

GARY A. SICONOLFI

GOOD EVENING, FELLOW TORVEC SHAREHOLDERS!!!!

I AM GARY SICONOLFI, CHAIRMAN OF YOUR BOARD OF DIRECTORS. I WOULD LIKE TO EXTEND TO YOU A CORDIAL WELCOME TO OUR ANNUAL MEETING OF SHAREHOLDERS. IT IS ALWAYS AMAZING TO ME THAT, NO MATTER HOW HORRIBLE THE WEATHER, OUR ATTENDANCE IS ALWAYS FANTASTIC. ON BEHALF OF THE BOARD, I WANT TO THANK YOU ALL.

IT IS MY GREAT PLEASURE TO RECOGNIZE YOUR OTHER BOARD MEMBERS:

**DANIEL BICKEL
HERB DOBBS
DAVID FLAUM
JIM GLEASMAN
KEITH GLEASMAN
JOE RIZZO**

THE AGENDA FOR TONIGHT'S MEETING IS VERY STRAIGHTFORWARD:

FIRST, TORVEC'S SECRETARY, DR. HERBERT DOBBS, WILL CONDUCT THE BUSINESS PORTION OF THE MEETING.

SECOND, JIM AND KEITH WILL DISCUSS THE CURRENT STATUS

OUR TECHNOLOGY AND OUR ONGOING BUSINESS PROJECTS.

**FINALLY, AS HAS BEEN OUR TRADITION, JIM WILL ANSWER
ALL OF YOUR QUESTIONS AND THEN, WE WILL END THE MEETING.**

WITH THAT, LET'S LEAD OFF WITH HERB-----

DR. HERBERT H. DOBBS

GOOD EVENING, FELLOW SHAREHOLDERS. I AM DR. HERBERT H. DOBBS, TORVEC'S SECRETARY. I HAVE THE PLEASURE TONIGHT TO ANNOUNCE THAT THE REQUISITE NUMBER OF COMMON SHARES ARE PRESENT IN PERSON OR BY PROXY TO CONSTITUTE A QUORUM FOR THE CONDUCT OF BUSINESS TONIGHT.

YOU WILL RECALL THAT THERE WERE TWO ITEMS TO BE VOTED UPON AT TONIGHT'S MEETING.

FIRST, THE RE-ELECTION OF YOUR DIRECTORS.

I AM DELIGHTED TO TELL YOU THAT ALL OF THE DIRECTORS RECOMMENDED BY OUR NOMINATING COMMITTEE FOR YOUR APPROVAL ----- DANIEL R. BICKEL, HERBERT H. DOBBS, DAVID M. FLAUM, JAMES Y. GLEASMAN, KEITH E. GLEASMAN, JOSEPH B. RIZZO, AND GARY A. SICONOLFI ----- HAVE BEEN REELECTED FOR ANOTHER TERM AS YOUR DIRECTORS, WHICH EACH DIRECTOR RECEIVING OVER 98% OF THE

TOTAL VOTES CAST.

SECOND, THE APPOINTMENT OF EISNER LLP.

I AM ALSO PLEASED TO ANNOUNCE THAT THE AUDIT COMMITTEE'S APPOINTMENT OF EISNER LLP AS TORVEC'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDED DECEMBER 31, 2007 HAS BEEN RATIFIED BY OVER 99% OF THE VOTES CAST. AT THIS TIME, I WOULD LIKE TO INTRODUCE MICHAEL GAWLEY, THE PARTNER-IN-CHARGE OF TORVEC AT EISNER.

AS A LONG TIME TORVEC SHAREHOLDER, I WOULD AGAIN LIKE TO THANK ALL OF OUR SHAREHOLDERS FOR YOUR CONTINUED SUPPORT. THIS SUPPORT IS DEMONSTRATED IN THREE WAYS:

FIRST, THE NUMBER OF VOTES CAST AT OUR ANNUAL MEETING IS UNPRECEDENTED----- 31,461,842 COMMON SHARES VOTED OUT OF A POSSIBLE 31,624,767 COMMON SHARES AUTHORIZED TO VOTE [99.48%].

SECOND, THE OVERWHELMING NUMBER OF VOTES CAST FOR OUR BOARD OF DIRECTORS BY NONAFFILIATED, I.E. INDEPENDENT SHAREHOLDERS, OVER 17,700,000 COMMON SHARES VOTED FOR YOUR CURRENT MANAGEMENT OUT OF 18,100,000 TOTAL VOTES CAST [98%].

THIRD, THE NUMBER OF SHAREHOLDERS HERE TONIGHT--- ONCE AGAIN, WE HAVE A GREAT CROWD IN ATTENDANCE, DESPITE THE ADVERSE WHEATHER CONDITIONS.

MY NEXT DUTY, AS IS CUSTOMARY, IS TO READ TORVEC'S SAFE HARBOR STATEMENT:

“ The statements made and the information presented at tonight’s annual meeting of common shareholders contain ‘forward-looking statements’ that are based upon current expectations, estimates and projections about the company and its plans for future operations as well as management’s beliefs and assumptions.

