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

**FORM 10-Q**

(Mark One)

**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**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 0-16159**

**LECTEC CORPORATION**

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of  
incorporation or organization)

41-1301878

(I.R.S. Employer  
Identification No.)

1407 South Kings Highway, Texarkana, TX

(Address of principal executive offices)

75501

(Zip Code)

(903)-832-0993

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 the 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 Exchange Act). YES  NO

As of August 14, 2008 the registrant had 4,290,026 shares of common stock outstanding.

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**LECTEC CORPORATION**  
**REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2008**

**Table of Contents**

**Part I - Financial Information**

<a href="#">Item 1. Financial Statements</a>	I-1
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	I-8
<a href="#">Item 3. Quantitative and Qualitative Disclosures About Market Risk</a>	I-11
<a href="#">Item 4. Controls and Procedures</a>	I-11

**Part II - Other Information**

<a href="#">Item 1. Legal Proceedings</a>	II-1
<a href="#">Item 1A. Risk Factors</a>	II-1
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	II-1
<a href="#">Item 3. Defaults Upon Senior Securities</a>	II-1
<a href="#">Item 4. Submission of Matters to a Vote of Security Holders</a>	II-1
<a href="#">Item 5. Other Information</a>	II-1
<a href="#">Item 6. Exhibits</a>	II-2
<a href="#">Signature Page</a>	II-3
<a href="#">Lease Amendment</a>	
<a href="#">Lease Agreement</a>	
<a href="#">Certification of Principal Executive Officer</a>	
<a href="#">Certification of Principal Financial Officer</a>	
<a href="#">Section 1350 Certifications</a>	

**Forward-Looking Statements**

From time to time, in reports filed with the Securities and Exchange Commission (including this Form 10-Q), in press releases, and in other communications to shareholders or the investment community, the Company may provide forward-looking statements concerning possible or anticipated future results of operations or business developments which are typically preceded by the words "believes," "wants," "expects," "anticipates," "intends," "will," "may," "should," or similar expressions. Such forward-looking statements are subject to risks and uncertainties which could cause results or developments to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the Company's dependence on royalty payments from Novartis Consumer Health, Inc., which is selling an adult vapor patch licensed by the Company, the Company's dependence on key personnel and Board of Director members, the success or failure of any attempt by the Company to protect or enforce its patents and territories of coverage, the issuance of new accounting pronouncements, the availability of opportunities for licensing agreements related to patents that the Company holds, limitations on market expansion opportunities, and other risks and uncertainties as described in the "Cautionary Statements" filed as Exhibit 99.01 to the Company's Form 10-KSB for the year ended December 31, 2007 and Form 10-QSB for the quarter ended March 31, 2008.

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**PART 1 – FINANCIAL INFORMATION****ITEM 1 – CONDENSED FINANCIAL STATEMENTS AND NOTES TO CONDENSED FINANCIAL STATEMENTS****LECTEC CORPORATION  
CONDENSED BALANCE SHEETS**

	June 30, 2008 (Unaudited)	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 588,609	\$ 832,925
Royalty receivable	8,597	100,431
Prepaid expenses and other	<u>102,294</u>	<u>62,877</u>
Total current assets	<u>699,500</u>	<u>996,233</u>
<b>OTHER ASSETS:</b>		
Patent costs	55,440	42,918
Prepaid insurance – director and officer	<u>40,558</u>	<u>60,838</u>
	<u>95,998</u>	<u>103,756</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 795,498</u></b>	<b><u>\$ 1,099,989</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 48,618	\$ 13,407
Accrued expenses	55,143	57,767
Discontinued operations	<u>130,000</u>	<u>130,000</u>
Total current liabilities	<u>233,761</u>	<u>201,174</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock, \$.01 par value; 15,000,000 shares authorized; 4,290,026 and 4,176,048 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively	42,900	41,760
Additional contributed capital	12,197,138	12,198,278
Accumulated deficit	<u>(11,678,301)</u>	<u>(11,341,223)</u>
	<u>561,737</u>	<u>898,815</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 795,498</u></b>	<b><u>\$ 1,099,989</u></b>

The accompanying notes are an integral part of these condensed financial statements.

**LECTEC CORPORATION**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
REVENUE – ROYALTY AND LICENSING FEES	\$ 5,075	\$ —	\$ 26,104	\$ —
OPERATING EXPENSES	<u>186,417</u>	<u>171,558</u>	<u>374,329</u>	<u>300,760</u>
Loss from operations	(181,342)	(171,558)	(348,225)	(300,760)
Interest income	<u>3,966</u>	<u>13,467</u>	<u>11,147</u>	<u>28,343</u>
NET LOSS	<u>\$ (177,376)</u>	<u>\$ (158,091)</u>	<u>\$ (337,078)</u>	<u>\$ (272,417)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic and diluted	<u>4,290,026</u>	<u>4,157,295</u>	<u>4,258,713</u>	<u>4,155,572</u>
LOSS PER COMMON SHARE:				
Basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.08)</u>	<u>\$ (0.07)</u>

The accompanying notes are an integral part of these condensed financial statements.

