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

Form 10-Q

(Mark One)

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2008

OR

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

COMMISSION FILE NUMBER 333-143761

3DICON CORPORATION
(Exact Name of small business issuer as specified in its charter)

Oklahoma	73-1479206
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6804 South Canton Avenue, Suite 150, Tulsa, Oklahoma 74136
(Address of principal executive offices) (Zip Code)

Issuer's Telephone Number: (918) 494-0505

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 x 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 definition 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 smaller reporting company)	Smaller reporting company x

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

As of November 13, 2008, the issuer had 151,639,453 outstanding shares of Common Stock.

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PART I

ITEM 1. FINANCIAL STATEMENTS.

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3DIcon CORPORATION
(A Development Stage Company)
BALANCE SHEETS

September 30, 2008 and December 31, 2007

		September 30, 2008 (Unaudited)		December 31, 2007 (Audited)
Assets				
Current assets:				
Cash	$	123,186	$	705,519
Accounts receivable		3,500		-
Prepaid insurance		24,727		15,944
Total current assets		151,413		721,463
Property and equipment, net		28,022		11,832
Debt issue costs, net		67,046		97,249
Deposit-other		2,315		-
Total assets	$	248,796	$	830,544
Liabilities and Stockholders' Deficiency				
Current liabilities:				
Current maturities of convertible debentures payable	$	590,000	$	700,000
Accounts payable		1,007,778		484,513
Accrued salaries		36,976		-
Accrued interest on debentures		8,845		8,854
Total current liabilities		1,643,599		1,193,367
Convertible debentures payable, less current maturities		676,979		558,375
Total liabilities		2,320,578		1,751,742
Stockholders' deficiency:				
Common stock; $.0002 par, 250,000,000 shares authorized and 145,496,328 and 127,125,232 shares issued and outstanding at September 30, 2008 and December 31, 2007, respectively		29,099		25,425
Additional paid-in capital		8,143,073		6,451,906
Deficit accumulated during development stage		(10,243,954)		(7,398,529)
Total stockholders' deficiency		(2,071,782)		(921,198)
Total liabilities and stockholders' deficiency	$	248,796	$	830,544

See Notes to financial statements

3DIcon CORPORATION
(A Development Stage Company)

STATEMENTS OF OPERATIONS

Three and Nine months ended September 30, 2008 and 2007 and period from inception (January 1, 2001) to September 30, 2008
(Unaudited)

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Inception to September 30, 2008
Income:					
Revenue	$ 7,000	$ -	$ 17,900	$ -	$ 17,900
Cost of Goods Sold	3,500	-	8,435	-	8,435
Gross Profit	3,500	-	9,465	-	9,465
Expenses:					
Research and development	184,453	300,000	761,132	720,888	2,270,891
General and administrative	475,923	441,874	2,000,530	1,713,483	7,770,199
Interest	28,853	33,290	93,228	69,796	212,329
Total expenses	689,229	775,164	2,854,890	2,504,167	10,253,419
Net loss	$ (685,729)	$ (775,164)	$ (2,845,425)	$ (2,504,167)	$ (10,243,954)
Loss per share:					
Basic and diluted	$ (.005)	$ (.007)	$ (.020)	$ (.023)	
Weighted average shares outstanding, basic and diluted	141,994,607	116,688,048	139,495,180	108,011,614	

See Notes to financial statements

3DIcon Corporation
(A Development Stage Company)

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIENCY

From inception (January 1, 2001) to September 30, 2008
(Unaudited)

	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
Balance, January 1, 2001 – as reorganized	27,723,750	$ 27,724	$ 193,488	$ -	$ 221,212
Adjustment to accrue compensation earned but not recorded	-	-	-	(60,000)	(60,000)
Stock issued for services	2,681,310	2,681	185,450	-	188,131
Stock issued for cash	728,500	729	72,121	-	72,850
Net loss for the year	-	-	-	(259,221)	(259,221)
Balance, December 31, 2001	31,133,560	31,134	451,059	(319,221)	162,972
Adjustment to record compensation earned but not recorded	-	-	-	(60,000)	(60,000)
Stock issued for services	3,077,000	3,077	126,371	-	129,448
Stock issued for cash	1,479,000	1,479	146,421	-	147,900
Net loss for the year	-	-	-	(267,887)	(267,887)
Balance, December 31, 2002	35,689,560	35,690	723,851	(647,108)	112,433
Adjustment to record compensation earned but not recorded	-	-	-	(90,000)	(90,000)
Stock issued for services	15,347,000	15,347	-	-	15,347
Stock issued for cash	1,380,000	1,380	33,620	-	35,000
Reverse split 1:10	(47,174,904)	-	-	-	-
Par value $0.0001 to $0.0002	-	(51,369)	51,369	-	-
Net loss for the year	-	-	-	(51,851)	(51,851)
Balance, December 31, 2003	5,241,656	1,048	808,840	(788,959)	20,929
Additional Founders shares issued	25,000,000	5,000	(5,000)	-	-
Stock issued for services	24,036,000	4,807	71,682	-	76,489
Stock issued for cash	360,000	72	28,736	-	28,808
Warrants issued to purchase common stock at $.025	-	-	18,900	-	18,900
Warrants issued to purchase common stock at $.05	-	-	42,292	-	42,292
Stock warrants exercised	2,100,000	420	60,580	-	61,000
Net loss for the year	-	-	-	(617,875)	(617,875)
Balance, December 31, 2004	56,737,656	11,347	1,026,030	(1,406,834)	(369,457)
Stock issued for services	5,850,000	1,170	25,201	-	26,371
Stock issued to settle liabilities	5,000,000	1,000	99,000	-	100,000
Stock issued for cash	1,100,000	220	72,080	-	72,300
Warrants issued to purchase common stock at $.025	-	-	62,300	-	62,300
Warrants issued to purchase common stock at $.05	-	-	140,400	-	140,400
Stock warrants exercised	5,260,000	1,052	172,948	-	174,000
Net loss for the year	-	-	-	(592,811)	(592,811)
Balance, December 31, 2005	73,947,656	$ 14,789	$ 1,597,959	$ (1,999,645)	$ (386,897)