These statements therefore should not be relied upon as a guarantee of future events, future economic performance and future operations. The implementation of such statements involve certain risks, uncertainties, assumptions and decisions by others which are outside of management’s control. Therefore, actual outcomes and results may differ materially from what is stated tonight.

The company undertakes no obligation to update publicly any forward looking statement, whether as a result of new information, future events or otherwise.”

**THIS CONCLUDES THE BUSINESS PORTION OF OUR MEETING
TONIGHT. THANK YOU FOR YOUR PARTICIPATION.**

**I NOW RETURN THE MEETING TO OUR CHAIRMAN,
GARY SICONOLFI.**

JAMES Y. GLEASMAN

THANK YOU, GARY.

**I WOULD LIKE TO SECOND HERB
DOBBS' COMMENTS ABOUT YOUR SUPPORT OVER THE YEARS.**

**IT HAS BEEN TRULY OUTSTANDING AND ALL OF US ARE
VERY GRATIFIED FOR YOUR CONTINUED CONFIDENCE, NOT ONLY IN OUR
TECHNOLOGIES, BUT IN YOUR MANAGEMENT AND YOUR BOARD OF
DIRECTORS.**

**I KNOW THAT ALL OF YOU, BEING SHAREHOLDERS,
ARE INTERESTED IN THE PRICE OF OUR STOCK AND THAT SOME OF YOU
FOLLOW THE FLUCTULATIONS OF TORVEC STOCK ON A DAILY,
ALMOST HOURLY BASIS.**

**AT THE VERY OUTSET OF TONIGHT'S MEETING,
I WANT TO ASSURE ALL OF YOU THAT ALL OF OUR EFFORTS AT
TORVEC ARE FOCUSED UPON BUILDING A COMPANY TO INCREASE THE
VALUE OF YOUR SHARES.**

**AT THE SAME TIME, WE ARE ALSO KEENLY AWARE
THAT OUR STOCK PRICE ON ANY GIVEN DAY --- AND WHETHER THE PRICE IS**

UP OR DOWN--- DOES NOT REFLECT THE INHERENT VALUE OF TORVEC.

TONIGHT, KEITH AND I WILL BE UPDATING YOU ON THE STATUS OF NUMEROUS PROJECTS WHICH NOT ONLY ARE GENERATING IMMEDIATE REVENUE BUT ALSO PROVIDE US WITH VERY REAL OPPORTUNITIES FOR SUBSTANTIAL EARNINGS OVER THE NOT TOO DISTANT FUTURE.

WHILE I AM SURE YOU WILL FIND A LOT TO BE EXCITED ABOUT, PLEASE BEAR IN MIND THAT OUR PROGRESS ---- NO MATTER HOW SIGNIFICANT -----HAS NOT BEEN AND MAY VERY WELL NOT BE REFLECTED IN OUR DAILY STOCK PRICE----- THAT MAY HAPPEN ONLY WHEN WE ANNOUNCE A TRANSACTION WHICH HAS THE POTENTIAL TO GENERATE A SIGNIFICANT AMOUNT OF REVENUE FOR TORVEC.

IN THIS REGARD, TORVEC IS NOT UNIQUE.

MOST, IF NOT ALL, PARADIGM-SHIFTING TECHNOLOGY COMPANIES FIRST START OUT WITH AN EXTREMELY VOLITAL STOCK PRICE WHICH DOES NOT TRULY REFLECT THE VALUE OF THE COMPANY UNTIL A SIGNIFICANT, REVENUE-PRODUCING EVENT OCCURS.

IT IS AT THAT TIME THAT SHAREHOLDERS ARE REWARDED FOR THE RISKS THEY HAVE TAKEN ----- THIS IS NO DIFFERENT THAN

**WHAT WAS EXPERIENCED BY SHAREHOLDERS WHO EARLY ON INVESTED IN,
TO NAME A FEW, MICROSOFT, DELL AND INTEL.**

**EACH OF THESE COMPANIES TOOK AT LEAST EIGHT TO TEN
YEARS BEFORE THEY BECAME OVERNIGHT SUCCESSES.**

**SO, AT THE VERY OUTSET OF OUR PRESENTATION TONIGHT,
I WOULD LIKE TO CONGRATULATE ALL OF YOU SHAREHOLDERS FOR YOUR
DEDICATED, UNWAVERING AND ENTHUSIASTIC SUPPORT OVER THE YEARS---
----- I TRULY BELIEVE YOUR PATIENCE WILL PAY OFF HANDSOMELY.**

**THIS YEAR, WE ARE GOING TO DO THINGS A LITTLE
DIFFERENTLY. IN THE PAST, KEITH AND I HAVE GIVEN TALKS-----
THIS YEAR, WE ARE GOING TO GO TO MORE OF A PANEL FORMAT-----
I'LL FOCUS ON OUR BUSINESS ACHIEVEMENTS DURING 2007 AND KEITH
WILL FOCUS ON OUR TECHNOLOGICAL ACHIEVEMENTS DURING THE PAST
YEAR.**

**AT THE END, OF COURSE, WE WILL ENTERTAIN YOUR
QUESTIONS.**

JG----- START PRESENTATION

SHORTLY BEFORE LAST YEAR'S ANNUAL MEETING, WE COMPLETED DEMONSTRATIONS OF OUR FTV TO REPRESENTATIVES OF FORD MOTOR COMPANY.

