SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 1997.

[ ] 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	41-1301878
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10701 Red Circle Drive, Minnetonka, Minnesota	55343
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (612) 933-2291

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common stock, par value $0.01 per share.

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 [X] No [ ]

The number of shares outstanding of the registrant's common stock as of February 10, 1998 was 4,064,766 shares.

LECTEC CORPORATION

FORM 10-Q - REPORT FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 1997

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PART I - FINANCIAL INFORMATION

ITEM 1- FINANCIAL STATEMENTS

LECTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) December 31, 1997	June 30, 1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,584,347	$ 665,190
Short-term investments	166,066	577,587
Receivables		
Trade, net of allowances of $88,839 (unaudited) and $67,126 at December 31, 1997 and June 30, 1997	2,679,053	2,178,984
Refundable income taxes	72,669	401,263
Other	19,634	22,780
	2,771,356	2,603,027
Inventories		
Raw materials	1,746,916	1,655,924
Work-in-process	106,400	184,208
Finished goods	617,685	736,889
Total inventories	2,471,001	2,577,021
Prepaid expenses and other	126,042	84,871
Deferred income taxes	366,000	366,000
Total current assets	7,484,812	6,873,696
PROPERTY, PLANT AND EQUIPMENT - AT COST		
Building and improvements	1,790,023	1,635,157
Equipment	6,693,746	6,578,960
Furniture and fixtures	372,530	371,670
	8,856,299	8,585,787
Less accumulated depreciation	4,585,814	4,241,214
	4,270,485	4,344,573
Land	247,731	247,731
	4,518,216	4,592,304
OTHER ASSETS		
Patents and trademarks, less accumulated amortization of $931,440 (unaudited) and $846,914 at December 31, 1997 and June 30, 1997	320,215	363,343
Long-term investments	8,013	8,013
	328,228	371,356
	$ 12,331,256	$ 11,837,356

See accompanying notes to the consolidated financial statements.

LECTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) December 31, 1997	June 30, 1997
LIABILITIES AND SHAREHOLDERS' EQUITY		

CURRENT LIABILITIES		
Accounts payable	$ 1,102,151	$ 779,699
Accrued expenses		
Payroll related	369,572	324,381
Restructuring charge	101,911	1,521,107
Other	214,980	213,425
Total current liabilities	1,788,614	2,838,612
DEFERRED INCOME TAXES	211,000	211,000
SHAREHOLDERS' EQUITY		
Common stock, $.01 par value: 15,000,000 shares authorized; issued and outstanding 4,064,800 shares (unaudited) at December 31, 1997 and 3,842,800 shares at June 30, 1997	40,648	38,428
Additional paid-in capital	11,843,619	10,476,428
Unrealized losses on securities available-for-sale	(12,485)	(33,372)
Retained deficit	(1,540,140)	(1,693,740)
	10,331,642	8,787,744
	$ 12,331,256	$ 11,837,356

</TABLE>

See accompanying notes to the consolidated financial statements.

LECTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
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	Three months ended December 31,		Six months ended December 31,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Net sales	$ 3,308,962	$ 3,028,118	$ 6,939,772	$ 6,001,601
Cost of goods sold	2,362,392	1,938,591	4,784,343	3,836,985
Gross profit	946,570	1,089,527	2,155,429	2,164,616
Operating expenses				
Sales and marketing	244,879	145,579	505,224	255,141
General and administrative	470,347	736,578	1,001,693	1,180,232
Research and development	261,737	411,726	508,329	911,928
	976,963	1,293,883	2,015,246	2,347,301
Earnings (loss) from operations	(30,393)	(204,356)	140,183	(182,685)
Other income (expense)				
Interest income	13,565	(8,737)	19,837	8,018
Dividend income	4,314	10,117	12,262	19,549
Interest expense	(506)	(33)	(872)	(1,263)
Other	(4,750)	--	(9,810)	15,000
	12,623	1,347	21,417	41,304
Earnings (loss) before income taxes and equity in losses of unconsolidated subsidiary	(17,770)	(203,009)	161,600	(141,381)
Income tax expense (benefit)	(19,677)	913	8,000	2,316
Earnings (loss) before equity in losses of unconsolidated subsidiary	1,907	(203,922)	153,600	(143,697)
Equity in losses of unconsolidated subsidiary	--	60,402	--	83,243
Net earnings (loss)	$ 1,907	$ (264,324)	$ 153,600	$ (226,940)