	Common Stock		Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
	Shares	Par Value			
Stock issued for services	4,700,000	940	205,597	-	206,537
Debentures converted	3,000,000	600	149,400	-	150,000
Stock issued for cash	200,000	40	16,160	-	16,200
Warrants issued to purchase common stock	-	-	33,800	-	33,800
Warrants converted to purchase common stock	16,489,000	3,297	565,203	-	568,500
Net loss for the year	-	-	-	(1,469,888)	(1,469,888)
Balance, December 31, 2006	98,327,656	19,666	2,568,119	(3,469,533)	(881,748)
Stock issued for services	817,727	164	155,262	-	155,426
Stock issued for interest	767,026	153	38,198	-	38,351
Options issued for services	-	-	1,274,666	-	1,274,666
Debentures converted	17,215,200	3,442	1,673,741	-	1,677,183
Stock issued for cash	1,188,960	238	191,898	-	192,136
Options exercised	222,707	45	(45)	-	-
Warrants issued to purchase common stock	-	-	87,864	-	87,864
Warrants converted to purchase common stock	8,585,956	1,717	462,203	-	463,920
Net loss for the year	-	-	-	(3,928,996)	(3,928,996)
Balance, December 31, 2007	127,125,232	25,425	6,451,906	(7,398,529)	(921,198)
Stock issued for services	2,743,072	549	242,252	-	242,801
Options issued for services	-	-	536,588	-	536,588
Debentures converted	5,626,303	1,125	736,483	-	737,608
Options exercised and shares issued to escrow	8,671,460	1,734	(1,734)	-	-
Warrants converted to purchase common stock	1,330,261	266	177,578	-	177,844
Net loss for the period	-	-	-	(2,845,425)	(2,845,425)
Balance, September 30, 2008	145,496,328	$ 29,099	$ 8,143,073	$ (10,243,954)	$ (2,071,782)

See Notes to financial statements

3DIcon Corporation
(A Development Stage Company)

STATEMENTS OF CASH FLOWS

Nine months ended September 30, 2008 and 2007 and period From inception (January 1, 2001) to September 30, 2008 (Unaudited)

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Inception to September 30, 2008
Cash Flows from Operating Activities			
Net loss	$ (2,845,425)	$ (2,504,167)	$ (10,243,954)
Adjustments to reconcile net loss to net cash used in operating activities:			
Options issued for services	536,588	634,125	1,811,254
Stock issued for services	242,801	-	1,040,550
Stock issued for interest	-	38,352	38,352
Depreciation	4,036	1,074	6,122
Accounts receivable	(3,500)	-	(3,500)
Amortization of deferred debenture cost	30,203	39,267	91,881
Asset impairments	-	-	292,202
Change in:			
Prepaid expenses and other assets	(11,098)	(8,196)	(62,340)
Accounts payable and accrued liabilities	560,232	129,050	1,082,599
Net cash used in operating activities	(1,486,163)	(1,670,495)	(5,946,834)
Cash Flows from Investing Activities			
Purchase of office furniture and equipment	(20,226)	(7,567)	(34,142)
Cash Flows from Financing Activities			
Proceeds from stock and warrant sales and exercise of warrants	177,844	548,500	2,396,014
Increase in deferred debenture cost	-	(87,673)	(200,572)
Proceeds from issuance of debentures	746,212	1,646,250	3,908,710
Net cash provided by financing activities	924,056	2,107,077	6,104,152
Net increase (decrease) in cash	(582,333)	429,015	123,176
Cash, beginning of period	705,519	202,431	10
Cash, end of period	$ 123,186	$ 631,446	$ 123,186
Supplemental Disclosures			
Cash paid for interest	$ 93,237	$ 69,796	$ 201,227
Non-Cash Investing and Financing Activities			
Conversion of debentures to common stock	$ 737,608	$ 1,138,743	$ 2,564,791

See Notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Nine months ended September 30, 2008 and 2007 and period
From inception (January 1, 2001) to September 30, 2008
(Unaudited)

Note 1 - Uncertainties and Use of Estimates

Basis of Presentation

The accompanying financial statements of 3DIcon Corporation (the “Company”) have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures made are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the Company's year end audited financial statements and related footnotes included in the previously filed 10KSB. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of September 30, 2008, and the statements of its operations for the three and nine months ended September 30, 2008 and 2007 and the period from inception (January 1, 2001) to September 30, 2008, and cash flows for the nine-month periods ended September 30, 2008 and 2007, and the period from inception (January 1, 2001) to September 30, 2008, have been included. The results of operations for interim periods may not be indicative of the results which may be realized for the full year.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

Revenue Recognition and Cost of Goods Sold

Revenues from software license fees are accounted for in accordance with American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 97-2, “Software Revenue Recognition.” The Company recognizes revenue when (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the sales price is fixed or determinable; and (iv) collectability is reasonably assured.

The cost of sales for software license fees includes commissions payable to the exclusive distributor. This is an outright obligation and not a license. We have no other significant cost of sales. Shared marketing support costs are charged to operations when incurred.

Uncertainties

The accompanying financial statements have been prepared on a going concern basis. The Company is in the development stage and has no significant source of revenue to fund the development of its planned product or to pay operating expenses. This has resulted in the Company realizing a cumulative net loss of $10,243,954 for the period from inception (January 1, 2001) to September 30, 2008.

Note 1 - Uncertainties and Use of Estimates (continued)

Additionally, the Company has been unable to meet its monthly payment obligations and is therefore in default of the Sponsored Research Agreement (“SRA”) (see note 3). A new payment schedule has been agreed to (see note 8). Failure of the Company to meet its revised payment obligations could result in the termination of the SRA or any outstanding license agreements under the SRA.

The ability of the Company to continue as a going concern during the next year depends on the successful completion of the Company's capital raising efforts to fund the development of its planned products. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management plans to fund the future operations of the Company with existing cash of $123,186. Under the terms of the Golden Gate debentures, Golden Gate may advance an additional $378,787. The additional advance would be available if the Company filed a registration statement, however, the Company does not plan to file such registration statement. In addition, pursuant to the 4.75% Convertible Debenture due in 2011, beginning in November 2007, Golden Gate is obligated to submit conversion notices in an amount such that Golden Gate receives 1% of the outstanding shares of the Company every calendar quarter for a period of one year. In connection with each conversion, Golden Gate is expected to exercise warrants equal to 10 times the amount of principal converted. The warrants are exercisable at $10.90 per share. The number of warrants exercisable is subject to certain beneficial ownership limitations contained in the 4.75% Debenture and the warrants (the Beneficial Ownership Limitations”). The Beneficial Ownership Limitations prevent Golden Gate from converting on the 4.75% Debenture or exercising warrants if such conversion or exercise would cause Golden Gate’s holdings to exceed 9.99% of our issued and outstanding common stock. Subject to the Beneficial Ownership Limitations, Golden Gate is required to convert $3,000 of the 4.75% Convertible Debenture and exercise 30,000 warrants per month. Based upon our current stock price, our issued and outstanding shares as of October 31, 2008 and ignoring the impact of the Beneficial Ownership Limitations, we may receive up to $981,000 in funding from Golden Gate as a result of warrant exercises from October 1, 2008 through December 31, 2008. Additionally, the Company is continuing to pursue additional financing through private offering of debt or common stock.

Note 2 - Recent Accounting Pronouncements

The following are summaries of recent accounting pronouncements that are relevant to the Company:

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, *“Fair Value Measurements”* (“SFAS 157”). This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years except for certain nonfinancial assets and nonfinancial liabilities for which the effective date has been deferred by one year in accordance with FASB Staff Position (“FSP”) FAS 157-2, “Effective Date of FASB Statement No. 157” (“FSP FAS 157-2”). Also in February 2008, the FASB issued FSP FAS 157-1, “Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13” (“FSP FAS 157-1”). FSP FAS 157-1 amends SFAS No. 157, to exclude SFAS No. 13, “Accounting for Leases”, and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS No. 13. FSP FAS 157-1 is effective with the initial adoption of SFAS 157. The adoption of SFAS 157 did not have a material effect on the financial statements.