DURING THE NEXT 11 MONTHS, FORD'S PEOPLE REVIEWED THE BENEFITS OF THE FTV TO FORD'S OVERALL STRATEGIC PLAN AND, FINALLY, IN SEPTEMBER, 2007, FORD PROVIDED US WITH A CABOVER TRUCK FOR INSTALLATION OF OUR FTV SUBSTRUCTURE.

FORD HAS NOW DETERMINED THAT OUR PATENTED SUBSTRUCTURE WOULD ENABLE FORD TO GO INTO PRODUCTION OF FTVS, WITH INITIAL SALES BEING TARGETED FOR THE NORTH AMERICAN MARKET.

IN GIVING US PERMISSION TO PUBLICALLY ANNOUNCE ITS NAME AT THIS SHAREHOLDERS' MEETING, FORD SPECIFICALLY ASKED US TO TELL YOU THAT FORD PROVIDED THE TRUCK AND IS ENTHUSIASTIC ABOUT THE PROJECT.

A COUPLE OF POINTS NEED TO BE STRESSED HERE.

FIRST, FORD PERSONNEL ARE QUITE PLEASED WITH OUR PROGRESS.

SECOND, THE GOAL HERE IS NOT SIMPLY A ONE-OFF PROTOTYPE FOR “TESTING.” ----- THE INITIAL GOAL IS TO PROVIDE A NEW PRODUCT FOR FORD’S 4,000 DEALERS IN THE NORTH AMERICAN MARKET.

THE TARGETED MARKETS WOULD INCLUDE FORESTRY, FARMING AND RANCHING, MINING, ENVIRONMENTAL PROTECTION, FIRE AND RESCUE, BORDER PATROL, PIPELINE INSPECTION, OIL AND GAS EXPLORATION, CONSTRUCTION AND RECREATION.

OBVIOUSLY, ADDITIONAL MARKETS --- ASIA, AFRICA, LATIN AND SOUTH AMERICA WOULD FOLLOW.

I’D LIKE KEITH TO FILL US IN ON OUR TECHNOLOGICAL ACHIEVEMENTS REGARDING THE FTV-----I ALSO BELIEVE HE HAS A NUMBER OF SLIDES TO SHOW YOU OUR PROGRESS.

KG

[INCLUDE DISCUSSION OF TRACK AVAILABILITY AT MOUNT READ]

JG

**I'D LIKE TO TURN OUR ATTENTION TO TORVEC'S
ISOTORQUE DIFFERENTIAL.**

**AT OUR SHAREHOLDERS' MEETING LAST YEAR,
I TOLD YOU THAT WE WERE WORKING WITH ONE OF NISSAN'S RACING
TEAMS AND WERE READY TO SHIP AN ISOTORQUE TO NASA-----ONE YEAR
LATER, WE ARE NOW WORKING WITH 4 NISSAN RACING TEAMS,
INCLUDING ONE SPONSORED BY CAR AND DRIVER MAGAZINE.**

**NASA HAS EXCEPTIONALLY PLEASED WITH THE
ISOTORQUE FURNISHED FOR NASA'S FIRST GENERATION LUNAR ROVER AND

ORDERED SEVEN MORE ISOTORQUES.**

THESE ISOTORQUES WERE SHIPPED TO NASA LAST JULY.

**AS THE RESULT OF OUR WORK WITH NISSAN
RACING TEAMS, NISSAN ITSELF HAS RECENTLY REQUESTED THAT TORVEC
PROVIDE PRICING FOR APPROXIMATELY 2,000 ISOTORQUES AND WE ARE IN
THE PROCESS OF FURNISHING THAT INFORMATION.**

LAST SEPTEMBER, I PROMISED YOU A CEO UPDATE FOCUSING ON OUR DIFFERENTIAL. IT HAS BEEN DELAYED BUT I THINK YOU WILL BE HAPPY WITH THE REASON FOR THE DELAY.

AFTER A SERIES OF MEETINGS, GENERAL MOTORS ADVISED US LATE LAST SUMMER THEY WANTED TO MOVE FORWARD WITH US, STARTING WITH OUR ISOTORQUE.

INITIALLY, GM THOUGHT THE ISOTORQUE WOULD BE AN IDEAL ADDITION FOR MOTOR TREND'S "CAR OF THE YEAR" -----THE CADILLAC CTS.

A MEETING WITH SENIOR GM ENGINEERS WAS ORIGNALLY SCHEDULED FOR LATE SEPTEMBER IN DETROIT.

I WANTED TO USE THE UPDATE TO REPORT TO YOU ON THE RESULTS OF THE MEETING. HOWEVER, THE MEETING WAS POSTPONED UNTIL THE 30TH OF NOVEMBER!!

THE MEETING WAS A TREMENDOUS SUCCESS-----NOT ONLY WERE GM'S PEOPLE INTERESTED IN USING THE ISOTORQUE FOR

CADILLAC BUT TALKS QUICKLY EXPANDED TO GM'S ENTIRE FLEET OF CARS AND TRUCKS!!