[Table of Contents](#)

**LECTEC CORPORATION**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Six Months Ended June 30, 2008	2007
Cash flows from operating activities:		
Net loss	\$ (337,078)	\$ (272,417)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of patent costs	10,758	11,588
Changes in operating assets and liabilities:		
Royalty receivable	91,834	—
Prepaid expenses and other	(19,137)	37,612
Accounts payable	35,211	2,556
Accrued expenses	(2,624)	(16,375)
Net cash used in operating activities	<u>(221,036)</u>	<u>(237,036)</u>
Cash flows from investing activities:		
Investment in patents	<u>(23,280)</u>	<u>—</u>
Net cash used in investing activities	<u>(23,280)</u>	<u>—</u>
Cash flows from financing activities:		
Proceeds from the exercise of stock options	<u>—</u>	<u>9,050</u>
Net decrease in cash and cash equivalents	(244,316)	(227,986)
Cash and cash equivalents – beginning of period	<u>832,925</u>	<u>1,281,785</u>
Cash and cash equivalents – end of period	<u>\$ 588,609</u>	<u>\$ 1,053,799</u>

The accompanying notes are an integral part of these condensed financial statements.

**LECTEC CORPORATION**  
**Notes to Condensed Financial Statements**  
**June 30, 2008 and 2007**

(Unaudited)

**(1) Basis of Presentation**

The accompanying condensed financial statements include the accounts of LecTec Corporation (the "Company") as of June 30, 2008 and December 31, 2007 and for the three and six month periods ended June 30, 2008 and 2007, respectively. The Company's condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007. The interim condensed financial statements are unaudited and in the opinion of management, reflect all adjustments necessary for a fair presentation of results for the periods presented. Results for interim periods are not necessarily indicative of results for the full year.

**(2) Business/Premises Summary and Critical Accounting Policies**

**Business Summary**

The Company is an intellectual property licensing and holding company. The Company earns royalties and licensing fees from licensing agreements pertaining to the Company's patents. The Company has one licensing agreement ("Novartis Agreement" or "Agreement") with Novartis Consumer Health, Inc. ("Novartis"), which pays royalties to the Company from time to time, within the terms of the Agreement, based upon a percentage of Novartis net sales of licensed products. Previously, the Company was a contract manufacturer of hydrogel topical patches which were sold to major pharmaceutical customers until the Company ceased its manufacturing operations in December 2004. The Company holds multiple domestic and international patents based on its hydrogel technology. A hydrogel is a gel-like material having an affinity for water and similar compounds. These gels are ideal for delivering medication onto the skin.

**Corporate Office Relocation and Premises Summary**

Effective May 30, 2008, the Company entered into a lease amendment (the "Lease Amendment") amending its lease dated May 23, 2003, between the Company and SMD Lincoln Investments (the "Minnesota Lease"), regarding the Company's headquarters located at 5610 Lincoln Drive, Edina, Minnesota (the "Leased Premises").

The Lease Amendment provides for a reduction in the amount of office space leased by the Company at the Leased Premises from 14,316 square feet to 3,299 square feet. In addition, pursuant to the Lease Amendment, the Company will pay a monthly rent and related expenses of approximately \$2,400. The Lease Amendment does not extend the term of the Minnesota Lease, which will expire on August 31, 2008. The Company has negotiated with property management that it can stay until September 30, 2008 for an additional expenditure of \$2,400 to allow the Company additional time to vacate its current space. The Company intends to vacate its Leased Premises by September 30, 2008.

On July 23, 2008, the Company moved its corporate headquarter facilities from Edina, Minnesota to Texarkana, Texas. In connection with this relocation, the Company entered into a Lease Agreement with Lockaway Storage, Inc. (the "Lessor") on July 23, 2008 (the "Texas Lease"), pursuant to which the Company agreed to lease approximately 1,200 square feet of space located at 1407 South Kings Highway, Texarkana, Texas 75501, for a term of 6 months, beginning on August 1, 2008 and ending on February 1, 2009. The monthly lease rate shall be \$650 during the term of the Texas Lease, and the Company must also pay its pro rata share of the costs and expenses incurred by the Lessor to operate the common areas of the office and warehouse complex. The Texas Lease may be extended for a period of 6 or 12 months commencing at the expiration of the original lease term, at the option of the Company, at a monthly lease rate of \$700. The Texas Lease contains customary representations, warranties and covenants on the part of the Company and the landlord. The Company believes this is an ideal location based upon favorable local lease rates, secure premises, tax advantages, community responsibility, etc.

On July 23, 2008, the Company also opened an office in India, Level 2, Connaught Place, Bund Garden Road, Pune (India), 411001, to explore research, development and manufacturing opportunities for its advanced skin interface technologies and products. The Company chose India because the Company considers it one of the most robust, globally competitive, and cost-efficient locations for the development and manufacturing of pharmaceutical and medical products.

## Table of Contents

The Company also wanted to have better access to the pool of well-educated scientific and engineering talent available in India. As of July 23, 2008, the Company has paid in advance \$2,086 (including refundable security deposit of \$250) for this lease, which expires on July 31, 2009.

### **Critical Accounting Policies**

The Company's most critical accounting policies include:

*Revenue Recognition.* Royalty and licensing fees are recognized when earned under the terms of the Novartis Agreement, based upon sales information of licensed products sold by Novartis, and collection is reasonably assured.

*Patent Costs.* The carrying value of patent costs is reviewed periodically or when factors indicating impairment are present. Any impairment loss is measured as the amount by which the carrying value of the assets exceeds the fair value of the assets. The Company believes no such impairment currently exists.

*Royalty Receivable.* The Company grants credit to its only customer, Novartis, in the normal course of business and under the terms contained in the Agreement. Novartis pays royalty income within the terms defined in the Agreement. At June 30, 2008, the Company had an outstanding royalty receivable with Novartis of \$8,597. Management believes, based upon past collection experience, that any and all amounts due from Novartis outstanding from time to time are fully collectible.