In February 2007, the FASB issued SFAS No. 159, “The *Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115*” (“SFAS 159”). This Statement permits entities to make an irrevocable election to measure certain financial instruments and other assets and liabilities at fair value on an instrument-by-instrument basis. Unrealized gains and losses on items for which the fair value option is elected will be recognized in net earnings at each subsequent reporting date. SFAS 159 is effective for the Company’s year that begins January 1, 2008. The adoption of SFAS 159 did not have a material effect on the financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “*Business Combinations*” (“SFAS 141R”). SFAS 141R will significantly change the accounting for business combinations in a number of areas including the treatment of contingent consideration, contingencies, acquisition costs, and restructuring costs. In addition, under SFAS 141R, changes in deferred tax asset valuation allowances and acquired income tax uncertainties in a business combination after the measurement period will affect income tax expense. SFAS 141R is effective for fiscal years beginning after December 15, 2008. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In December 2007, FASB issued SFAS No. 160, *“Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB No. 51”*. This statement amends *ARB 51* to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. We do not have such subsidiaries therefore the adoption of the provisions of SFAS No. 160 will not affect our results of operations or financial position.

Note 2 - Recent Accounting Pronouncements (continued)

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*. (“SFAS 161”) SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedge items are accounted for under Statement 133, *Accounting for Derivative Instruments and Hedging Activities*, and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity’s financial position, financial performance, and cash flows. SFAS 161 is intended to enhance the current disclosure framework in SFAS 133 and requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk related contingent features in derivative agreements. The provisions of SFAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. Management is currently assessing the potential impact that the adoption of SFAS 161 could have on our financial statements. Additional disclosures required in this FSP are applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date.

In April 2008, the FASB issued Staff Position (“FSP”) No. FAS 142-3, *“Determination of the Useful Life of Intangible Assets”* (“FSP FAS 142-3”). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, “Goodwill and Other Intangible Assets.” This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The guidance contained in this FSP for determining the useful life of a recognized intangible asset is applied prospectively to intangible assets acquired after the effective date. Additional disclosures required in this FSP are applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date.

In May 2008, FASB issued *SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles”*. This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This statement is effective 60 days following the SEC’s approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Presented Fairly in Conformity With Generally Accepted Accounting Principles.* The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

Note 3 - Sponsored Research Agreement (“SRA”)

On April 20, 2004, the Company entered into a SRA entitled "Investigation of Emerging Digital Holography Technologies" (Phase I) with the University of Oklahoma - Tulsa (“University”), which expired October 19, 2004. On July 15, 2005, the Company entered into a SRA with the University (Phase II), which expired January 14, 2007. Under this agreement the University conducted a research project entitled "Investigation of Emerging 3-Dimensional Display Technologies". The agreement was modified in November 2006 to provide additional funding, extend the term of the agreement through June 30, 2007.

On February 23, 2007 the Company entered into a SRA with the University (Phase III) which expires March 31, 2010. Under this agreement the University will conduct a research project entitled “3-Dimensional Display Development” that seeks to make significant progress in the development of 3-dimensional display technologies. The Company agreed to pay the University $3,468,595 payable in monthly installments ranging from $92,263 to $112,777 beginning April 30, 2007 and ending March 31, 2010, an aggregate commitment of $4,047,439. During the nine-month periods ended September 30, 2008 and 2007, the Company charged operations $761,132 and $720,888, respectively pursuant to the SRA. At September 30, 2008, the Company owed the University $861,131 in aggregate monthly payments under the agreement. (See Note 8 Subsequent events)

Note 4 - Debentures Payable

Debentures payable consist of the following:

	September 30, 2008	December 31, 2007
Senior Convertible Debentures:		
9.75% Debenture due January 31, 2009	$ 590,000	$ 700,000
6.25% Debenture due 2009	-	333,971
6.25% Debenture due 2010	578,601	125,000
4.75% Debentures due 2011	98,378	99,404
Total Debentures	1,266,979	1,258,375
Less - Current Maturities	(590,000)	(700,000)
Long-term Debentures	$ 676,979	$ 558,375

Securities Purchase Agreement

6.25% Convertible Debenture due 2009

The Company entered into a Securities Purchase Agreement ("Purchase Agreement") with Golden Gate Investors, Inc. ("Golden Gate") on November 3, 2006, as amended on December 15, 2006 and February 6, 2007, for the sale of a 6.25% convertible debenture in the principal amount of $1,250,000 ("First Debenture.") The Company agreed to file a registration statement with the SEC for the resale of the common stock underlying the debenture. The registration statement became effective on July 3, 2007. Under the terms of the Purchase Agreement, Golden Gate advanced $125,000 during 2006 and converted the $125,000 debenture into 357,142 shares of common stock on July 16, 2007 at $0.35 per share. Pursuant to the Securities Purchase Agreement, Golden Gate provided the Company with an additional $312,500 of debenture funding upon effectiveness of the registration statement and converted the $312,500 debenture into 892,857 shares of common stock on July 17, 2007 at $0.35 per share. The remaining $812,500 of the $1.25 million debenture was placed with an escrow agent during 2007. During the remainder of 2007 $400,000 was released. Additionally $412,500 was released in 2008. At various dates during 2007, $1,189,029 of the debenture was converted into 4,904,335 shares of common stock at prices ranging from $0.17 to $0.26. During the first quarter of 2008 the remaining $60,971 of the $1,250,000 debenture was converted into 504,643 shares of common stock at a price of $0.12 based on the formula in the convertible debenture.

6.25% Convertible Debenture due 2010

Pursuant to the terms of the Purchase Agreement, on October 24, 2007, at such time as the principal balance of the First Debenture was less than $400,000, the Company provided Golden Gate with written notice that it desired to require Golden Gate to purchase the second debenture. Golden Gate advanced $125,000 on the second $1.25 million debenture in November 2007. Additionally, Golden Gate advanced $312,500 directly to the Company and $433,713 to an escrow account on the Second Debenture in January 2008. As of September 30, 2008, Golden Gate has funded an aggregate of $871,213 on the Second Debenture. Golden Gate will be obligated to fund the Company for the remaining $378,787 in principal on the Second Debenture upon the effectiveness of a registration statement underlying the remaining unfunded principal balance on the Second Debenture. Under the terms of the Securities Purchase Agreement, the escrowed funds are available to be advanced to the Company at the rate of $200,000 per month beginning March 1, 2008. At various dates during 2008, $292,611 of the debenture was converted into 3,651,337 shares of common stock at prices ranging from $0.05 to $0.14 based on the formula in the convertible debenture.