AS A RESULT OF THIS MEETING, BOTH COMPANIES ARE LAYING THE BUSINESS FOUNDATION ON HOW BEST TO ACCOMPLISH THAT GOAL.

ISSUES BEING DISCUSSED INCLUDE INITIAL CAR LINES [CORVETTE, CADILLAC], FRONT DRIVE, REAR DRIVE, ALL WHEEL DRIVE APPLICATIONS, VOLUME AND PRICING.

WE FEEL VERY CONFIDENT ABOUT OUR PROSPECTS WITH GM, NOT ONLY BECAUSE OF THE GLEASMAN FAMILY'S LONG HISTORY IN THE DIFFERENTIAL BUSINESS --- STARTING WITH THE TORSEN IN 1958----- BUT ALSO BECAUSE WE ARE FORTUNATE TO HAVE CLIFF CARLSON ABOARD OUR TEAM AS A CONSULTANT.

AS WE ANNOUNCED LAST MONTH, CLIFF CARLSON WORKED FOR OVER 20 YEARS WITH GM IN A SENIOR DRIVE-LINE CAPACITY AND 7 YEARS WITH THE FORD MOTOR COMPANY IN A SIMILAR CAPACITY.

HE ALSO HEADED UP THE HYDRAULIC LAUNCH ASSIST PROGRAM BETWEEN FORD, EATON AND THE EPA.

**KEITH, I'M SURE OUR SHAREHOLDERS WOULD LIKE A
REVIEW OF OUR TECHNOLOGICAL ACHIEVEMENTS WITH THE ISOTORQUE
THIS YEAR.**

KG

JG

**MOVING ON TO THE INFINITELY VARIABLE TRANSMISSION---
LAST YEAR, WE SHOWED YOU A PROTOTYPE IVT THAT WE WERE READY TO
SHIP TO NASA FOR ITS FIRST GENERATION LUNAR ROVER.**

WE SHIPPED IT RIGHT AFTER THE MEETING.

**NASA WAS VERY SATISFIED WITH
ITS PERFORMANCE AND HAS NOW ORDERED SEVEN ADDITIONAL
TRANSMISSIONS FOR THE LUNAR ROVER.**

WE BELIEVE THIS IS A TREMENDOUS ACHIEVEMENT.

NASA ---THE WORLD’S PREMIER SPACE AGENCY ---- HAD THE PROVERBIAL “PICK OF THE LITTER”, AND PICKED TORVEC AND ITS TECHNOLOGIES AND HAS NOW DESIGNATED TORVEC AS AN “OFFICIAL” CONSULTANT ON THE LUNAR ROVER DRIVE LINE.

THE RETURN TO THE MOON IS NOT SIMPLY A LARK OR A WAY FOR NASA TO SPEND ITS ANNUAL BUDGET.

THE PURPOSES INCLUDE THE CREATION OF A PERMANENT LUNAR SETTLEMENT, MINERAL EXPLORATION AND PAVING THE WAY FOR MANNED MISSIONS TO MARS.

INDEED, THERE HAVE BEEN MANY ARTICLES PUBLISHED BY RUSSIAN, CHINESE AND BRITISH PERIODICALS STATING THAT A MAJOR REASON FOR THE RETURN TO THE MOON IS TO MINE HELIUM 3-----WITHOUT GOING INTO DETAIL TONIGHT , HELIUM 3 HAS BEEN DESCRIBED AS AN ISOTOPE THAT HOLDS GREAT PROMISE TO PROVIDE NONPOLLUTING, NON-RADIOACTIVE FUEL FOR FUTURE ENERGY NEEDS.
[

KEITH, PLEASE FILL US IN ON THE TECHNOLOGICAL HURDLES THAT HAD TO BE OVERCOME TO CREATE THE MODIFIED IVT FOR THE LUNAR ROVER.

KG

JG

ANOTHER SIGNIFICANT ACHIEVEMENT DURING 2007 IS OUR RELATIONSHIP WITH LOCKHEED-MARTIN.

AS WE ANNOUNCED THIS FALL, SENATOR HILLARY CLINTON RECOMMENDED THAT TORVEC AND LOCKHEED-MARTIN JOIN TOGETHER FOR INSTALLATION OF OUR CONSTANT VELOCITY JOINT TECHNOLOGY IN VEHICLES LOCKHEED IS DEVELOPING FOR THE U.S. MILITARY--- SPECIFICALLY, THE JLTV WHICH IS BEING DESIGNED AS THE NEXT GENERATION HUMVEE.

WE SHIPPED SEVERAL CVJOINTS TO LOCKHEED FOR ITS PRE-PRODUCTION JLTV THIS SUMMER AND RECEIVED IN DECEMBER A PURCHASE ORDER FOR SIX ADDITIONAL COMPLETE CVJOINT AXLES

VALUED IN EXCESS OF \$100,000.

THESE CVJS WILL BE INSTALLED IN THE FINAL, PRODUCTION-READY JLTV LOCKHEED IS PLANNING TO SUBMIT TO THE ARMY FOR TESTING LATER THIS YEAR.

LOCKHEED'S ENTHUSIASM IS ILLUSTRATED BY THE FACT THAT IT HAS ALREADY PAID 80% OF THE FEE IN ADVANCE.

