based upon its preliminary analysis, it plans to vigorously defend the law suit.

The Company recently acquired the Axxent Electronic Brachytherapy System and Axxent Flexishield Mini as part of its acquisition of Xoft in December 2010. Since the initial commercial sale of the Axxent Flexishield Mini in August 2009, this accessory has been sold on a very limited basis. The Company is in the process of developing a replacement for this accessory, and does not anticipate a material impact on its revenues resulting from this recall. It is also evaluating possible indemnification claims against Xoft as well as insurance coverage.

On April 16, 2010, Carl Zeiss Meditec Inc. and Carl Zeiss Surgical GmbH filed suit against Xoft in the Federal District Court of Delaware asserting infringement of 4 U.S. Patent Nos. The complaint requests the court to (1) make a declaration, (2) preliminarily and permanently adjoint Xoft from infringing the named patents, and (3) order the payment of unspecified damages and attorney’s fees in connection with such patent infringement allegations. The Company intends to vigorously defend the lawsuit and is currently unable to estimate the potential financial impact this action may have on the Company. Since the amount of potential damages in the event of an adverse result is not reasonably estimable, no expense has been recorded with respect to the contingent liability associated with this matter. The merger agreement provides for indemnity for certain losses relating to the Zeiss litigation, subject to limitations specified in the merger agreement.

Item 4. Removed and Reserved

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The Company’s common stock is traded on the NASDAQ Capital Market under the symbol “ICAD”. The following table sets forth the range of high and low sale prices for each quarterly period during 2010 and 2009.

<u>Fiscal year ended</u>	<u>High</u>	<u>Low</u>
<u>December 31, 2010</u>		
First Quarter	\$1.95	\$1.35
Second Quarter	2.23	1.28
Third Quarter	2.44	1.46
Fourth Quarter	1.76	1.26
<u>Fiscal year ended</u>		
<u>December 31, 2009</u>		
First Quarter	\$1.53	\$0.73
Second Quarter	1.51	0.88
Third Quarter	2.43	1.05
Fourth Quarter	2.28	1.28