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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 18, 2009

LECTEC CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota	0-16159	41-1301878
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
1407 South Kings Highway, Texarkana, Texas		75501
(Address of Principal Executive Offices)		(Zip Code)

Registrant's telephone number, including area code:

Not Applicable

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

In July 2008, LecTec Corporation (the “*Company*”) filed a complaint for patent infringement against Johnson & Johnson Consumer Companies, Inc. (“*JJCC*”) and four other defendants in the U.S. District Court for the Eastern District of Texas. On December 18, 2009, the *Company* entered into a Settlement Agreement and Mutual Release (the “*Settlement Agreement*”) with *JJCC* to settle the *Company*’s claims against *JJCC* that *JJCC* infringed two of the *Company*’s patents (“*Patents–In–Suit*”) related to the *Company*’s medicated patch technology (the “*Litigation*”).

Pursuant to the Settlement Agreement, *JJCC* will pay the *Company* a one–time sum of \$1,200,000 and the *Company* will grant to *JJCC* a fully paid–up, world–wide, non–exclusive and irrevocable license to (a) the *Patents–In–Suit*, (b) any patent that claims priority, directly or indirectly, from the *Patents–In–Suit* (the “*Family Patents*”), including, without limitation, U.S. Patent Nos. 6,096,333, 6,096,334 and 6,361,790, (c) any foreign counterparts of the *Patents–In–Suit* or any of the *Family Patents* to make, have made, sell, offer for sale, use, import, export or otherwise dispose of any apparatus, method, product, component, service, product by process or any device associated with *JJCC* or its subsidiaries, affiliates or other controlled entities, for the past, present and future until the expiration of the last patent described above and (d) any patents that the *Company* owns or currently has an interest in to make, have made, sell, offer for sale, use, import, export or otherwise dispose of any non–prescription, non–occlusive medicated hydrogel patch products that are used to alleviate pain (a “*Patch Product*”) associated with *JJCC* (collectively, the *License Grant*); *provided, however*, that the License Grant under clauses (a), (b) and (c) above excludes over–the–counter vapor patches which emit vapors that provide cough and cold relief when inhaled, and prescription, non–occlusive, medicated hydrogel patch products that are used to alleviate pain.

In addition, under the Settlement Agreement: (w) the *Company* agreed to release, acquit and discharge *JJCC* and its direct and indirect customers and distributors from all claims, duties, obligations and causes of action relating to any matters of any kind, including those related to *JJCC*’s making, using, importing, selling or offering to sell Patch Products and the matters alleged in the Litigation; (x) *JJCC* agreed to release, acquit and discharge the *Company* and its direct and indirect customers and distributors from all claims, duties, obligations and causes of action relating to any matters of any kind, including any matters connected in any way with Patch Products sold by *JJCC* and the matters alleged in the Litigation; (y) the *Company* agreed not to assign or otherwise transfer the patents described above in the License Grant until the transferee agrees in writing to be bound by such licenses; and (z) *JJCC* agreed not to challenge or assist in any way in challenging the validity or enforceability of the *Patents–In–Suit*, any *Family Patent* or any foreign counterparts of the *Patents–In–Suit* or any of the *Family Patents*.

The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by reference to the Settlement Agreement, which will be filed as an exhibit to the *Company*’s Annual Report on Form 10–K for the year ended December 31, 2009.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 21, 2009, the Board of Directors of the Company authorized the payment of a \$10,000 bonus to Mr. Sanford M. Brink, a \$100,000 bonus to Mr. Andrew Rollwagen, and a \$60,000 bonus to Dr. Daniel C. Sigg, each of whom is a non-employee, non-executive director of the Company, and a \$75,000 bonus to Mr. William Johnson, the Company's Controller and current sole employee.

On December 21, 2009, the Board of Directors of the Company determined that, in connection with becoming the Company's full-time Chief Executive Officer, as of January 1, 2010, Mr. Judd A. Berlin will be entitled to: (a) an annual base salary in the amount of \$240,000; (b) a one-time payment of \$200,000 in recognition of Mr. Berlin's long service to the Company without compensation and the Company's recent settlement of the litigation with Endo Pharmaceuticals, Inc.; (c) reimbursement for reasonable travel and other business-related expenses incurred by Mr. Berlin in the ordinary course of performing his duties as the Company's Chief Executive Officer; (d) a monthly allowance of \$1,000 for office facilities, administrative support and international communication systems required by Mr. Berlin in the performance of his duties; and (e) reimbursement in the amount of \$30,000 if, in the course of performing his duties as the Company's Chief Executive Officer, Mr. Berlin is required to be physically present in the United States for more than 30 days within any calendar year and consequently is required to forfeit the benefit of the Foreign Earned Income Exclusion under the U.S. Internal Revenue Code of 1986, as amended, that Mr. Berlin otherwise would be entitled to.