	============	============	============	============
Net earnings (loss) per share				
Basic	$ 0.00	$ (0.07)	$ 0.04	$ (0.06)
	============	============	============	============
Diluted	$ 0.00	$ (0.07)	$ 0.04	$ (0.06)
	============	============	============	============
Weighted average shares outstanding				
Basic	4,062,354	3,835,989	3,952,586	3,835,973
	============	============	============	============
Diluted	4,081,219	3,835,989	3,975,411	3,835,973
	============	============	============	============

</TABLE>

See accompanying notes to the consolidated financial statements.

LECTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
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	Six Months Ended December 31,	
	1997	1996
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	$ 153,600	$ (226,940)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	427,226	526,525
Loss on sale of investments	9,810	--
Gain on sale of equipment	--	(15,000)
Equity in losses of unconsolidated subsidiary	--	83,243
Changes in operating assets and liabilities:		
Trade and other receivables	(496,923)	(192,612)
Refundable income taxes	328,094	--
Inventories	106,020	(341,920)
Prepaid expenses and other	(41,171)	(38,808)
Accounts payable	322,452	(75,124)
Accrued expenses	(2,539)	220,896
	------------	------------
Net cash provided by (used in) operating activities	806,569	(59,740)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(270,512)	(101,744)
Proceeds from sale of equipment	--	15,000
Investment in patents and trademarks	(39,498)	(64,905)
Sale of investments	422,598	--
	------------	------------
Net cash provided by (used in) investing activities	112,588	(151,649)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	--	1,128
	------------	------------
Net cash provided by financing activities	--	1,128
	------------	------------
Net increase (decrease) in cash and cash equivalents	919,157	(210,261)
Cash and cash equivalents at beginning of period	665,190	800,693
	------------	------------
Cash and cash equivalents at end of period	$ 1,584,347	$ 590,432
	============	============

</TABLE>

See accompanying notes to the consolidated financial statements.

LECTEC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
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	Six Months Ended December 31,	
	1997	1996
<S>	<C>	<C>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest expense	$ 872	$ 5,957
Income taxes	10,676	6,000
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES:		
Conversion of subsidiary's notes payable to shareholders' equity	$ --	$ 83,595
Conversion of Pharmadyne minority shareholders' interest in the Pharmadyne subsidiary into LecTec Corporation common stock	$ 1,369,411	$ --

</TABLE>

See accompanying notes to the consolidated financial statements.

LECTEC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 1997 AND 1996

(UNAUDITED)

(1) GENERAL

The accompanying consolidated financial statements include the accounts of LecTec Corporation (the "Company"), LecTec International Corporation, a wholly-owned subsidiary, and Pharmadyne Corporation, a wholly-owned owned subsidiary which was merged into LecTec Corporation on December 31, 1997. (See note 2 below.) All significant intercompany balances and transactions have been eliminated in consolidation. The Company's financial statements for the three and six months ended December 31, 1997 should be read in conjunction with its Annual Report on Form 10-K and its Annual Report to Shareholders for the fiscal year ended June 30, 1997. The interim 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 year.

(2) PHARMADYNE CORPORATION AND RESTRUCTURING CHARGE

During fiscal 1997 the Company adopted a plan for eliminating the Pharmadyne Corporation subsidiary and recorded a nonrecurring restructuring charge of $2,180,353. The restructuring charge included approximately $1,369,000 for the planned acquisition of the minority interests in Pharmadyne in exchange for newly issued shares of LecTec Corporation common stock. In October 1997, the Company issued 221,948 new shares of its common stock to acquire the minority interests in Pharmadyne. In November 1997, the newly issued shares were registered with the Securities and Exchange Commission. Effective October 2, 1997, Pharmadyne became a wholly-owned subsidiary of the Company and on December 31, 1997, Pharmadyne Corporation was merged into LecTec Corporation.

(3) RECENTLY ADOPTED ACCOUNTING STANDARD

On December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 - "Earnings per Share" ("SFAS 128"). As required by SFAS 128, all current and prior year earnings (loss) per share data have been restated to conform to the provisions of SFAS 128.

