

# LecTec Corporation Announces First Quarter Results, Completion of Hand Sanitizer Patch Prototype and Management Changes

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TEXARKANA, Texas--(BUSINESS WIRE)--LecTec Corporation (OTCBB:[LECT](#) - [News](#)) announced today that it has released its 2010 first quarter financial information, has completed a prototype of its hand sanitizer patch and is in the process of certain management changes. LecTec's cash and cash equivalents decreased \$5,586,555 for the three month period ended March 31, 2010, to \$10,179,552 from that at December 31, 2009. The decrease in cash and cash equivalents resulted primarily from cash dividend payments of \$4,298,350 and from current operating expenses of \$394,475 for the first quarter. Royalty income was \$19,529 for first quarter, a decrease of \$22,578 from first quarter 2009. Such decrease in revenue was primarily due to a decrease in royalty income resulting from the continued trend of lower sales by Novartis of its patch products using LecTec licensed intellectual property.

On May 16, 2010, LecTec's Board of Directors approved certain management changes intended to strengthen its capabilities and align resources to accomplish LecTec strategic goals. These changes coincide with LecTec's evaluation of its intellectual property portfolio and LecTec's refocused business strategy. LecTec's strategy is focused on four major areas: (1) continue limited research and development on its hand sanitizer patch and the initial prototype thereof and engage a strategic partner to complete the hand sanitizer patch development and bring it to market; (2) further monetization, if possible, of LecTec's intellectual property portfolio, excluding the hand sanitizer patch, through licensing, selling or engaging strategic partners for all or a portion of the hydrogel IP; (3) support LecTec's current litigation strategy; and (4) pursue merger/acquisition opportunities.

Management changes will result in Mr. Judd Berlin, LecTec's current Chief Executive Officer and Chief Financial Officer and the Chairman of LecTec's Board of Directors stepping down as Chief Executive Officer and Chief Financial Officer. Mr. Berlin will remain Chairman of the Board of Directors and be engaged to evaluate opportunities in Asia and support efforts regarding the development of LecTec's IP portfolio and the protection thereof. Mr. Greg Freitag will become LecTec's new Chief Executive Officer and Chief Financial Officer, and will be appointed to the Board of Directors. Dr. Daniel C. Sigg, Chief Scientific Officer and a member of the Board of Directors, will reduce his efforts from full-time to half-time, and will remain a member of the Board of Directors. Since Dr. Sigg was appointed as Chief Scientific Officer, he has made significant progress in evaluating LecTec's IP portfolio, pursuing the development of expanding the IP around and developing a prototype of, the hand sanitizer patch product. With regard to the hand sanitizer patch, Dr. Sigg has led the screening, identification, testing and subsequent selection of dry technologies suitable for an anti-microbial hand sanitizer patch application. Subsequent bench testing of multiple antimicrobial technologies demonstrated significant antimicrobial efficacy in the laboratory of at least two technologies, with additional technologies still under evaluation. As a result of Dr. Sigg's progress, and LecTec's strategic focus LecTec and Dr. Sigg determined that Dr. Sigg can perform his duties at less than a full time commitment.

The change in Dr. Sigg's status is effective immediately. The transition of the Chief Executive Officer and Chief Financial Officer roles from Mr. Berlin to Mr. Freitag is expected to take place in the very near future upon completion of the documentation and approval of the compensation arrangements for Mr. Berlin and Mr. Freitag. As currently contemplated, neither Mr. Berlin nor Mr. Freitag will be

entitled to any long-term guaranteed compensation after the management transition.

LecTec believes that Mr. Freitag's experience in senior leadership at life science companies, both large and small, and his significant experience in business operations and business transactions, which includes collaborations, finance, licensing, co-development, supply arrangements and mergers and acquisition and business formation, makes Mr. Freitag well suited to serve as LecTec's Chief Executive Officer and Chief Financial Officer and as a member of its Board of Directors. Mr. Freitag currently works for FreiMc, LLC, a consulting and advisory firm founded by Mr. Freitag which provides strategic guidance and business development advisory services. Mr. Freitag also founded and currently works for EmployRx, Inc., a business which provides services to self-insured employers relating to prescription drug benefits. Prior to founding FreiMc, LLC and EmployRx, Inc., Mr. Freitag was the Director of Business Development at Pfizer Health Solutions, a former subsidiary of Pfizer, Inc. Mr. Freitag has also worked for Guidant Corporation in their business development group, was Chief Executive Officer of HTS Biosystems, a biotechnology tools start-up company, and the Chief Operating Officer, Chief Financial Officer and general counsel of Quantech, Ltd., a public point of care diagnostic company. Mr. Freitag has his J.D., having practiced corporate law in Minneapolis, Minnesota and is a certified public accountant.

### **About LecTec Corporation**

LecTec is an intellectual property ("IP") licensing and holding company with approximately \$10,000,000 in cash at March 31, 2010. LecTec holds multiple domestic and international patents based on its original hydrogel patch technology and has also filed for a provisional patent for its hand sanitizer patch. The LecTec hydrogel patch technology allows for a number of potential applications, while its hand sanitizer patch is a consumer product which kills targeted infectious organisms and is intended to be dry, thereby rendering the patch harmless in the event that it is licked, chewed or exposed to the eye. An initial prototype of the LecTec hand sanitizer patch has been developed. Although LecTec is conducting limited research and development on its hand sanitizer patch, it intends to engage a strategic partner to complete the hand sanitizer patch development and bring it to market. LecTec also has a licensing agreement ("Novartis Agreement" or "Agreement") with Novartis Consumer Health, Inc. ("Novartis"), which pays royalties to LecTec from time to time, within the terms of the Agreement, based upon a percentage of Novartis' net sales of licensed products. LecTec takes legal action as necessary to protect its IP and is currently involved in two patent infringement actions. Finally, LecTec is pursuing a merger/acquisition strategy with the intent to leverage its cash asset and improve shareholder liquidity.

### **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 Chattem, Inc. (NASDAQ:[CHTT](#) - [News](#)) 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 license, sale or strategic partner agreements related to patents that the Company holds, limitations on market expansion opportunities, 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, 2009.