*Use of Estimates.* In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Share-Based Compensation.* In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123(R), *Share-Based Payment*, which requires that compensation cost relating to share-based payment transactions (including the cost of all employee stock options) be recognized in the financial statements. That cost is measured based on the estimated fair value of the equity or liability instruments issued. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces SFAS No. 123, *Accounting for Stock-Based Compensation*, and supersedes Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*. The Company was required to apply SFAS No. 123(R) effective January 1, 2006. Thus, the Company's financial statements reflect the cost for (a) all share-based compensation arrangements granted after December 31, 2005 and for any such arrangements that are modified, cancelled, or repurchased after that date, and (b) the portion of previous share-based awards for which the requisite service had not been rendered as of that date, based on the grant date estimated fair value.

All of the Company's options were fully vested as of June 30, 2008 and there were no new grants, or modifications to existing grants, during the three and six month periods ended June 30, 2008 and 2007.

#### *Recent Accounting Pronouncements:*

In December 2007, the FASB issued SFAS No. 141R, (revised 2007), *Business Combinations*. SFAS 141R significantly changes the accounting for business combinations in a number of areas including the treatment of contingent consideration, pre-acquisition contingencies, transaction costs, in-process research and development, and restructuring costs. In addition, under SFAS 141R, changes in an acquired entity's deferred tax assets and uncertain tax position after the measurement period will impact income tax expense. SFAS 141R is effective for fiscal years beginning after December 15, 2008. In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No 51*. SFAS 160 changes the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity. This new consolidation method significantly changes the accounting for transactions with minority interest holders. SFAS 160 is effective for fiscal years beginning after December 31, 2008. These standards will change our accounting treatment for business combinations on a prospective basis.



## Table of Contents

In February 2008, the FASB issued FASB Staff Position (“FSP”) FAS 157-2, *Effective Date of FASB Statement No. 157*, (“FSP FAS 157-2”), which delays the effective date of SFAS No. 157 for all nonrecurring fair value measurements of non-financial assets and liabilities until fiscal years beginning after November 15, 2008. The Company has elected to defer the adoption of the nonrecurring fair value measurements disclosures of non-financial assets and liabilities. The adoption of FSP FAS 157-2 is not expected to have a material impact on the Company’s financial statements.

### **(3) Loss Per Common Share**

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding and common share equivalents related to stock options and warrants when dilutive. Common stock options and warrants to purchase 155,200 shares of common stock with a weighted average exercise price of \$3.88 were outstanding during the three and six months ended June 30, 2008. Common stock options and warrants to purchase 255,250 and 260,250 shares of common stock with a weighted average exercise price of \$1.55 and \$1.53 were outstanding during the three and six months ended June 30, 2007, respectively. Because the Company had a loss from operations during the three and six months ended June 30, 2008 and 2007, those shares were excluded from the loss per share computations because they were antidilutive.

### **(4) Income Taxes**

The provision for income taxes for the three and six months ended June 30, 2008 and 2007, was offset by a valuation allowance for deferred taxes. No federal or state income tax benefit was provided for the three and six months ended June 30, 2008 and 2007, as the realization of such benefit is not reasonably assured.

### **(5) Novartis Supply and License Agreement**

In July, 2004, the Company entered into a supply and licensing agreement with Novartis, effective January 1, 2004. By December 31, 2004, the supply portion of the Agreement was completed and the Company no longer manufactured any product. The Company moved into its Edina, Minnesota facility in February 2005 after vacating its previous manufacturing facility in Minnetonka, Minnesota. Under the Agreement, the Company granted Novartis an exclusive license (the “License”) to all of the intellectual property of the Company to the extent that it is used or is useful in the production of the vapor patches that Novartis is selling under the Agreement. The License will continue in effect for the duration of the patents’ life permitted under applicable law. Upon the expiration of the patents included in the licensed intellectual property, Novartis will have a non-revocable, perpetual, fully paid-up license to the intellectual property used or useful in the production of vapor patches for the pediatric and the adult cough/cold market. Novartis is required by the Agreement to pay royalties, at an agreed upon percentage, to the Company based on net sales of vapor patches by Novartis for each year the License is in effect.

In June 2006, Novartis issued a nationwide recall of all of its Triaminic® vapor patch products. In a press release issued by Novartis pertaining to the recall, Novartis explained that the recall was “due to the serious adverse health effects that could result if the product is ingested by a child removing the patch and chewing on it.” At the same time that Novartis announced this voluntary recall, the U.S. Food and Drug Administration (“FDA”) issued a release warning consumers “not to use the Triaminic Vapor Patch due to reports of serious adverse events associated with accidental ingestion by children.” According to news reports, the recall resulted from an adverse event experienced by a child who suffered a seizure after chewing on a Triaminic Vapor Patch. Novartis confirmed to the Company that the patch involved in this incident was not manufactured by the Company. As a result of this recall, the Company has been proactive in assisting Novartis to resolve the FDA issues surrounding the product recall and thereby restore the Company’s royalty income stream. The Company has met with Novartis representatives to discuss how to prevent an incident where a child or pet chews or ingests a patch.

In January 2007, the Company engaged an independent consulting firm to audit royalties due to the Company pursuant to the Agreement. In January 2008 the Company was paid \$21,946 as settlement for underpaid royalty income and audit costs.

## Table of Contents

To address the product recall described above, the Company filed a provisional patent application with the U.S. Patent and Trademark Office (the "USPTO") in April 2007 for an adhesive patch with an aversive agent. The intention of the provisional patent is to introduce an aversive agent into patches that would be so repulsive, a child or pet would not want to chew, swallow, or ingest a patch, yet not impair the intended patch functionality. The Company's new child-proof/pet-proof patch technology is primarily designed to prevent children from ingesting a patch, but the aversive agent will protect anyone, including adults with dementia (i.e. Alzheimer disease) or even family pets, from chewing a discarded patch. It is expected that this technology can be applied to numerous patch formulations, most importantly patches potentially harmful if ingested (i.e. nicotine patches, Alzheimer's patches, estrogen patches, osteoporosis patches, nitroglycerin patches, lidocaine patches, contraceptive patches, antidepressant patches, or any future developed patch). The Company has received a pending trademark under the name of SAFEPATCH™.