The Company's basic net earnings (loss) per share amounts have been computed by dividing net earnings (loss) by the weighted average number of outstanding common shares. The Company's diluted net earnings (loss) per share amounts have been computed by dividing net earnings (loss) by the weighted average number of outstanding common shares and common share equivalents, when dilutive. For the three months and six months ended December 31, 1997, 18,865 and 22,825 shares of common stock equivalents were included in the computation of diluted net earnings per share. For the three months and six months ended December 31, 1996 no shares of common stock equivalents were included in the computation of diluted net loss per share. Options to purchase 740,650 and 629,627 shares of common stock with a weighted average exercise price of $8.48 and $9.34 were outstanding during the three months ended December 31, 1997 and 1996 and options to purchase 667,424 and 379,814 shares of common stock with a weighted average exercise price of $8.73 and $9.71 were outstanding during the six months ended December 31, 1997 and 1996, but were excluded from the computation of common share equivalents because they were antidilutive.

(4) NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued SFAS 130, "Reporting Comprehensive Income," and SFAS 131, "Disclosures about Segments of an Enterprise and Related Information," which are effective for fiscal year 1999. SFAS 130 will require the Company to display an amount representing total comprehensive income, as defined by the statement, as part of the Company's basic financial statements. Comprehensive income will include items such as unrealized gains or losses on certain investment securities. SFAS 131 will require the Company to disclose financial and other information about its business segments, their products and services, geographic areas, major customers, sales, profits, assets and other information.

The adoption of these statements is not expected to have a material effect on the consolidated financial statements of the Company.

PART I - FINANCIAL INFORMATION
ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE MONTHS AND SIX MONTHS ENDED DECEMBER 31, 1997 AND 1996

RESULTS OF OPERATIONS

NET SALES

Net sales for the second quarter of fiscal 1998 were $3,308,962 compared to net sales of $3,028,118 for the second quarter of fiscal 1997, an increase of 9.3%. The increase was primarily the result of increased medical tape sales. Conductive product sales, the Company's largest product group, increased by 5.0% from the prior year while medical tape product sales, the Company's second largest product group, increased by 36.6% and therapeutic product sales decreased by 68.3%. The conductive sales increase was primarily the result of increased volumes to existing customers. Medical tape sales increased primarily due to increased sales volume to a number of customers, including a large customer who purchases intermittently, which more than offset the absence of sales in fiscal 1998 to a customer who discontinued their medical tape business. The therapeutic sales decrease was due to the absence of analgesic patch sales to the Company's two major distributors in the second quarter of fiscal 1998.

Net sales for the first six months of fiscal 1998 were $6,939,772 compared to net sales of $6,001,601 for the first six months of fiscal 1997, an increase of 15.6%. The increase was primarily the result of increased medical tape product sales. Conductive product sales increased by 4.7% from the prior year while medical tape product sales increased by 37.9% and therapeutic product sales increased by 28.2%. The conductive and medical tape sales increases for the first six months were primarily due to the same factors as the sales increases for the second quarter. The therapeutic sales increase for the first six months of fiscal 1998 was primarily the result of increased analgesic patch sales volume in the first quarter which more than offset decreased sales of corn, callous and wart remover products.

GROSS PROFIT

Gross profit for the second quarter of fiscal 1998 was $946,570 compared to $1,089,527 for the second quarter of fiscal 1997. Gross profit as a percent of net sales for the second quarter of fiscal 1998 was 28.6% compared to 36.0% for the second quarter of fiscal 1997. The decrease in gross profit percent for the quarter resulted primarily from a shift in labor costs from research and development to manufacturing, and a shift in the sales mix from higher margin conductive and therapeutic products to lower margin medical tape products.

Gross profit for the first six months of fiscal 1998 was $2,155,429 compared to $2,164,616 for the first six months of fiscal 1997. Gross profit as a percent of net sales for the first six months of fiscal 1998 was 31.1% compared to 36.1% for the first six months of fiscal 1997. The decrease in gross profit percent for the first six months resulted primarily from a shift in the sales mix from higher margin conductive and therapeutic products to lower margin medical tape products, a shift in labor costs from research and development to manufacturing, and increased overtime and incentive labor costs necessary to meet peak production levels.