SHAREHOLDERS SHOULD FOCUS ON WHAT OUR RELATIONSHIP WITH LOCKHEED CAN MEAN FOR TORVEC.

THE ARMY CONTRACT LOCKHEED IS BIDDING FOR IS AN 18 BILLION DOLLAR PROGRAM TO BUILD APPROXIMATELY 160,000 JLTVS OVER THE LIFE OF THE PROGRAM.

THIS COULD RESULT IN TORVEC PROVIDING APPROXIMATELY 1,280,000 CVJOINTS DURING THE PROGRAM AND, THE KEY TO LOCKHEED GETTING THE CONTRACT COULD VERY WELL BE OUR CVJ TECHNOLOGY.

ALTHOUGH PUBLISHED SOURCES INDICATE THAT THE PRODUCTION AND DELIVERY OF VEHICLES IS PRESENTLY SCHEDULED TO BEGIN AROUND 2012, WE HAVE BEEN INFORMED THAT THE ARMY WILL GO INTO PRODUCTION BY 2010 IF THE "RIGHT" TECHNOLOGY IS AVAILABLE TO MEET ITS SPECIFICATIONS.

**KEITH, PLEASE PROVIDE SOME TECHNICAL BACKGROUND
FOR OUR ENTHUSIASM**

KG

----- TURNING RADIUS;

----- LIFT

----- STATUS

**AND, UPDATE SHAREHOLDERS ON STATUS
OF CALIFORNIA BUS COMPANY AND OUR
CVJOINT TECHNOLOGY**

JG

**AS I POINTED OUT IN OUR AUGUST 7, 2007 CEO UPDATE,
A SUCCESSFUL BID BY LOCKHEED COULD RESULT IN VERY SIGNIFICANT
REVENUES TO TORVEC.**

**HOWEVER, THAT MAY NOT BE THE MOST
SIGNIFICANT ASPECT OF OUR RELATIONSHIP.**

I WANT TO STRESS THAT IN OUR DISCUSSIONS WITH ALL OF THESE COMPANIES-----INCLUDING FORD AND GM ----- WHAT INITIALLY STARTS OUT AS A PROJECT FOCUSED ON ONE TECHNOLOGY FOR ONE APPLICATION ALMOST ALWAYS SHIFTS TO DISCUSSIONS ABOUT ALL OUR TECHNOLOGIES FOR MULTIPLE APPLICATIONS.

REPEAT PARAGRAPH

AS YOU CAN SEE, WE ARE QUITE BUSY WITH THESE AND OTHER PROJECTS.

TO DO ALL THIS AND IN ANTICIPATION OF FUTURE PURCHASEORDERS INVOLVING THE MANUFACTURE AND ASSEMBLING OF OUR PRODUCTS --- FOR EXAMPLE, THE PATENTED GEARING FOR THE ISOTORQUE---- WE FOUND WE SIMPLY NEEDED MORE SPACE.

I AM GOING TO ASK KEITH TO PRESENT AN OVERVIEW OF OUR NEW FACILITY AT 1999 MOUNT READ BLVD. AND TELL YOU WHAT WE PLAN TO DO THERE-----KEITH ALSO HAS SOME INTERESTING NEWS ON THE ADDITIONAL MANUFACTURING SPACE WE HAVE ACCESS TO AS THE RESULT OF OUR NEW RELATIONSHIP WITH STEVE LOWE AT LSM.

KG

**DESCRIBE FACILITY AND TRAIL
STATUS TOWARD COMPLETION
POSSIBLE MANUFACTURING AND
ASSEMBLING TASKS TO BE PERFORMED
AT MOUNT READ
DESCRIBE STEVE LOWE AND LSM ---
WHAT DOES IT GIVE TORVEC**

JG

**TO IMPLEMENT THESE PROJECTS FOR NASA, LOCKHEED, FORD
GM AND OTHERS REQUIRES ENDLESS MAN-HOURS OF WORK BY ALL OF US
BUT PARTICULARLY BY OUR ENGINEERS. THIS YEAR, I WOULD LIKE TO
INTRODUCE THEM TO YOU FOR A WELL-DESERVED ROUND OF APPLAUSE:**

**DON GABEL
LARRY CLARK
JOE MCMAHON
STEVE URBANIK
MATT SULLIVAN
ANDY GLEASMAN**

**I WOULD ALSO LIKE TO RECOGNIZE A NUMBER OF TORVEC'S
KEY SUPPLIERS WHO ASSIST US IN MAKING ALL OF OUR INNOVATIVE**

PRODUCTS:

SUPPLIERS ON SCREEN

**I BELIEVE WE CAN ALL AGREE THAT 2007 WAS A VERY
SIGNIFICANT YEAR FOR TORVEC:**

***** WE BECAME ACTIVELY ENGAGED WITH ONE OF THE
WORLD'S LARGEST MILITARY CONTRACTORS--- LOCKHEED
MARTIN --- ON A PROJECT VITAL TO OUR COUNTRY'S
NATIONAL DEFENSE;**

***** WE BECAME ACTIVELY ENGAGED WITH FORD TO PRODUCE
A "FORD TRACKED VEHICLE" AS A NEW "BLUE OCEAN"
VEHICLE FOR NORTH AMERICAN DISTRIBUTION INITIALLY
AND EVENTUALLY, WORLDWIDE DISTRIBUTION;**