On December 21, 2009, the Board of Directors of the Company also determined that, as of January 1, 2010, Dr. Daniel C. Sigg, a current member of the Company's Board of Directors, will commence employment as the Company's Chief Scientific Officer. In connection with his appointment as the Company's Chief Scientific Officer, Dr. Sigg will be entitled to: (a) an annual base salary in the amount of \$155,000; (b) a one-time stipend of \$1,500 for expenses related to Dr. Sigg's establishment of a home office; and (c) reimbursement for reasonable travel and other business-related expenses incurred by Dr. Sigg in the ordinary course of performing his duties as the Company's Chief Executive Officer. In addition, Dr. Sigg agreed to exercise his COBRA benefits upon his departure from his previous employer or to obtain healthcare benefits through his spouse's employer, and the Company agreed to reimburse Dr. Sigg for his incremental out-of-pocket costs related to such benefits until the shorter of the expiration of his COBRA coverage or coverage through his spouse's employer, or until such time as the Company has established its own benefit plan, provided that Dr. Sigg is still an employee of the Company at that time.

Item 8.01. Other Events.

On December 21, 2009, the Board of Directors of the Company declared a special cash dividend of \$1.00 per share to all shareholders of record as of January 29, 2010, and payable on February 12, 2010.

On December 22, 2009, the Company released an open letter (the "*Letter*") to its shareholders regarding current developments at the Company, including those described in this Current Report on Form 8-K. The press release publishing the *Letter* is filed with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 LecTec Corporation Press Release, dated December 22, 2009.

SIGNATURE

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 hereunto duly authorized.

LECTEC CORPORATION

By: /s/ Judd A. Berlin

Judd A. Berlin
Chief Executive Officer and Chief Financial Officer

Date: December 22, 2009

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	LecTec Corporation Press Release, dated December 22, 2009.

LecTec Corporation

1407 South Kings Highway
Texarkana, Texas 75501

Contact: Bill Johnson, Controller (903-832-0993)

LecTec Corporation Releases Open Letter to Shareholders

December 22, 2009 — **Texarkana, Texas** — **LecTec Corporation (OTCBB: LECT)** announced today that it has issued the following open letter from Judd Berlin, the Chief Executive Officer of LecTec, to its shareholders regarding current developments at the Company:

December 22, 2009

Dear Shareholders of LecTec:

Today your company is in the best condition ever in its 32-year history. We have no debt and sufficient resources to support a bright future.

2009 could have ended in disaster had our litigation strategy failed. We were running out of cash and facing undesirable financing options that could have resulted in substantial dilution of shareholder value. The \$23 million settlement with Endo Pharmaceuticals just days before the preliminary injunction hearing allowed us to avoid shareholder dilution and to use LecTec's \$12.3 million federal net operating loss carry forward against taxable income this year.

Today we are pleased to announce that LecTec has reached a settlement with Johnson & Johnson Consumer Companies, Inc. in our outstanding patent litigation related to LecTec's U.S. Patent Nos. 5,536,263 and 5,741,510. Johnson & Johnson has agreed to make a one-time, \$1.2 million payment to LecTec for a non-exclusive license to these two patents, and any other LecTec patents that claim priority from these two patents, for use in connection with any product or process sold or used by Johnson & Johnson Consumer Companies, other than products covered by exclusive licenses previously granted to other companies. Our objective was to settle amicably with Johnson & Johnson Consumer Companies, and we achieved that.

Litigation against the remaining defendants continues and \$1 million has been allocated for expenses to reinforce aggressive strategies through our January 2011 trial date and beyond. I hope you understand it would be detrimental to comment further and disclose ongoing litigation strategies in an open letter such as this.

For the first time in many years, LecTec can finally plan its future. Our plan for 2010 is threefold. First, we plan to invest in our existing intellectual property (IP) portfolio with priority on developing a hand sanitizing patch. Second, we plan to seek and consider M&A opportunities. Third, we plan to recruit talented, qualified and globally competitive executives to take LecTec forward.