SALES AND MARKETING EXPENSES

Sales and marketing expenses were $244,879 and $145,579 for the second quarters of fiscal 1998 and 1997, and as a percentage of net sales, were 7.4% and 4.8%. Sales and marketing expenses were $505,224 and $255,141 for the first six months of fiscal 1998 and 1997, and as a percentage of net sales, were 7.3% and 4.3%.

The increase in sales and marketing expense for both the quarter and the first six months was primarily due to staffing level increases and increased sales promotion and consulting expenses. The Company anticipates that due to increased sales and marketing efforts, future sales and

marketing expense as a percent of sales will be comparable to the second quarter and first six months of fiscal 1998.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were $470,347 and $736,578 for the second quarters of fiscal 1998 and 1997, and as a percentage of net sales, were 14.2% and 24.3%. General and administrative expenses were $1,001,693 and $1,180,232 for the first six months of fiscal 1998 and 1997, and as a percentage of net sales, were 14.4% and 19.7%. The decrease in general and administrative expenses for both the quarter and the first six months was primarily due to lower legal fees associated with Pharmadyne, lower fees associated with executive recruitment and no goodwill amortization.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the second quarters of fiscal 1998 and 1997 were $261,737 and $411,726, and as a percentage of net sales, were 7.9% and 13.6%. Research and development expenses for the first six months of fiscal 1998 and 1997 were $508,329 and $911,928, and as a percentage of net sales, were 7.3% and 15.2%. The decrease in research and development expense for both the quarter and first six months primarily reflects reductions in research costs associated with the internal development of the cotinine-based smoking cessation product as well as a shift in labor costs to manufacturing as discussed above. The Company is pursuing potential strategic partners to assist in the further development and potential ultimate commercialization of a cotinine-based pill.

OTHER INCOME (EXPENSE)

Other income increased in the second quarter of fiscal 1998 to $12,623 from $1,347 in the second quarter of 1997. The increase in other income for the quarter was primarily due to increased interest income. Other income decreased in the first six months of fiscal 1998 to $21,417 from $41,304 in the first six months of fiscal 1997. Other income was lower in fiscal 1998 primarily due to a gain on the sale of equipment present in fiscal 1997.

EARNINGS (LOSS) BEFORE INCOME TAXES AND EQUITY IN LOSSES OF UNCONSOLIDATED SUBSIDIARY

The loss before income taxes and equity in losses of an unconsolidated subsidiary was $17,770 for the second quarter of fiscal 1998 compared to a loss of $203,009 for the second quarter of 1997. The loss for the current quarter was less than the prior year primarily due to decreased operating expenses which more than offset a decline in the gross margin. For the first six months of fiscal 1998 earnings before income taxes and equity in losses of an unconsolidated subsidiary were $161,600 as compared to a loss before income taxes and equity in losses of an unconsolidated subsidiary of $141,381 in the prior year. Earnings for the first six months of the current year, as compared to a loss in the prior year, were also primarily the result of decreased operating expenses which more than offset a decline in the gross profit percent.

INCOME TAX EXPENSE (BENEFIT)

The Company recorded an income tax benefit of $19,677 in the second quarter of fiscal 1998 compared to income tax expense of $913 in 1997. For the first six months of fiscal 1998 the Company recorded income tax expense of $8,000 compared to income tax expense in the first six months of the prior year of $2,316. Amounts recorded in the second quarter and first six months of both fiscal years reflect minimal income tax expense due to the utilization of NOL carryforwards.

EQUITY IN LOSSES OF UNCONSOLIDATED SUBSIDIARY

In fiscal 1996, the Company contributed the direct marketing related assets of Pharmadyne Corporation to Natus L.L.C. (an Arizona limited liability company) in exchange for a 15% interest in Natus L.L.C. This

investment was accounted for using the equity method. During the second quarter and first six months of fiscal 1997, the Company recorded $60,402 and $83,243 of equity in the losses of Natus L.L.C. The investment in Natus L.L.C. was fully written off in the third quarter of fiscal 1997.

EFFECT OF INFLATION

Inflation has not had a significant impact on the Company as it has generally had an immaterial impact on the costs of materials and other expenses.