In April 2007, the Company was informed that the USPTO had completed a re-examination of a patent pertinent to the Agreement and the Company was issued a re-examination certificate. The patent is entitled "Non-Occlusive Adhesive Patch for Applying Medication to the Skin" and covers the design for adhesive patches, which contain a reservoir of medication to be delivered into the body by absorption through the skin and inhalation of vapors.

In July 2007, Novartis began shipping a new adult vapor patch product in the United States for the 2007/2008 cough and cold season. Novartis has not announced whether it will re-introduce a vapor patch for the pediatric market.

During the three and six month periods ended June 30, 2008, the Company recorded royalty income of \$5,075 and \$26,104, respectively, based upon information provided by Novartis related to royalties due to the Company from sales of the adult vapor patch during this period. The Company did not record any revenue for the comparable periods of 2007 due to the product recall discussed above.

### **(6) Discontinued Operations**

The liability for discontinued operations at both June 30, 2008 and December 31, 2007 consisted of a reserve for sales returns and credits of \$130,000 for sales prior to the discontinuance of operations in 2004.

### **(7) Equity Transactions**

#### *Warrants*

In connection with the sale of the Company's corporate facility during 2003, the Company issued warrants to an outside party to purchase 200,000 shares of the Company's common stock. The warrants were exercisable, and could be exercised on a cashless basis, and entitled the holder to purchase the Company's common stock at \$0.90 per share until February 25, 2008.

On February 21, 2008, the warrant holder exercised, on a cashless basis, the warrant. Accordingly, the warrant holder forfeited a number of shares underlying the warrant with a "fair market value" (calculated pursuant to the warrant agreement) and received 113,978 shares of the Company's common stock upon exercise of the warrant. As a result of the cashless exercise, the Company did not receive any cash proceeds from the exercise. As of the filing date of this Form 10-Q, the Company has no outstanding warrants.

## **ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **OVERVIEW**

The Company’s strategy is to evaluate and promote its current intellectual property portfolio for licensing purposes to domestic and foreign manufacturers to enable them to use the Company’s proprietary patch technology to produce or sell topical patch products in the future. This effort will also enhance the Company’s options with respect to future licensing opportunities, and may attract potential merger or acquisition candidates or the sale of the Company. The Company is taking steps to strengthen its patent portfolio for territories of use, including the United States, Europe, and other countries. The Company is also focused on strengthening its position with respect to the protection of its rights related to its current intellectual property portfolio. It is currently management’s intent to fund operations with royalty income from licensing agreements or from other income derived from the protection of patent rights pertaining to the Company’s intellectual property.

### **PATENTS AND TRADEMARKS**

The Company has several U.S. and international patents related to its patch technology. Eighteen issued U.S. patents and forty-two issued international patents are currently assigned to the Company. The Company has four U.S. patent pending applications including provisional applications (see below) and two foreign applications. The patents most pertinent to the Company’s major products have a remaining legal duration ranging from five to fourteen years. The Company also holds three registered U.S. trademarks.

In 2007 and 2008, the Company filed for two new provisional patents, which include (i) adding an aversive agent to our licensed patch or other patches to prevent ingestion by children or pets and (ii) a hand sanitizing patch that will kill targeted infectious organisms. The hand sanitizing patch will be dry, thereby rendering the patch harmless in the event that it is licked, chewed or exposed to the eye.

Issued patents can later be held invalid by the patent office issuing the patent or by a court. The Company cannot be certain that its patents will not be challenged, invalidated, circumvented, or that the rights granted under the Company’s patents will provide a competitive advantage.

The Company uses both patents and trade secrets to protect its proprietary property and information. To the extent the Company relies on confidential information to maintain its competitive position, there can be no assurance that other parties will not independently develop the same or similar information.

On July 25, 2008, the Company filed a Complaint for patent infringement against several companies, alleging that the defendants have infringed upon two of the Company’s patents relating to its medicated patch technology. The Company has disclosed details of the pending lawsuit in previous SEC filings. Responses from the defendants are still pending as of the filing of this Form 10-Q. See PART II, ITEM 1 of this Form 10-Q for additional information.

### **COMPARISON OF THE THREE AND SIX MONTHS ENDED JUNE 30, 2008 AND 2007**

#### **Results of Operations**

The Company recorded royalty income of \$5,075 and \$26,104, respectively, for the three and six months ended June 30, 2008. The Company did not record any royalty income during the three or six months ended June 30, 2007 as a result of the previously discussed product recall by Novartis. (See Note 5 of Notes to Condensed Financial Statements in this Form 10-Q). The royalty income recorded during the three and six month periods ended June 30, 2008 was based on information provided by Novartis.

Operating expenses increased \$14,859, to \$186,417 for the three months ended June 30, 2008, from operating expenses of \$171,558 for the comparable period in 2007. The increase in operating expenses resulted primarily from an increase in consulting expenses relating to the Company’s efforts to strengthen its patent protection rights and associated increases in legal costs. For the six months ended June 30, 2008, operating expenses increased \$73,569 to \$374,329, from \$300,760 for the six months ended June 30, 2007. The increase in operating expenses resulted from increases in consulting,

## [Table of Contents](#)

legal, and accounting costs related to efforts the Company is undertaking to enhance its patent portfolio, gather valuation information with respect to the Company, costs related to Sarbanes/Oxley compliance, and other miscellaneous outsourced accounting related costs.