In accordance with the terms of the Second Debenture, an event of default occurs if the common stock of the Company trades at a price per share of $0.21 or lower. The trading price was at $0.21 or lower on several occasions during 2008. On each of the occasions Golden Gate, by separate letter agreements, agreed that the occasions did not constitute a default and thereby waived the default provision for those occasions only.

Note 4 - Debentures Payable (continued)

9.75% Convertible due January 31, 2009

To obtain funding for ongoing operations, the Company entered into a Bridge Financing Agreement with Golden Gate Investors which closed on June 11, 2007 (the "Financing Agreement"), for the sale of a 9.75% convertible debenture in the principal amount of $700,000. Pursuant to the Financing Agreement, the Company agreed to file a registration statement with the SEC within three days of closing for the resale of the common stock underlying the $1.25 million convertible debenture, which was issued to Golden Gate Investors on November 3, 2006. The Company received gross proceeds of $700,000 from the sale of the aforementioned debenture. At various dates during 2008, $110,000 of the debenture was converted into 2,426,912 shares of common stock at prices ranging from $0.04 to $0.05 per common share based on the formula in the convertible debenture. The June 8, 2008 original due date of the 9.75% debentures has been extended to January 31, 2009.

4.75% Convertible Debenture due 2011

On November 3, 2006, the Company also issued to Golden Gate a 4¾% convertible debenture in a principal amount of $100,000, due 2011, and warrants to buy 1,000,000 shares of the common stock at an exercise price of $10.90 per share. During 2007, Golden Gate converted $596 of the $100,000 debenture into 244,045 shares of common stock at $0.002 per share, exercised warrants to purchase 5,956 shares of common stock at $10.90 per share and received $64,920 from the exercise of the warrants. During 2008, Golden Gate converted $1,026 of the $100,000 debenture into 1,137,818 shares of common stock at $0.002 per share, exercised warrants to purchase 10,261 shares of common stock at $10.90 per share and received $111,845 from the exercise of the warrants.

Note 5 - Common Stock and Paid-In Capital

Pursuant to a Subscription Agreement dated October 12, 2007, the Company sold 1,188,960 shares of the Company's common stock at a per share price equal to 75% of the average closing price during the five (5) days prior to the signing ($.31 per share) and warrants to purchase 594,480 shares of its common stock at a price of $0.40 per share from October 12, 2007 through October 11, 2008, or $0.50 per share from October 12, 2008 through October 11, 2009 to two accredited individuals. The Company received $280,000 in cash from the sale. The warrants terminate October 11, 2009.

As of September 30, 2008, there are warrants outstanding to purchase 594,480 shares of common stock at a price of $0.40 per share from October 12, 2007 through October 11, 2008, or $0.50 per share from October 12, 2008 through October 11, 2009.

Common stock and options issued for services

During 2008 shares of common stock totaling 2,743,072 were issued for consulting services for which the Company recognized $242,801 of expense.

Options exercised

Under the terms of the Concordia consulting agreement, Concordia exercised 1,419,800 cashless options to purchase an aggregate of 709,677 shares of common stock.

Note 5 - Common Stock and Paid-In Capital (continued)

Options granted

Board of Directors – On February 25, 2008, the Company agreed to compensate its non-employee Board members with options to purchase registered stock of the corporation equaling the value of $100,000 for each of the three non-employee Board members; using standard evaluation methods. The Board granted options to purchase an aggregate of 2,061,540 shares to its three non-employee Board members; the exercise price for each option is $0.24 per share. The options expire at the end of ten years. The $300,000 compensation is for services on the Board during all or part of the calendar year 2008 and is deemed fully vested on the date of the grant. Operations were charged with $300,000 for the nine months ending September 30, 2008. The estimated fair market value of the options was determined using the Black-Scholes option pricing model.

The expected dividend yield of $-0- is based on the average annual dividend yield as of the grant date. Expected volatility of 71.33% is based on the historical volatility of the stock since July 25, 2007, the day the Company began trading on the Over-the-counter Bulletin Board. The risk-free interest rate of 3.0% is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option of five years is based on historical exercise behavior and expected future experience.

Employment Agreement - On July 28, 2008 the Company entered into an Employment Agreement with Dr. Hakki Refai (the "Employment Agreement") pursuant to which Dr. Refai has agreed to serve as the Chief Technology Officer of the Company. Dr. Refai's employment under the Employment Agreement commenced on October 1, 2008 and will continue for a term of one year from October 1, 2008, the date on which he became a full-time employee of the Company. The term of the Employment Agreement will automatically extend for successive one year periods unless otherwise terminated by the parties in accordance with the terms of the Employment Agreement. The following represents the material terms of the Employment Agreement:

- Annual salary of $175,000 until the achievement of certain technical milestones as provided in the Employment Agreement (the "Technical Milestones"). Upon achievement of the Technical Milestones, the annual salary shall increase to $200,000;

- Commission which shall not exceed 3% of sales of the Company's Pixel Precision™ and CSpace™ technologies products, which commission shall not exceed $30,000 for the 12 month period commencing on October 1, 2008 and $50,000 for the 12 month period commencing on October 1, 2009; and

- Grant of 5,000,000 incentive stock options with a term of 10 years and an exercise price of $0.085 per share which vest as follows:

    1. The first installment of 500,000 options are vested and exercisable on October 1, 2008, the date Dr. Refai commences full-time employment;

    2. 3,500,000 options, vesting in accordance with certain technical achievements, deliverables and milestones as provided in the Employment Agreement; and

    3. 1,000,000 options vesting in accordance with certain non-technical, general milestones as provided in the Employment Agreement or upon severance of the Employment Agreement under certain conditions as provided in the Employment Agreement.

The estimated fair market value of the options was determined using the Black-Scholes option pricing model. The expected dividend yield of $-0- is based on the average annual dividend yield as of the grant date. Expected volatility of 95.50% is based on the historical volatility of the stock since July 25, 2007, the day the Company began trading on the Over-the-counter Bulletin Board. The risk-free interest rate of 2.0% is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option of five years is based on historical exercise behavior and expected future experience. September 30, 2008 operations were charged $33,622 for the vesting of the options cost of Mr. Refai under the terms of the Employment Agreement.

Note 5 - Common Stock and Paid-In Capital (continued)

The following summary reflects warrant and option activity for the nine month period ended September 30, 2008:

	Attached Warrants	Golden Gate Warrants	Options
Outstanding December 31, 2007	1,914,480	994,044	7,250,000
Granted	-	-	13,261,540
Exercised	(1,320,000)	(10,261)	(1,419,800)
Cancelled	-	-	-
Outstanding September 30, 2008	594,480	983,783	19,091,740

Note 6 - Office lease

The Company signed an Office Lease Agreement (the "Agreement") on April 24, 2008. The Agreement commences on June 1, 2008 and expires June 1, 2011. At September 30, 2008, minimum future lease payments to be paid annually under the three year non-cancellable operating lease for office space are as follows:

2008	$	6,696
2009		27,071
2010		27,570
2011		11,575

Note 7 - Related party transaction

3DIcon has engaged the law firm of Newton, O'Connor, Turner & Ketchum as its outside corporate counsel since 2005. John O'Connor, a director of 3DIcon, is the Chairman of Newton, O'Connor, Turner & Ketchum. During the nine months ended September 30, 2008 and 2007, the Company incurred legal fees to Newton O'Connor, Turner & Ketchum in the amount of $119,986 and $181,291, respectively.