*****WE BECAME ACTIVELY ENGAGED WITH THE WORLD'S
LARGEST AUTOMOTIVE MANUFACTURER --- GM --- TO
INSTALL OUR ISOTORQUE DIFFERENTIALS IN ITS
VEHICLES;**

*****WE HAVE BECOME AN "OFFICIAL" CONSULTANT TO
NASA AND ARE ACTIVELY ENGAGED IN DEVELOPING
NASA'S LUNAR ROVER;**

*****WE BECAME ACTIVELY ENGAGED WITH A CALIFORNIA
BUS COMPANY TO INSTALL CVJOINTS IN ITS ENTIRE
FLEET OF HYBRID METROPOLITAN BUSES;**

*****WE BECAME ACTIVELY ENGAGED WITH A MAJOR U.S.
CONSTRUCTION COMPANY FOR DESIGN-SPECIFIC
APPLICATIONS OF OUR PUMP AND MOTOR. DISCUSSIONS
SLOWED DOWN WHEN THE COMPANY WAS ACQUIRED
BY A KOREAN COMGLOMORATE IN 2007 ----- DISCUSSIONS
ARE SCHEDULED TO RESUME IN EARNEST THIS FEBRUARY**

WHEN A NEW PRESIDENT IS INSTALLED;

*****FOR THE FIRST TIME, IN 2007, TORVEC GENERATED REVENUES ----- THIS FACT IS VERY, VERY SIGNIFICANT BECAUSE IT UNDERLINES THAT MAJOR COMPANIES ARE WILLING TO PAY TORVEC FOR THE WORK WE ARE DOING FOR THEM;**

*****MOREOVER, THE RECEIPT OF THESE REVENUES HELPED TORVEC REACH ANOTHER MILESTONE ---- FOR THE FIRST TIME, IN 2007, TORVEC DID NOT NEED TO SELL STOCK TO REPLENISH OUR COFFERS. WE ANTICIPATE THAT THIS PATTERN WILL CONTINUE IN 2008;**

*****IN ADDITION, IN 2007, WE REDUCED OPERATING EXPENSES BY APPROXIMATELY \$1,450,000 AS A RESULT OF REDUCED CONSULTING FEES;**

*****IT IS IMPORTANT TO UNDERLINE THAT THE RELATIONSHIPS FORGED OR STRENGTHENED IN 2007 ARE WITH COMPANIES WHOSE ANNUAL GROSS SALES EXCEED \$600,000,000 (AND THIS DOES NOT INCLUDE NASA);**

*****IT IS DOUBLY IMPORTANT THAT YOU REALIZE THAT NONE OF THESE PROJECTS ARE ONE-OFF TYPE OF ENGAGEMENTS. THE WHOLE POINT OF OUR INVOLVEMENT WITH RACING TEAMS, WITH FORD, WITH LOCKHEED, WITH GM AND OTHERS IS THE END GAME --- A JOINT VENTURE, A SUPPLY CONTRACT OR, A STOCK SWAP (PLEASE NOTE --- WE WENT OVER THE NUMEROUS BENEFITS OF A STOCK SWAP TO OUR SHAREHOLDERS AND TO AN ACQUIRING COMPANY AT LAST YEAR'S MEETING);**

*****IN 2007, WE SOLD OUR ICE TECHNOLOGY LICENSE TO A COMPANY OWNED BY THE TECHNOLOGY'S INVENTOR -- DR. VICTOR PETRENKO--- FOR A ROYALTY INTEREST IN PROFITS GENERATED BY THE LICENSE. I WANT TO TELL YOU WHY THIS MAKES SENSE:**

A) WHEN WE ACQUIRED THE ICE TECHNOLOGY, IT WAS REPRESENTED TO US THAT IT WAS READY, OR ALMOST READY, FOR COMMERCIALIZATION;

B) THIS WAS NOT THE CASE AND WE SPENT TIME AND MONEY BEGINNING IN 2000 TO 2006 TO ATTEMPT TO DEVELOP THE TECHNOLOGY;

C) DURING THIS SAME PERIOD, DR. PETRENKO AND DARTMOUTH COLLEGE BUILT AN ADVANCED ICE TECHNOLOGY LABORATORY ON THE DARTMOUTH COLLEGE CAMPUS AND DR. PETRENKO SECURED CONSIDERABLE INVESTMENT DOLLARS TO FINANCE DEVELOPMENT OF THE ICE TECHNOLOGY;

D) GIVEN THIS SITUATION, WE BELIEVED IT MADE GOOD BUSINESS SENSE TO LOCK IN TORVEC'S INTEREST IN FUTURE ICE TECHNOLOGY PROFITS WITHOUT SPENDING MORE DOLLARS AND TIME ON THE DEVELOPMENT OF A PRODUCT OUTSIDE OF OUR CORE AUTOMOTIVE BUSINESS;

E) ANOTHER CONSIDERATION WAS THAT, UNDER THE LICENSE AGREEMENT, TORVEC WAS PAYING APPROXIMATELY \$100,000 ANNUALLY TO KEEP THE ICE TECHNOLOGY PATENTS IN FORCE;

F) A FINAL CONSIDERATION WAS DR. PETRENKO'S OFFER TO REIMBURSE TORVEC FOR A PORTION OF OUR ACQUISITION AND OTHER COSTS PAID TO DARTMOUTH AND OTHERS OVER THE TIME WE HELD THE LICENSE.