The Company anticipates that it can further reduce operating expenses since many expenditures have been a one time expenditure. In addition, the Company will also reduce its operating expenses as a result of relocating its corporate office, reducing its rental/lease obligations, and decrease utility expenses. However, these savings may be offset with costs related to additional actions the Company decides to take with respect to protecting its intellectual property.

The Company recorded a net loss of \$(177,376), or \$(0.04) per basic and diluted share for the three months ended June 30, 2008, compared to a net loss of \$(158,091), or \$(0.04) per basic and diluted share, for the same period in 2007. For the six months ended June 30, 2008, the Company recorded a net loss of \$(337,078), or \$(0.08) per basic and diluted share, compared to a net loss of \$(272,417), or \$(0.07) per basic and diluted share, for the same period in the 2007. The increase in net loss for the three and six month periods ended June 30, 2008 from the comparable periods in 2007 is due to the increase in operating expenses, partially offset by the increase in royalty income discussed above.

### **Income Taxes**

The provision for income tax benefits for the three and six months ended June 30, 2008 and 2007 was offset by a valuation allowance for deferred taxes. No federal or state income tax benefit was provided for the three and six months ended June 30, 2008 and 2007, as the realization of such benefits is not reasonably assured.

### **Effect of Inflation**

Inflation has not had a significant impact on the Company's operations or cash flow.

### **Liquidity and Capital Resources**

Cash and cash equivalents decreased \$244,316 for the six month period ended June 30, 2008, to \$588,609, from cash and cash equivalents of \$832,925 at December 31, 2007. The decrease in cash and cash equivalents resulted primarily from the Company incurring legal, consulting, and other costs related to the Company protecting its patent portfolio, which was partially offset by a royalty payment of \$76,502 relating to 2007 sales of licensed adult vapor patch product by Novartis.

There were no material commitments for capital expenditures at June 30, 2008 or 2007.

The Company had working capital of \$465,739 and a current ratio of 3.00 at June 30, 2008 compared to working capital of \$795,059 and a current ratio of 4.95 at December 31, 2007. The decline in working capital and the current ratio at June 30, 2008, compared to December 31, 2007, was primarily due to the net loss of (\$337,078) in working capital that the Company incurred during the six months ended June 30, 2008.

Shareholders' equity decreased \$337,078 to \$561,537 at June 30, 2008 from \$898,815 at December 31, 2007, due to the net loss the Company incurred during the six months ended June 30, 2008.

The Company believes its existing cash and cash equivalents will be sufficient to fund its operations during the next year, based upon its current cash on hand, anticipated royalty income, and the anticipated operating expenses the Company is likely to incur during 2008 and 2009. The Company earns interest on its available cash. Interest income earned during the three and six month periods ended June 30, 2008 was \$3,966 and \$11,147, respectively (3.2% average annual interest). Interest income earned during the three and six month periods ended June 30, 2007 was \$13,467 and \$28,343, respectively (5.0% average annual interest).

The Company's working capital requirements are dependent upon its receipt of adequate levels of royalty and licensing income to fund its operations. The Company currently estimates that it will receive \$100,000 to \$200,000 per year in royalty income based upon revised royalty estimates provided by Novartis. Royalty income is uncertain because it is subject to factors that the Company cannot control. There can be no assurance that the anticipated revenue stream or the anticipated expenses will be as planned, or that the Company will be successful in negotiating other licensing opportunities with Novartis or other companies, due to the uncertainties and risks described in the "Cautionary Statements" included as Exhibit 99.01 to the Company's annual report on Form 10-KSB for the fiscal year ended December 31, 2007 and Form 10-QSB for the first quarter

[Table of Contents](#)

ended March 31, 2008.

**CRITICAL ACCOUNTING POLICIES**

Management believes that the Company has not adopted any critical accounting policies which, if changed, would result in a material change in financial estimates, financial condition, results of operation or cash flows for the three months ended June 30, 2008 and 2007. The critical accounting policies appear in Note 2 of Notes to Condensed Financial Statements in this Form 10-Q.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS**

Not Applicable.

**ITEM 4. CONTROLS AND PROCEDURES**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have 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"), that are designed to ensure that information required to be disclosed by us in 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, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, and Board of Directors, as appropriate, to allow timely decisions regarding required disclosure. Based upon this evaluation, the principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

During the three months ended June 30, 2008, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II –OTHER INFORMATION**

**ITEM 1 - LEGAL PROCEEDINGS**

On July 25, 2008, the Company filed a complaint for patent infringement (the “Complaint”) against Chattem, Inc., Endo Pharmaceuticals, Inc., Johnson & Johnson Consumer Company, Inc., The Mentholatum Company, Inc. and Prince of Peace Enterprises, Inc. (collectively, the “Defendants”) in the U.S. District Court for the Eastern District of Texas. The Complaint alleges, among other things, that the Defendants have infringed two of the Company’s patents (the “Patents”), which relate to the Company’s medicated patch technology. The Company is seeking to enjoin the Defendants from infringing the Patents and to recover monetary damages related to such infringement, as well as interest and litigation costs.

**ITEM 1A - RISK FACTORS**

Not Applicable.

**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**

The Regular Annual Meeting of Shareholders of the Company was held on June 19, 2008. The following matters were voted on by the Company’s Shareholders:

1. The election of three directors to serve on the Board of Directors for a term of one year or until their successors are duly elected and qualified.
2. The ratification of the appointment of Lurie Besikof Lapidus & Company, LLP as the Company’s independent registered public accountant for the Company’s current fiscal year.