Note 8 - Subsequent events

Debentures payable

In accordance with the terms of the Second Debenture an event of default occurs if the common stock of the Company trades at a price per share of $0.21 or lower. The trading price was at $0.21 or lower on several occasions during the period ended September 30, 2008. Additionally the stock continues to trade at $0.21 or lower subsequent to September 30, 2008. On each of the occasions Golden Gate, by separate letter agreements, agreed that the occasions did not constitute a default and thereby waived the default provision for the occasions.

Subsequent to September 30, 2008, Golden Gate converted $136,000 of the 9.75% convertible debenture into 3,426,189 shares of common stock at prices ranging from $0.039 to $0.054 per share, converted $500 of the 4.75% convertible debenture into 1,243,762 shares of common stock at $0.0004 per share and exercised 5,000 warrants at $10.90 per share for $54,500 under the terms of the securities purchase agreements.

Note 8 - Subsequent events (continued)

Employment agreement

On October 12, 2008 the Company entered into an Amendment to the Employment Agreement of Vivek Bhaman, the Company's President and Chief Operating Officer (the "Amendment"). Pursuant to the Amendment, Mr. Bhaman's base salary effective May 1, 2008 is $300,000, representing an annual increase of $50,000. The Company has the option to defer payment of any or all of the increase until April 30, 2009. If deferred, the Company may elect to pay the increase in shares of the Company's common stock at a 25% discount to the market price of the Company's common stock on April 30, 2009. The Bonus provision of Mr. Bhaman's employment agreement has been deleted. In addition, pursuant to the amendment, Mr. Bhaman was granted an aggregate of 6,000,000 options to purchase shares of the Company's common stock at an exercise price of $0.55 per share with a term of 10 years comprised of (i) 1,000,000 options vesting immediately and (ii) 5,000,000 options vesting at a rate of 125,000 per quarter. The vesting schedule of the 5,000,000 options may be accelerated if the market price of the Company's common stock exceeds certain thresholds pursuant to the terms of the Amendment. In addition, pursuant to the amendment, in the event that Mr. Bhaman's employment with the Company is terminated, he shall be entitled to severance pay equal to his regular monthly salary for a period not to exceed 6 months. For the nine months ended September 30, 2008 operations were charged $20,833 for the retroactive application of the employment agreement effective date of May 1, 2008.

The estimated fair market value of the one million and five million options was determined using the Black-Scholes option pricing model. The expected dividend yield of $-0- is based on the average annual dividend yield as of the grant date. Expected volatility of 125.20% is based on the historical volatility of the stock since July 25, 2007, the day the Company began trading on the Over-the-counter Bulletin Board. The risk-free interest rate of 2.0% is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option of five years is based on historical exercise behavior and expected future experience.

Operations will be charged $50,782 for the vesting of the one million options on October 1, 2008. The $253,909 value of the five million options will be charged to operations at the rate of $25,391 annually over the ten year vesting period under the terms of the Employment Agreement.

Sponsored Research Agreement

On October 31, 2008 OU agreed to revise the payment terms under the SRA from a fixed monthly payment to a reimbursable cost payment basis effective September 1, 2008. As of September 30, 2008 the Company had a remaining obligation under the previous SRA payment schedule of $2,665,818 which includes monthly payments due for December 2007 through August 31, 2008 of $861,131. The $1,804,687 balance of the remaining scheduled payment obligation was cancelled. Under the terms of the revised base payments schedule, the arrearages will be paid in nine monthly base installments from October 31, 2008 to June 30, 2009 of amounts ranging from $35,000 to $101,132 leaving a remaining balance after the base payments of $290,000. In addition to the monthly base payments, the Company agreed to make additional payments on the $861,131 arrearages based on a formula of 50% of funding in excess of $120,000 plus the base monthly payment. In the event funding does not provide for any additional payments, the remaining balance would be $290,000, which OU agreed to accept 4,264,707 shares of the Company's common stock based on the October 14, 2008 market price as reported on the OTC Bulletin Board of $0.068 per share as payment on June 30, 2009. The Company has the option to repurchase the shares at $0.068 per share by September 30, 2009 or at market value, but not less than $0.068 per share, if the repurchase occurs after September 30, 2009.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Forward-Looking Statements

The information in this report contains forward-looking statements. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” anticipates,” “projects,” “expects,” “may,” “will,” or “should” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Plan of Operation

Background:

We are engaged in the development of 360 ^{o} volumetric imaging and display technology, specifically in the areas identified by the initial in-depth investigation conducted by the University of Oklahoma (OU or University). The identified areas are two major complementary areas of technology that comprise the spectrum of the solution and application (1) a means of recording 3D objects as digital holographic data elements (capture); and (2) a means of reconstructing and displaying the 3D images (display).

Based on the investigation as well as review of existing patents and technologies, it was concluded that the area of 3-D image capture and recording had multiple solutions and technologies that adequately served the market. Therefore our primary area of focus is to develop products and intellectual property in the reconstruction and display of 3D images where we see the most opportunity. We aim to establish strategic partnerships with the assignees or license holders of existing 3D recording technologies as well as integrate our technologies with existing solutions.

The existing products reviewed can generally be broken down into two broad categories: stereoscopic - those that use flat-panels to implement 3D displays on 2D screens, and those that implement volumetric 3D displays. The flat-panel approaches, as previously noted, do not support 3DIcon’s planned embodiment of the technology. However, the application space of volumetric 3D displays supports our vision and appears to offer major opportunities for further technology development and creation of intellectual property through the University of Oklahoma, to which 3DIcon will have exclusive world-wide rights.

The research team at OU has been working to integrate open source image capture applications as well as to establish 3D image capture systems.

We continue to build intellectual property through the University of Oklahoma, to which 3DIcon has exclusive rights and engage in product research and development both directly related to the display as well as by-product technologies.

Current Activities and Operations

Currently we are pursuing the research and development of volumetric 3-D display technology through the Sponsored Research Agreement (“SRA”) with OU. Our efforts are focused on multiple technological approaches, two of which are being further developed into proof-of-concept demonstration systems:

Static Volume Display Technology: Also known as CSpace™, 3DIcon has produced the first non-mechanical, 360-degree, multi-view, high-resolution volumetric display. A prototype was demonstrated during September 2008, when a 3D image was created within a proprietary volumetric media (also called projection space or image matrix).

This technology incorporates existing and rapidly evolving image projection technologies, such as DLP®/DMD technology from Texas Instruments, allowing 3DIcon to pursue full-color, full-motion 3D visualization, in harmony with 3DIcon's vision for product development.

Swept Volume Display Technology: Additional work on this particular approach has been deferred indefinitely because of the success and initial superiority of the CSpace™ technology.