NET EARNINGS (LOSS) PER SHARE

On December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128 - "Earnings per Share" ("SFAS 128"). As required by SFAS 128, all current and prior year net earnings (loss) per share data have been restated to conform to the provisions of SFAS 128.

LIQUIDITY AND CAPITAL RESOURCES

During the first six months of fiscal 1998 cash and cash equivalents increased by $919,157 to $1,584,347 at December 31, 1997. Short and long-term investments decreased by $411,521 to $174,079 during the first six months of fiscal 1998 due primarily to the sale of investments. Trade accounts receivable increased by $500,069 to $2,679,053 during the first six months of fiscal 1998 due primarily to increased sales in the month of December. Refundable income taxes decreased by $328,594 due to receipt of an income tax refund in October 1997. Accounts payable increased by $322,452 to $1,102,151 during the first six months of fiscal 1998 primarily due to a planned increase in the average number of days outstanding before payment. Capital spending for plant renovations, upgrades and various equipment totaled $270,512 for the first six months of fiscal 1998. There were no material commitments for capital expenditures at December 31, 1997.

Working capital, at the end of the first six months of fiscal 1998, had increased to $5,696,198 from $4,035,084 at the end of fiscal 1997. The Company had a current ratio at the end of the first six months of fiscal 1998 of 4.2 as compared to 2.4 at the end of fiscal 1997. The increase in working capital and improved current ratio as of December 31, 1997 resulted primarily from the reduction of the accrued restructuring charge at June 30, 1997 due to the issuance of LecTec Corporation common stock to the Pharmadyne minority shareholders. (See note 2 of the Notes to Consolidated Financial Statements.)

The Company had no short or long-term debt as of December 31, 1997. During August 1997, the Company obtained an unsecured $1,000,000 working capital line of credit which expires in September 1998. The previous working capital line of credit expired January 1, 1997. There were no borrowings outstanding on the line of credit during the first six months of fiscal 1998 nor during all of fiscal 1997. Shareholders' equity increased by $1,543,898 to $10,331,642 during the first six months of fiscal 1998 due primarily to the issuance of LecTec Corporation common stock in connection with the acquisition of the minority interest in Pharmadyne Corporation. (See note 2 of the Notes to Consolidated Financial Statements.)

Management believes that internally-generated cash-flow and the existing short-term line of credit will be sufficient to support anticipated operating and capital spending requirements for the remainder of fiscal 1998.

FORWARD-LOOKING STATEMENTS

From time to time, in reports filed with the Securities and Exchange Commission, 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", "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 buying patterns of major customers; competitive forces including new products or pricing pressures; costs associated with and acceptance of the Company's new brand strategy; impact of interruptions to production; dependence on key personnel; need for regulatory approvals; changes in governmental regulatory requirements or accounting pronouncements; and ability to satisfy funding requirements for operating needs, expansion or capital expenditures.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None.

Item 2. CHANGES IN SECURITIES

There have been no changes in the rights of security holders.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

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

The Regular Annual Meeting of Shareholders of the Company was held *on November 20, 1997. The following matters were voted on by Shareholders:*

1. *The election of seven directors to serve on the Board of Directors for a term of one year and until their successors are duly elected and qualified.*

2. *The ratification of the appointment of Grant Thornton LLP as the Company's independent auditor for the Company's current fiscal year.*

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

1. *Board of Directors:*

	For	Withhold Authority	Total
Lee M. Berlin	2,960,495	519,052	3,479,547
Alan C. Hymes, M.D.	3,407,538	72,009	3,479,547
Paul O. Johnson	2,975,333	504,214	3,479,547
Bert J. McKasy	3,437,282	42,265	3,479,547
Marilyn K. Speedie, Ph.D.	3,444,307	35,240	3,479,547
Donald C. Wegmiller	3,444,327	35,220	3,479,547
Rodney A. Young	3,442,548	36,999	3,479,547

2. *Appointment of Grant Thornton LLP as independent auditor for the Company:*

For	Against/ Abstain	Total
3,432,768	46,779	3,479,547

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Financial data schedule.

(b) REPORTS ON FORM 8-K

None.

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 February 13, 1998 *.../s/ Rodney A. Young*

Rodney A. Young, Chief Executive Officer & President

Date February 13, 1998 */s/ Deborah L. Moore*

Deborah L. Moore, Chief Financial Officer

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