WE ASKED DR. PETRENKO TO PROVIDE AN UPDATE TO OUR SHAREHOLDERS ON THE PROGRESS HE HAS MADE SINCE HE REACQUIRED THE ICE TECHNOLOGY.

HIS COMMENTS ARE AS FOLLOWS:

“Since acquiring the license in the Automotive field for the use of the technology invented by Dr. Victor Petrenko at the Thayer School of Engineering at Dartmouth College, Ice Engineering, LLC has been working at full speed to develop de-icing products for automobile windshields, breaklights, and air conditioning evaporators.

Several full scale prototypes have been built to showcase the de-icing technology and its vast superiority to any product that currently exists or is under development. The technical performance of the prototypes has been met in the industry with serious amazement and excitement.

Ice Engineering is poised to partner with several significant automotive original equipment manufacturers to bring the de-icing technology from prototypes to commercial products within the next few years. With the millions of passenger and commercial automobiles manufactured every year, there is no doubt that a large volume of sales can be expected.

**AT THIS TIME, I WOULD LIKE TO MENTION A
NUMBER OF OUTSIDE EVENTS WHICH TOOK PLACE IN 2007
WHICH CAN ONLY HELP TORVEC:**

- A) CONGRESS PASSED AND PRESIDENT BUSH SIGNED LEGISLATION TO FORCE THE AUTOMOTIVE COMPANIES TO MEET RATHER STRICT FUEL-EFFICIENCY STANDARDS;**
- B) IN OUR MEETINGS WITH COMPANY OFFICIALS, WE SENSED A MAJOR CHANGE IN ATTITUDE. MOST OF THE STUBBORNESS IS GONE AND COMPLENCY HAS BEEN REPLACED WITH A DESIRE TO REGAIN THE COMPETITIVE EDGE THAT LED TO PAST SUCCESS----- THIS IS REFRESHING AND WE OBVIOUSLY ARE DELIGHTED;**
- C) IN ADDITION, IN 2007, WE ACQUIRED A VERY SIGNIFICANT, NEW ALLY----- SENATOR HILLARY CLINTON. SENATOR CLINTON HAS BECOME A MAJOR SUPPORTER OF TORVEC.**

**FIRST, SHE TOOK THE LEAD IN DEVELOPING THE
LOCKHEED RELATIONSHIP.**

**SECONDLY. SHE RECENTLY INTRODUCED US TO
THE WILLIAM J. CLINTON FOUNDATION WHICH IS CHARGED WITH
IMPLEMENTING THE "CLINTON CLIMATE INITIATIVE." WHILE THE
CLINTON FOUNDATION DOES NOT MAKE GRANTS, IT HAS AGREED TO**

ASSIST TORVEC IN OUR DEALINGS WITH MAJOR U.S. CITIES AND MUNICIPALITIES, INCLUDING ASSISTANCE WITH OUR SCHOOL BUS PROGRAM. SO, REGARDLESS OF YOUR POLITICS, PLEASE BEAR IN MIND THAT SENATOR CLINTON HAS REALLY “GONE TO BAT” FOR TORVEC.

AT THIS JUNCTURE, HAVING FOCUSED ON ALL OF TORVEC’S ACHIEVEMENTS IN 2007 EVENTS, LET ME DISCUSS WITH YOU A COUPLE OF PROJECTS THAT HAVE NOT MET OUR EXPECTATIONS.

FIRST, OUR SCHOOL BUS PROGRAM.

THE BOTTOM LINE HERE IS THAT THE POLITICIANS IN NEW YORK STATE MADE PROMISES TO US WHICH, AS YET, ARE UNFULFILLED.

**AS I AM SURE ALL OF YOU ARE AWARE THE SCHOOL BUS PROGRAM IS DEPENDENT UPON SIGNIFICANT FINANCING FROM THE STATE--
--- AND THIS HAS NOT HAPPENED.**

FROM OUR STANDPOINT, WE STILL BELIEVE IN THE SCHOOL BUS PROGRAM AND HAVE NOT GIVEN UP OUR EFFORTS WITH THE POLITICIANS AND THE STATE BUREAUCRACY.

ADMITTEDLY, THERE WAS A CHANGE IN THE GOVERNORSHIP AND EVERYONE FELL IN LOVE WITH ETHANOL-----BUT, I’D BE LESS THAN CANDID IF I DID NOT TELL YOU THAT WE ARE DISAPPOINTED

WITH THE STATE'S PERFORMANCE SO FAR.