We have also released a software product called Pixel Precision™. The current version of the software is 1.0. We plan to continue to pursue this market and provide versions and variations of this software. The plans include enhancements to the functionality as well as variants to address additional opportunities.

We have signed a sales and distribution agreement with Digital Light Innovations (DLi) for the sales, marketing and first level support of the Pixel Precision™ software. Through DLi and its sub-distributors the software will be marketed in the United States as well as in Europe and Asia.

Progress on Research and Development Activities

The research team at OU filed two new patent applications in the first quarter of 2008 and converted one from a provisional to a utility filing.

Under the aegis of the SRA, the University has filed the following Patent Applications. The Utility Patents have been converted and consolidated from the previously filed Provisional Applications.

Description of Provisional Patent Application as Filed	**Description of Utility Patent Application Filing (Combined)**	**Date of Filing**
Swept Volume Display	Swept Volume Display	September 2006
Colorful Translation Light Surface 3D Display Colorful Translation 3D Volumetric Display 3D Light Surface Display	Light Surface Display for Rendering Three-Dimensional Image (Combined)	April 2007
Volumetric Liquid Crystal Display	Volumetric Liquid Crystal Display for Rendering Three-Dimensional Image (Combined)	April 2007
Computer System Interaction with DMD	Computer System Interaction with DMD	January 2008
Virtual Moving Screen for Rendering Three Dimensional Image	Utility Patent Application to be filed	January 2008 (Provisional)
Optically Controlled Light Emitting…and System for Optically Written 2D and 3D Displays	Utility Patent Application to be filed	April 2008 (Provisional)

Further, we are taking steps to explore areas that may be related to assist in the protection of intellectual property assets. In addition, we have begun the process of applying for trademarks related to our 3D technologies.

Our research and development objectives for the 2009 calendar year are as follows. To continue to seek and protect intellectual property related to 3D technology. The work will be done by (1) researchers, faculty and selected graduate or doctoral level students at the University of Oklahoma with oversight by 3DIcon personnel and (2) our own technology personnel:

I. Static Volumetric Display (CSpace™)

- Continue work on development of blue and red up-conversion materials.
- Synthesize near-transparent projection media suitable for dispersion of display materials.
- Investigate the use of additional technologies for development of image space that enhance the commercialization of the technology. Dr. Hakki Refai has begun collaboration with parties outside of OU to explore alternate material development strategies.
- Demonstrate improvements in optical properties for transparent projection materials. Static Volumetric Display and Nano-materials

II. By-Product Technologies

- Continue to generate revenue from Pixel Precision™ the DMD Control Software for DMD Application development markets
- Develop next generation of Pixel Precision™ software for controlling multiple DMDs as well as for controlling the next generation of the DMD-Discovery™ series
- Release Pixel Precision™ for the Discovery 4000 series (D4000). This will be done after TI/DLi develop and provide the API for D4000.

III. New 3D Technologies

- Continue to pursue new 3D opportunities across a broad technological spectrum, with the ultimate goal of the creation of a "free space" 3D display (i.e., one without a visible containment vessel).

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2007

Revenue

We have launched our first software product PixelPrecision™. We appointed Digital Light Innovations for the sales and distribution of this product in March 2008.

We have earned income of $7,000 before commissions and costs from the sales of PixelPrecision™ for the third quarter of 2008.

The cost of sales for Pixel Precision™ includes commissions payable to the exclusive distributor DLi. This is an outright obligation and not a license. We have no other significant cost of sales. Shared marketing support costs are charged to operations when incurred.

We expect sales of Pixel Precision™ to the installed and active user base of the earlier D1100 and D3000 systems in the near term and as companion product sales to D4000 systems. We expect the revenue from this product to contribute to the operating expenses (General & Administrative, R&D, Interest Payments) but do not expect the revenue generated in 2008 to cover the operating expenses.

Research and Development Expenses

The research and development expenses were $184,453 for the three months ended September 30, 2008 as compared to $300,000 for the three months ended September 30, 2007. The decrease was a result of the reduction in scheduled monthly payments and a conversion to a cost reimbursable basis effective September 1, 2008 from the revision of the SRA agreement that was signed October 31, 2008.

General and Administrative Expenses

Our general and administrative expenses were $475,923 for the three months ended September 30, 2008 as compared to $441,874 for the three months ended September 30, 2007.

Interest Expense

Interest expense for the three months ended September 30, 2008 was $28,853 as compared to $33,290 for the three months ended September 30, 2007. The decrease in interest expense resulted from decreases in the amounts outstanding on our convertible debentures during the periods.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2007

Revenue

We have earned income of $17,900 before commissions and costs from the sales of PixelPrecision™ through the third quarter of 2008. We expect sales of Pixel Precision™ to the installed and active user base of the earlier D1100 and D3000 systems in the near term and as companion product sales to D4000 systems. We expect the revenue from this product to contribute to the operating expenses (General & Administrative, R&D, Interest Payments) but do not expect the revenue generated in 2008 to cover the operating expenses.

Research and Development Expenses

The research and development expenses were $761,132 for the nine months ended September 30, 2008 as compared to $720,888 for the nine months ended September 30, 2007. The increase resulted directly from the inception of the SRA with the University of Oklahoma and the subsequent revision of the SRA wherein the scope of the agreement was expanded.

General and Administrative Expenses

Our general and administrative expenses were $2,000,530 for the nine months ended September 30, 2008 as compared to $1,713,483 for the nine months ended September 30, 2007. The increase in general and administrative expenses resulted from an increase in payroll due to hiring of senior management in April 2007 and a project manager in March 2008. In addition, we have significantly expanded the scope of operations since September 2007. The increased scope of operations includes consulting resources (for investor relations; financial and strategic consulting; federal outreach), travel and the Pixel Precision™ product launch. The expenses for the nine months ended September 30, 2008 also include expenses related to conducting of the Annual Shareholders Meeting on May 17, 2008. The previous annual shareholders' meeting was held in October 2006.

Interest Expense

Interest expense for the nine months ended September 30, 2008 was $93,228 as compared to $69,796 for the nine months ended September 30, 2007. The increase in interest expense resulted from increases in the amounts outstanding on our convertible debentures, including the interest expense for the 9.75% Bridge Loan Debenture closed on June 11, 2007.

Financial Condition, Liquidity and Capital Resources

Management remains focused on controlling cash expenses. We recognize our limited cash resources and plan our expenses accordingly. We intend to leverage stock-for-services wherever possible. The operating budget consists of the following expenses:

- Research and development expenses pursuant to our Sponsored Research Agreement with the University of Oklahoma. This includes development of an initial demonstrable prototype and a second prototype for static volume technology
- Acceleration of R&D through increased research personnel as well as other research agencies
- General and Administrative expenses: salaries, insurance, investor related expenses, rent; travel, website, etc.
- Hiring executive officers for technology, operations and finance
- Development, support and operational costs related to Pixel Precision™ software
- Professional fees for accounting and audit; legal services for securities and financing; patent research and protection

Our independent registered public accountants, in their audit report accompanying our financial statements for the year ended December 31, 2007, expressed substantial doubt about our ability to continue as a going concern due to our status as a development stage organization with insufficient revenues to fund development and operating expenses.

