

LecTec Corporation Announces Second Quarter Results

August 16, 2010

TEXARKANA, Texas--([BUSINESS WIRE](#))--**LecTec Corporation (OTCBB: LECT)** announced today that it has released its 2010 second quarter financial information. LecTec's cash and cash equivalents decreased \$6,132,024 for the six month period ended June 30, 2010, to \$9,634,083 from cash and cash equivalents of \$15,766,107 at December 31, 2009. The decrease in cash and cash equivalents resulted primarily from cash dividend payments of \$4,298,350 in the first quarter and operating expenses. Operating expenses for the second quarter 2010 were \$341,877, including a non-cash compensation charge of \$26,156, as compared to \$394,475 in the first quarter 2010. Royalty income was \$3,254 for the second quarter, a decrease of \$7,057 from second quarter 2009. Such revenue decrease is a result of the continued trend of lower sales by Novartis of its patch products using LecTec licensed intellectual property. Interest income was \$4,235 in the second quarter.

Greg Freitag, LecTec's CEO stated: "We are taking actions to reduce our core operating expenses and believe they will continue to trend lower through the rest of this year. Operating expenses relating to litigation and M&A activity, however, will continue to fluctuate based upon activity in a particular quarter. In addition, we have, and will continue, to take action to try to increase interest returns on cash, however, we do not believe there will be a significant positive change in the foreseeable future due to historically low interest rates. However, we have been able to receive slighter higher rates on a portion of our cash asset in accounts that are FDIC insured."

About LecTec

LecTec is an intellectual property ("IP") licensing and holding company with approximately \$9.6M in cash at June 30, 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, including its previously marketed TheraPatch® products, while its anti-microbial hand sanitizer patch 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 hand sanitizer patch has been developed and LecTec intends to engage a strategic partner to complete its hand sanitizer patch development and bring it to market. LecTec also has a licensing agreement ("Novartis Agreement") with Novartis Consumer Health, Inc., which pays royalties to LecTec from time to time, within the terms of the Novartis 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 value and liquidity. The Company's website is www.lectec.com.

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. 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.

Contacts

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