The results of the voting on these matters were as follows:

1. Board of Directors:

	<u>For</u>	<u>Withhold Authority</u>	<u>Total</u>
Judd A. Berlin	3,160,436	133,441	3,293,877
C. Andrew Rollwagen	2,562,870	731,007	3,293,877
Daniel C. Sigg	3,173,600	120,277	3,293,877

2. Appointment of Lurie Besikof Lapidus & Company, LLP as independent auditor for the Company:

<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker-Non-Votes</u>	<u>Total</u>
3,138,020	33,155	122,702	—	3,293,877

**ITEM 5 - OTHER INFORMATION**

None.

## Table of Contents

### **ITEM 6 - EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
3.01	Articles of Incorporation of LecTec Corporation, as amended (Incorporated herein by reference to the Company's Form S-1 Registration Statement (file number 33-9774C) filed on October 31, 1986 and amended on December 12, 1986).
3.02	Bylaws of LecTec Corporation (Incorporated herein by reference to the Company's Form S-1 Registration Statement (file number 33-9774C) filed on October 31, 1986 and amended on December 12, 1986).
10.01	Lease Amendment; dated May 30, 2008, between LecTec Corporation and SMD Lincoln Investments, filed herewith.
10.02	Lease Agreement; dated July 23, 2008, between LecTec Corporation and Lockaway Storage, Inc., filed herewith.
31.01	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.02	Certification of Principle Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.01	Certification Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, filed herewith.
99.01	Cautionary Statements (Incorporated herein by reference to Exhibit 99.01 to the Company's Report on Form 10-QSB for the quarter ended March 31, 2008).



**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.

**LECTEC CORPORATION**

Date: August 14, 2008

By /s/ Judd A. Berlin

Judd A. Berlin

Chief Executive Officer, Chief Financial Officer, & Director  
(principal financial officer and duly authorized officer)

**EXHIBIT INDEX**

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99.01	Cautionary Statements (Incorporated herein by reference to Exhibit 99.01 to the Company's Report on Form 10-QSB for the quarter ended March 31, 2008).

**FIRST AMENDMENT TO OFFICE/WAREHOUSE LEASE**

THIS FIRST AMENDMENT TO OFFICE/WAREHOUSE LEASE (the "Amendment") is made effective May 30, 2008, between **SMD LINCOLN INVESTMENTS**, a Minnesota limited liability company ("Landlord") and **LECTEC CORPORATION**, a Minnesota corporation ("Tenant").

- A. Pursuant to the Office/Warehouse Lease dated as of May 23, 2003 between Landlord and Tenant (the "Lease"), Landlord leased to Tenant approximately 14,316 square feet of space in a building located at 5618 Lincoln Drive, Edina, Minnesota, as more particularly described in the Lease (the "Demised Premises").
- B. Except as hereinafter specifically provided, all words in this Amendment beginning with capital letters which are not normally capitalized shall have the meaning ascribed to such words in the Lease.
- C. Landlord and Tenant desire to amend the Lease to alter certain provisions thereof on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant agree as follows:

- 1. Each capitalized term used in this First Amendment shall have the same meaning as is ascribed to such capitalized term in the Lease, unless otherwise provided for herein.
  - 2. Effective May 30, 2008 the definition of the "Demised Premises" identified in the Definitions Section of the Lease is hereby amended to reduce the square footage leased for the remainder of the term of the lease from 14,316 square feet to 3,299 square feet (the "New Demised Premises") as identified on the attached Exhibit A.
  - 3. Section 2 of the Lease is hereby amended as of June 1, 2008 to reduce the Net Rent for the New Demised Premises for the remainder of the Term as follows:
-

<u>Period</u>	<u>Period Net Rent</u>	<u>Monthly Net Rent</u>
6/1/08-8/31/08	\$4,428.84	\$1,476.28

4. The definition of "Tenant's Proportionate Share" identified in the Definitions Section of the Lease is hereby amended to decrease Tenant's Proportionate Share from 18.35% to 4.23%.
5. Landlord and Tenant represent and warrant that each has all the necessary approvals and authority to enter into this Amendment, and shall indemnify and hold each other harmless for any breach of this representation and warranty.
6. Landlord and Tenant represent and warrant that there are currently no defaults by either party under the Lease.
7. This Amendment may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same instrument. Faxed signatures shall be considered originals.
8. All of the terms of the Lease, as amended hereby, are hereby ratified and confirmed.

**[SIGNATURE PAGES TO FOLLOW]**

WHEREFORE, Landlord and Tenant have executed this Amendment as of the date first above written.

**LANDLORD:**

**SMD LINCOLN INVESTMENTS, LLC,**  
a Minnesota limited liability company

By: /s/ Dennis J. Doyle  
Dennis J. Doyle  
Its: President

**TENANT:**

**LEC TEC CORPORATION.,**  
a Minnesota corporation

By: /s/ Bill Johnson  
Print Name: Bill Johnson  
Title: Controller

**EXHIBIT A**  
**DEPICTION OF THE NEW DEMISED PREMISES**

LOCKAWAY STORAGE, INC.

STATE OF TEXAS            )  
                                   )  
 COUNTY OF BOWIE         )

THIS LEASE is made between Lockaway Storage, herein call “LESSOR”, and LecTec Corporation, herein called “LESSEE”.