We had net cash of $123,186 at September 30, 2008.

We had negative working capital of $1,492,186 at September 30, 2008.

During the nine months ended September 30, 2008, we used $1,486,163 of cash for operating activities, a decrease of $184,332 or 11% compared to the nine months ended September 30, 2007. The decrease in the use of cash for operating activities was a result of the increase in accounts payable of $560,232 and the increase in loss from operations of $341,258.

Cash used in investing activities during the nine months ended September 30, 2008 was $20,226, an increase of $12,659 compared to the nine months ended September 30, 2007. The increase was a result of purchasing office furniture and equipment for the leased office space.

Cash provided by financing activities during the nine months ended September 30, 2008 was $924,056, a decrease of $1,183,021 or 56% compared to the nine months ended September 30, 2007. The decrease was the result of the decreased debenture and loan funding in 2008.

We expect to fund the ongoing operations through the existing financing in place (see below); through raising additional funds as permitted by the terms of Golden Gate financing as well as reducing our monthly expenses.

Our ability to fund the operations of the Company is highly dependent on the underlying stock price of the Company. As a result of our stock price being around the 52 week low mark and trending downward, our ability to raise cash is restricted.

In addition, pursuant to the 4.75% Convertible Debenture due in 2011, beginning in November 2007, Golden Gate is obligated to submit conversion notices in an amount such that Golden Gate receives 1% of the outstanding shares of the Company every calendar quarter for a period of one year. In connection with each conversion, Golden Gate is expected to exercise warrants equal to 10 times the amount of principal converted. The warrants are exercisable at $10.90 per share. The number of warrants exercisable is subject to certain beneficial ownership limitations contained in the 4.75% Debenture and the warrants (the Beneficial Ownership Limitations"). The Beneficial Ownership Limitations prevent Golden Gate from converting on the 4.75% Debenture or exercising warrants if such conversion or exercise would cause Golden Gate's holdings to exceed 9.99% of our issued and outstanding common stock. Subject to the Beneficial Ownership Limitations, Golden Gate is required to convert $3,000 of the 4.75% Convertible Debenture and exercise 30,000 warrants per month. Based upon our current stock price, our issued and outstanding shares as of October 31, 2008 and ignoring the impact of the Beneficial Ownership Limitations, we may receive up to $981,000 in funding from Golden Gate as a result of warrant exercises from October 1, 2008 through December 31, 2008.

The Company has been unable to meet its monthly payment obligations under the SRA and received notification that they were in default. A new payment schedule has been negotiated. Failure of the Company to meet its payment obligations could result in the termination of the SRA, or any outstanding license agreements under the SRA.

On October 31, 2008 OU agreed to revise the payment terms under the SRA from a fixed monthly payment to a reimbursable cost payment basis effective September 1, 2008. As of September 30, 2008 the Company had a remaining obligation under the previous SRA payment schedule of $2,665,818 which includes monthly payments due for December 2007 through August 31, 2008 of $861,131. The $1,804,687 balance of the remaining scheduled payment obligation was cancelled. Under the terms of the revised base payments schedule, the arrearages will be paid in nine monthly base installments from October 31, 2008 to June 30, 2009 of amounts ranging from $35,000 to $101,132 leaving a remaining balance after the base payments of $290,000. In addition to the monthly base payments, the Company agreed to make additional payments on the $861,131 arrearages based on a formula of 50% of funding in excess of $120,000 plus the base monthly payment. In the event funding does not provide for any additional payments, the remaining balance would be $290,000, which OU agreed to accept 4,264,707 shares of the Company's common stock based on the October 14, 2008 market price as reported on the OTC Bulletin Board of $0.068 per share as payment on June 30, 2009. The Company has the option to repurchase the shares at $0.068 per share by September 30, 2009 or at market value, but not less than $0.068 per share, if the repurchase occurs after September 30, 2009.

In addition, the management has put forward a proposal to the Board to reduce operating expenses further through temporary salary cuts, partial payments to consultants using stock and reduction in day-to-day expenses. We anticipate that this, along with other measures, will reduce our current cash flow burn rate from $267,000 per month to an amount between $180,000 to $195,000 per month.

We also intend to raise additional funds as permitted by the terms of Golden Gate financing, to help with the short term capital needs.

Off Balance Sheet Arrangements

3DIcon does not engage in any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

Significant Accounting Policies

Research and Development Costs

Statement of Accounting Standards No. 2, "Accounting for Research and Development Costs," requires that all research and development costs be expensed as incurred. Until we have developed a commercial product, all costs incurred in connection with the Sponsored Research Agreement with the University of Oklahoma, as well as all other research and development costs incurred, will be expensed. After a commercial product has been developed, we will report costs incurred in producing products for sale as assets, but we will continue to expense costs incurred for further product research and development activities.

Stock-Based Compensation

Since its inception 3DIcon has used its common stock or warrants to purchase its common stock as a means of compensating our employees and consultants. Statement of Financial Accounting Standards No. 123 "*Accounting for Stock Based Compensation*" and No. 123(R), "*Share Based Payments*," requires us to estimate the value of securities used for compensation and to charge such amounts to expense over the periods benefited.

The estimated fair value at date of grant of options for our common stock is estimated using the Black-Scholes option pricing model, as follows:
The expected dividend yield is based on the average annual dividend yield as of the grant date. Expected volatility is based on the historical volatility of our stock. The risk-free interest rate is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option is based on historical exercise behavior and expected future experience.

Subsequent Events

- We revised the OU SRA payments schedule: On October 31, 2008 the payment terms under the SRA was revised from a fixed monthly payment schedule to an actual cost reimbursement payment basis effective September 1, 2008. As of September 30, 2008 the Company had a remaining obligation under the previous SRA payment schedule of $2,665,818 which includes monthly payments due for December 2007 through August 31, 2008 of $861,131. The $1,804,687 balance of the remaining scheduled payment obligation was cancelled. Under the terms of the revised base payments schedule, the arrearages will be paid in nine monthly base installments from October 31, 2008 to June 30, 2009 of amounts ranging from $35,000 to $101,132 leaving a remaining balance after the base payments of $290,000. In addition to the monthly base payments, the Company agreed to make additional payments on the $861,131 arrearages based on a formula of 50% of funding in excess $120,000 plus the base monthly payment. In the event funding does not provide for any additional payments, the remaining balance would be $290,000 and would be paid by the issuance of 4,264,707 shares of Company common stock (October 14, 2008 quoted priced at $0.068 per share) as collateral on June 30, 2009. The Company may repurchase the shares at $0.068 per share by September 30, 2009 or at market value, but not less than $0.068 per share, if the repurchase occurs after September 30, 2009.