This year's H1N1 scare heightened public awareness about hand cleanliness, but mothers have long known about the importance of washing hands. Mothers all over the world struggle each day to keep their children's hands clean and safe, but there is no safe hand sanitizer on the market today. Alcohol based liquid hand sanitizers are too hazardous for children to use without adult supervision. Our R&D priority will be to develop a hand sanitizing product that is safe and effective for children.

To give R&D a running start, LecTec Board member Dr. Daniel Sigg, MD, PhD. will become Chief Scientific Officer of the Company on a full-time basis starting January 1, 2010. Dr. Sigg will lead hand sanitizing patch R&D and as a first step begin testing suitable dry bactericidal and antimicrobial materials. Dr. Sigg has significant clinical experience with both academic and industrial R&D. We may also joint venture our hand sanitizing patch technology with a leading topical patch manufacturer and a leading distributor of hand sanitizing products. Dr. Sigg will also critically evaluate LecTec's current IP portfolio for potential additional R&D, licensing or other business opportunities. Dr. Sigg has significant IP expertise, not only as inventor of over 20 US patents, but also in IP portfolio assessment and strategy.

Our M&A activities will be wide ranging and not confined to the topical patch industry. We are carefully monitoring the FDA's expected monograph ruling on topical pain patches, which could force LecTec and most others to abandon the pain patch market. We plan to retain global M&A specialists to support our efforts.

I have served LecTec without pay as a Director for over 6 years and as CEO for 3 years, and today stand committed to continue as CEO, but with pay, until March 2011 to see LecTec through the trial in our patent litigation. LecTec now has the ability to attract top talent worldwide. Our management succession plan includes retaining a multinational executive search firm to help identify, recruit and hire the best possible people to run this company by March 2011 or sooner.

LecTec's good fortune should be shared by all who have invested money, time and sweat in this enterprise. Your Board has spent weeks agonizing over consideration of the appropriate amounts for a cash dividend for shareholders and cash remuneration for the Company's Directors and management. Our decision may not please everyone, but we remain confident our decision puts shareholder value first.

For the Directors and management of LecTec other than me, who have guided your company from rags to riches, the Board has determined to allocate a total of \$245,000 in bonuses. I will not participate in these bonus payments, however, the Board has decided to authorize a one time payment of \$200,000 to me in recognition of the over 6 years of service I have rendered to LecTec without any compensation.

For you, the patient shareholders, the Board has authorized a cash dividend of \$1.00 per share payable on February 12, 2010 to shareholders of record on January 29, 2010. Next year, assuming our threefold plan for 2010 starts to materialize favorably, we plan to consider the declaration of an additional cash dividend.

Finally, I apologize for the long lapses in communications and shareholder meetings. There was nothing that could be disclosed about ongoing litigation and there was little else to plan, say or do considering the impact of our daunting cash constraints. Shareholder meetings are costly events, and so we decided it was in best interest of shareholders to forego a meeting in 2009. We plan to hold a shareholders meeting in September 2010, the date and place to be announced on or before June 30, 2010. These dates allow us to get past our May 2010 Markman hearing in the patent litigation before fixing the date and location of a shareholders meeting. In the meantime, we will communicate with our shareholders as noteworthy events occur.

I am deeply grateful to those shareholders who stood patient and supportive during the rough patches LecTec endured over the years. We now have the resources to make things happen and I am fully committed to increasing value for all LecTec shareholders. Best wishes to you and your family for the holiday season and new year. We all have much to be thankful for.

Sincerely,

Judd Berlin, CEO

About LecTec Corporation

LecTec Corporation is an intellectual property licensing and holding company. The Company's primary focus is to derive royalty and other income from patents that the Company owns based on its advanced skin interface technologies. The Company was an innovator in hydrogel-based topical delivery of therapeutic over-the-counter medications, which provide alternatives to topical creams and ointments. 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. The Company holds multiple domestic and international patents on its hydrogel technology.

Cautionary Statements

This press release contains 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 Company’s pending patent infringement litigation against Chatten, Inc. (NASDAQ: CHTT) and Prince of Peace Enterprises, Inc., the issuance of new accounting pronouncements, information disseminated on internet message boards from posters expressing opinions that may or may not be factual, the availability of opportunities for licensing agreements related to patents that the Company holds, limitations on market expansion opportunities, the inclusion of a “going-concern” qualification in the Company’s Form 10-K for the year ended December 31, 2008 from the Company’s independent registered public accounting firm, and other risks and uncertainties detailed from time to time in the Company’s filings with the Securities and Exchange Commission, and particularly as described in the “Risk Factors” included in our Form 10-K for the year ended December 31, 2008.