Lessee hereby offers to lease from Lessor the following portion of the building located upon 1407 S. Kings Highway, Texarkana, TX 75501. Lessor agrees to make the changes required to separate Lockaway Storage’s office area from what will be the lessee’s office area. All changes will be done in completion upon move-in of Lessee upon the following TERMS and CONDITIONS:

TERM AND RENT. The primary term of this Lease shall be for a period of 6 Months (1/2) years commencing August 1, 2008, and terminating February 1, 2009 or sooner as provided herein at the annual base rental of seven thousand eight hundred and NO/100 - (\$7,800.00) - DOLLARS, payable in equal installments in advance on the first (1<sup>st</sup>) day of each month for that month’s rental, during the term of this Lease or any extension thereof. The first rental installment shall be due and payable on the first (1<sup>st</sup>) day of September, and thereafter on the first (1<sup>st</sup>) day of each succeeding month during the term of this Lease or any extension thereof. Lessee has made the first and last rental installment simultaneous with the execution of this Lease Agreement, the receipt of which is hereby acknowledged by Lessor. Lessee shall pay to the Lessor, initially, monthly rental as follows:

BASE RENT	\$ 650.00	Upon the 11 <sup>th</sup> day of each month a:
COMMON AREA MAINTENANCE	\$ 0	LATE FEE \$25.00 Will be charged.
REFUSE SERVICE	\$ 0	
TOTAL MONTHLY RENTAL	\$ 650.00	

The total monthly rental installment hereunder in the amount of \$650.00 shall he subject to change each January 1st during; the term of this Lease due to change in the amount of the contribution for common area maintenance hereinafter defined. Each such installment shall be due and payable in advance on the first (1<sup>st</sup>) day of each calendar month during the term of this Lease. Lessee shall punctually pay the rentals to Lessor at: 1407 S. Kings Highway, Texarkana, TX 75501 or at such other place Lessor may designate to Lessee in writing.

CARE AND MAINTENANCE OF PREMISES. Lessee acknowledges, that the premises are in good order and repair, unless otherwise indicated herein. Lessee shall, at Lessee’s own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and heating installations and any other system or equipment upon the premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Lessee shall be responsible for all repairs required, excepting the roof, exterior walls, structural foundations.

COMMON AREA MAINTENANCE. The Lessor shall maintain the parking area substantially as shown on “Exhibit A.” The purpose of the site plan attached hereto as “Exhibit A” is to show the approximated location of the building, parking area and other common areas. The Lessor reserves the right at any time to relocate any building, parking area or common areas shown on said site plan. The Lessor also reserves the right to construct other buildings or improvements in the office/warehouse complex from time to time and to make alterations thereof or additions thereto.

All Automobile parking areas, driveways, entrances and exits thereto, and other facilities furnished by Lessor in or near the office/warehouse complex, including sidewalks and ramps, landscaped areas and other areas and improvements provided by Lessor for the general use in common, of Lessee, Lessee’s officers, agents, employees, and customers, shall at all times be subject to the exclusive control and management of Lessor and Lessor shall have the right (from time to time to establish, modify and enforce reasonable rules and regulations with respect to all facilities and areas mentioned in this article, Lessor shall have the right to construct, maintain and operate lighting facilities on all said areas and improvements; to police the same; from time to time to change the area, level locations and arrangement

arrangement of parking areas and other facilities hereinabove referred to; to close all or any portion of said areas or facilities to such extent as may, in the opinion of Lessor's counsel be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person or the public therein; to close temporarily all or any portion of the parking areas or facilities; to discourage noncustomer parking; and to do and perform such other acts in and to said areas and improvements as, in the use of good business judgment, the Lessor shall determine to be advisable with a view to the improvement of the convenience and use thereof by Lessee, Lessee's officers, agents, employees and customers. Lessor will operate and maintain, at Lessor's sole cost and expense, the common facilities referred to above in such manner as Lessor, in its sole discretion, shall determine from time to time. Without limiting the scope of such discretion, Lessor shall have the full right and authority to employ all personnel and to make all rules and regulations pertaining to and necessary for the proper operation and maintenance of the common areas and facilities. Notwithstanding anything herein to the contrary, Lessor shall keep the parking area properly cleaned, striped, lighted and repaired during the term of this Lease and any option periods.

Lessee and Lessee's employees shall park their cars only in those portions of the parking area designated for that purpose by Lessor.

Lessee and Lessor agree that Lessor shall determine on an annual basis the expenses necessary to operate the common areas of the office/warehouse complex, including the expenses of providing refuse service thereto. Upon such calculation, Lessor shall notify Lessee, in writing, of Lessee's prorata share of the cost and expenses which shall be paid in monthly installments on the first day of each and every calendar month simultaneous with the rental payments.

**ALTERATIONS.** Lessee shall not, without first obtaining the written consent of Lessor, make any alterations, additions, or improvements, in, to or about the premises.

**ORDINANCES AND STATUTES.** Lessee shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Lessee.

**ASSIGNMENT AND SUBLETTING.** Lessee shall not assign this Lease or sublet any portion of the premises without prior written consent of the Lessor, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, at the option of the Lessor, may terminate this Lease.

**UTILITIES.** All applications and connections for necessary utility services on the demised premises shall be made in the name of Lessee only, and Lessee shall be solely liable for utility charges as they become due, including those for sewer, water, gas, electricity, and telephone services.

**ENTRY AND INSPECTION.** Lessee shall permit Lessor or Lessor's agents to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Lessor at any time within sixty (60) days prior to the expiration of this Lease, to place upon the premises any usual "To Let" or "For Lease" signs and permit persons desiring to lease the same to inspect the premises thereafter.

**POSSESSION.** If Lessor is unable to deliver possession of the premises at the commencement hereof, Lessor shall not be liable for any damage caused thereby, nor shall this lease be void or voidable, but Lessee shall not be liable for any rent until possession is delivered. Lessee may terminate this Lease if possession is not delivered within 15 days of the commencement of the term hereof.