- We amended Vivek's Bhaman's employment agreement: On October 12, 2008 the Company entered into an Amendment to the Employment Agreement of Vivek Bhaman, the Company's President and Chief Operating Officer (the "Amendment"). Pursuant to the Amendment, Mr. Bhaman's base salary effective May 1, 2008 is $300,000, representing an annual increase of $50,000. The Company has the option to defer payment of any or all of the increase until April 30, 2009. If deferred, the Company may elect to pay the increase in shares of the Company's common stock at a 25% discount to the market price of the Company's common stock on April 30, 2009. The Bonus provision of Mr. Bhaman's employment agreement has been deleted. In addition, pursuant to the amendment, Mr. Bhaman was granted an aggregate of 6,000,000 options to purchase shares of the Company's common stock at an exercise price of $0.55 per share with a term of 10 years comprised of (i) 1,000,000 options vesting immediately and (ii) 5,000,000 options vesting at a rate of 125,000 per quarter. The vesting schedule of the 5,000,000 options may be accelerated if the market price of the Company's common stock exceeds certain thresholds pursuant to the terms of the Amendment. In addition, pursuant to the amendment, in the event that Mr. Bhaman's employment with the Company is terminated, he shall be entitled to severance pay equal to his regular monthly salary for a period not to exceed 6 months. For the nine months ended September 30, 2008 operations were charged $20,833 for the retroactive application of the employment agreement effective date of May 1, 2008.

The estimated fair market value of the one million and five million options was determined using the Black-Scholes option pricing model. The expected dividend yield of $-0- is based on the average annual dividend yield as of the grant date. Expected volatility of 125.20% is based on the historical volatility of the stock since July 25, 2007, the day the Company began trading on the Over-the-counter Bulletin Board. The risk-free interest rate of 2.0% is based on the U.S. Treasury Constant Maturity rates as of the grant date. The expected life of the option of five years is based on historical exercise behavior and expected future experience.

Operations will be charged $50,782 for the vesting of the one million options on October 1, 2008. The $253,909 value of the five million options will be charged to operations at the rate of $25,391 annually over the ten year vesting period under the terms of the Employment Agreement.

· We converted Golden Gate debentures to additional shares and received waivers of default on the debentures: In accordance with the terms of the Second Debenture an event of default occurs if the common stock of the Company trades at a price per share of $0.21 or lower. The trading price was at $0.21 or lower on several occasions during the period ended September 30, 2008. Additionally the stock continues to trade at $0.21 or lower subsequent to September 30, 2008. On each of the occasions Golden Gate, by separate letter agreements, agreed that the occasions did not constitute a default and thereby waived the default provision for the occasions.

Subsequent to September 30, 2008, Golden Gate converted $136,000 of the 9.75% convertible debenture into 3,426,189 shares of common stock at prices ranging from $0.039 to $0.054 per share, converted $500 of the 4.75% convertible debenture into 1,243,762 shares of common stock at $0.0004 per share and exercised 5,000 warrants at $10.90 per share for $54,500 under the terms of the debenture agreements.

Recent Accounting Pronouncements

The following are summaries of recent accounting pronouncements that are relevant to the Company:

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 157, “Fair Value Measurements” (“SFAS 157”). This Statement defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years except for certain nonfinancial assets and nonfinancial liabilities for which the effective date has been deferred by one year in accordance with FASB Staff Position (“FSP”) FAS 157-2, “Effective Date of FASB Statement No. 157” (“FSP FAS 157-2”). Also in February 2008, the FASB issued FSP FAS 157-1, “Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13” (“FSP FAS 157-1”). FSP FAS 157-1 amends SFAS No. 157, to exclude SFAS No. 13, “Accounting for Leases”, and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS No. 13. FSP FAS 157-1 is effective with the initial adoption of SFAS 157. The adoption of SFAS 157 did not have a material effect on the financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115” (“SFAS 159”). This Statement permits entities to make an irrevocable election to measure certain financial instruments and other assets and liabilities at fair value on an instrument-by-instrument basis. Unrealized gains and losses on items for which the fair value option is elected will be recognized in net earnings at each subsequent reporting date. SFAS 159 is effective for the Company’s year that begins January 1, 2008. The adoption of SFAS 159 did not have a material effect on the financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “Business Combinations” (“SFAS 141R”). SFAS 141R will significantly change the accounting for business combinations in a number of areas including the treatment of contingent consideration, contingencies, acquisition costs, and restructuring costs. In addition, under SFAS 141R, changes in deferred tax asset valuation allowances and acquired income tax uncertainties in a business combination after the measurement period will affect income tax expense. SFAS 141R is effective for fiscal years beginning after December 15, 2008. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In December 2007, FASB issued *SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB No. 51"*. This statement amends *ARB 51* to establish accounting and reporting standards for the Noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. We do not have such subsidiaries therefore the adoption of the provisions of *SFAS No. 160* will not affect our results of operations or financial position.

In March 2008, the FASB issued *SFAS No. 161*, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133*. ("SFAS 161") SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedge items are accounted for under Statement 133, *Accounting for Derivative Instruments and Hedging Activities,* and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is intended to enhance the current disclosure framework in SFAS 133 and requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk related contingent features in derivative agreements. The provisions of SFAS 161 are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. Management is currently assessing the potential impact that the adoption of SFAS 161 could have on our financial statements.

In April 2008, the FASB issued Staff Position ("FSP") No. FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." This FSP is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The guidance contained in this FSP for determining the useful life of a recognized intangible asset is applied prospectively to intangible assets acquired after the effective date. Additional disclosures required in this FSP are applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date.

In May 2008, FASB issued *SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles"*. This statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This statement is effective 60days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, *The Meaning of Presented Fairly in Conformity With Generally Accepted Accounting Principles.* The adoption of this statement is not expected to have a material effect on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

N/A

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of our management, including our President, Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, our President, Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting. During the most recent quarter ended September 30, 2008, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act)) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any pending legal proceeding, nor is our property the subject of a pending legal proceeding, that is not in the ordinary course of business or otherwise material to the financial condition of our business. None of our directors, officers or affiliates is involved in a proceeding adverse to our business or has a material interest adverse to our business.

ITEM 1A. RISK FACTORS.

N/A

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibit Number	Description of Exhibit
31.1	Certifications required by Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Executive Officer and Principal Accounting Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

3DICON CORPORATION

/s/ Martin Keating

November 18, 2008

Martin Keating

Chief Executive Officer, Acting Chief Financial Officer and Director (Principal Executive Officer, Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Martin Keating, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 3DIcon Corporation.

2. Based on my knowledge, this quarterly 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 quarterlyreport, 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 controls 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. I have disclosed, based on my 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 function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: November 18, 2008

By: /s/ Martin Keating
Martin Keating
Chief Executive Officer and Acting 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

In connection with the Quarterly Report of 3DIcon Corporation (the “Company”) on Form 10-Q for the quarter ended September30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Martin Keating, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

(1) The 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 Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Date: November 18, 2008

By: /s/ Martin Keating
Martin Keating
Chief Executive Officer and Acting Chief Financial Officer