**INDEMNIFICATION OF LESSOR.** Lessor shall not be liable for any damage or injury to Lessee, or any other person, or to any property, occurring on the demised premises or any part thereof, and Lessee agrees to hold Lessor harmless from any claims for damages, no matter how caused.

**INSURANCE.** Lessee, at Lessee's expense, shall maintain plate glass and public liability insurance including bodily injury and property damage insuring Lessee and Lessor with minimum coverage as follows:

Lessee shall provide Lessor with a Certificate of Insurance showing Lessor as additional insured. The Certificate shall provide for a ten-day written notice to Lessor in the event of cancellation or material change of coverage. To the maximum extent permitted by insurance policies which may be owned by Lessor or Lessee, Lessee and Lessor, for the benefit of each other, waive any and all rights of subrogation which might otherwise exist.

**EMINENT DOMAIN.** If the premises or any part thereof or any estate therein, or any other part of the building materially affecting Lessee's use of the premises, shall be taken by eminent domain, this Lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Lessee. Lessee shall not be entitled to any part of the award for such taking or any payment in lieu thereof, but Lessee may file a claim for any taking of fixtures and improvements owned by Lessee, and for moving expenses.

**DESTRUCTION OF PREMISES.** In the event of a partial destruction of the premises during the term hereof, from any

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cause, Lessor shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this Lease, except that Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Lessee on the premises. If such repairs cannot be made within said sixty (60) days, Lessor, at Lessor's option, may make the same within a reasonable time, this Lease continuing in effect with the rent proportionately abated as aforesaid, and in the event that Lessor shall not elect to make such repairs which cannot be made within sixty (60) days, this Lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third of the replacement costs thereof. Lessor may elect to terminate this Lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this Lease.

**LESSOR'S REMEDIES ON DEFAULT.** If Lessee defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof. Lessor may give Lessee notice of such default and if Lessee does not cure any such default within 30 days, after the giving of such notice (or if such other default is of such nature that it cannot be completely cured within such period, if Lessee does not commence such curing within such 30 days and thereafter proceed with reasonable diligence and in good faith to cure such default), the Lessor may terminate this Lease on not less than 30 days' notice to Lessee. On the date specified in such notice the term of this Lease shall terminate, and Lessee shall then quit and surrender the premises to Lessor, but Lessee shall remain liable as hereinafter provided. If this Lease shall have been so terminated by Lessor, Lessor may at any time thereafter resume possession of the premises by any lawful means and remove Lessee or other occupants and their effects.

**SECURITY DEPOSIT.** Lessee shall deposit with Lessor on the signing of this Lease the sum of Six hundred and NO/100 - (\$600.00) - DOLLARS as security for the performance of Lessee's obligations under this Lease, including without limitation the surrender of possession of the premises to Lessor as herein provided. If Lessor applies any part of the deposit to cure any default of Lessee, Lessee shall on demand deposit with Lessor the amount so applied so that Lessor shall have the full deposit on hand at all times during the term of this Lease.

**ATTORNEY'S FEES.** In case suit should be brought for recovery of the premises, or for any sum due hereunder, or because of any act which may arise out of the possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with such action, including a reasonable attorney's fee.

**WAIVER.** No failure of Lessor to enforce any term hereof shall be deemed to be a waiver.

**NOTICES.** Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Lessee at the premises, or Lessor at the address shown below, or at such other places as may be designated by the parties from time to time.

**HEIRS, ASSIGNS, SUCCESSORS.** This Lease is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

**OPTION TO RENEW.** Provided that Lessee is not in default in the performance of this Lease, Lessee shall have the option to renew the Lease for an additional term of 6 or 12 months commencing at the expiration of the initial lease term. All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall be the sum of \$700.00. The option shall be exercised by written notice given to Lessor not less than 30 days prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, this option shall expire.

**SUBORDINATION.** This Lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

**ENTIRE AGREEMENT.** The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made a part of this Lease before the parties' execution hereof.

EXECUTED in multiple counterparts by Lessor and Lessee, each of which will have the full force and effect of an original, this 23<sup>rd</sup> day of July, 2008.

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LESSOR:

Lockaway Storage

BY: Russell Waldie

Address for Notice:

1407 S. Kings Highway  
Texarkana, TX 75501

LESSEE:

LecTec Corporation

BY: Bill Johnson (Controller)

Address for Notice:

1407 S. Kings Highway  
Texarkana, TX 75501  
(903) 832-0993

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF  
SARBANES-OXLEY ACT OF 2002**

I, Judd A. Berlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LecTec Corporation;

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 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 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 us by others within those entities, particularly during the period in which this 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 principals;
- 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; and
- 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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.

Date: August 14, 2008

/s/ Judd A. Berlin

Judd A. Berlin  
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF  
SARBANES-OXLEY ACT OF 2002**

I, Judd A. Berlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of LecTec Corporation;
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 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 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 us by others within those entities, particularly during the period in which this 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 principals;
  - 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; and
  - 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers 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.

Date: August 14, 2008

/s/ Judd A. Berlin  
Judd A. Berlin  
Chief Financial Officer

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF  
2002 (SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED  
STATES CODE)**

In connection with the Quarterly Report of LecTec Corporation (the "Company") on Form 10-Q for the quarter ended June 30, 2008 as filed with the Securities and Exchange Commission (the "Report"), I, Judd A. Berlin, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge 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.

/s/ Judd A. Berlin

Judd A. Berlin

Chief Executive Officer

(principal executive and financial officer)

August 14, 2008