**NEXT, PLEASE RECALL, WE BEGAN EARNEST DISCUSSIONS
WITH THE CHINESE IN THE SPRING OF 2004.**

**DURING THIS TIME, NUMEROUS PRIVATE AND GOVERNMENT-
RUN AUTOMOTIVE COMPANIES CONDUCTED EXTENSIVE DUE DILIGENCE ON
TORVEC AND OUR TECHNOLOGIES.**

**BEGINNING IN THE EARLY SPRING OF 2005, WE ENGAGED TWO
SPECIAL CONSULTANTS ----- ELIZABETH HARRINGTON AND GARY EIDLIN ---
BOTH OF WHOM, ESPECIALLY ELIZABETH, HAVE EXTENSIVE CONTACTS AND
EXPERIENCE ON THE CHINESE MAINLAND.**

**FROM TIME TO TIME DURING THE MORE THAN THREE YEARS
OF DEALING WITH THE CHINESE, A CONCRETE PROPOSAL, OTHER THAN A
A LETTER OF INTENT FROM CHERY OR A PERSONAL VISIT
FROM PHIL MURTAUGH AND TOP ENGINEERS FROM SHANGHAI
AUTOMOTIVE, SEEMED TO BE DAYS AWAY.**

**BUT, NO CONCRETE OFFER OF SUBSTANCE EVER
MATERIALIZED.**

**TO USE AN OLD CHINESE EXPRESSION
"THERE WERE LOTS OF DARK CLOUDS, BUT NO RAIN."----- COMPARED TO
MY EARLIER EXPERIENCE WITH NON-COMMUNIST CHINESE WHO I FOUND**

TO WORK QUITE QUICKLY, THE COMMUNIST CHINESE GIVE NEW MEANING TO THE WORD “MOLASSES.”

WE CONTINUE TO TALK TO THE CHINESE AND OUR MOST RECENT CONVERSATIONS HAVE BEEN WITH REPRESENTATIVES OF THE CHINESE GOVERNMENT, BOTH IN WASHINGTON, D.C. IN OCTOBER, 2007 AND IN BEIJING IN NOVEMBER, 2007.

I MUST TELL YOU THAT THE WHOLE PROCESS HAS BEEN AND STILL IS, VERY FRUSTRATING.

FOR EXAMPLE, ELIZABETH HARRINGTON WAS A MAJOR SPEAKER AT THE JUST COMPLETED CHINESE AUTOMART THIS PAST NOVEMBER----- WE POSTED SOME PICTURES OF HER ENGAGEMENT AND LISTED THE CHINESE OFFICIALS SHE HAD TALKED TO ABOUT TORVEC IN OUR LAST CEO UPDATE.

WITHIN DAYS OF THE POSTING CAME AN URGENT MESSAGE FROM THECHINESE GOVERNMENT DEMANDING THAT THE NAMES BE TAKEN OFF OUR WEBSITE.

WHILE WE COMPLIED, IT LEFT A BAD TASTE IN OUR MOUTH AND LED TO CONFUSION AMONGST SOME SHAREHOLDERS----- TO COMPOUND THE PROBLEM, THE CHINESE FORBADE US FROM PRINTING THAT THEY HAD MADE THE DEMAND.

**THE TOUCHINESS OF THE CHINESE IS AND ALWAYS
HAS BEEN A FACT OF LIFE – AND YOU DEAL WITH IT.**

**HOWEVER, THE REAL ISSUE, SO FAR AT LEAST, IS THAT THE
CHINESE HAVE BEEN UNABLE OR UNWILLING TO PUT A CONCRETE
PROPOSAL ON THE TABLE AND AT THE SAME TIME, THEY PERSIST IN
DEMANDING THAT WE FURNISH THEM WITH DESIGN-SPECIFIC UNITS OF
OUR TECHNOLOGY FOR THEIR REVIEW, “INSPECTION” AND TESTING.**

**IN THE LIGHT OF OUR COUNTRY’S RECENT
EXPERIENCES WITH THE CHINESE, I NEED NOT BELABOR HERE THE
INHERENT DANGER TO TORVEC AND ALL OF OUR SHAREHOLDERS IF WE
WERE TO COMPLY WITH THEIR REQUESTS.**

**IN ADDITION, AS I POINTED OUT TO YOU EARLIER,
MAJOR COMPANIES ARE ALREADY PAYING US FOR DESIGN-SPECIFIC UNITS
WITH THE CLEARLY ESTABLISHED GOAL OF INCORPORATING OUR
TECHNOLOGY IN THEIR PRODUCTS.**

**WE SIMPLY DO NOT HAVE THE MONEY, TIME AND ENERGY TO
PURSUE PROJECTS UNLESS A COMPANY IS WILLING TO PAY US TO WORK**

TO AN END-GAME IF ALL GOES WELL BETWEEN US.

SO, WHILE THE CHINESE INITIATIVE IS NOT “DEAD”, THE CHINESE ARE NOT THE ONLY GAME IN TOWN AND WE FEEL AN ATTITUDE ADJUSTMENT MUST TAKE PLACE WITH THEM, AS IT HAS WITH GM, FORD, AND OTHERS IN ORDER TO SERIOUSLY MOVE FORWARD.

SIMILARLY, OUR PROGRAM TO INCORPORATE OUR IVT IN A VEHICLE TO BE SUPPLIED BY THE CITY OF CHICAGO HAS BEEN SLOWED PRIMARILY DUE TO THE CITY’S BUDGET CONSTRAINTS.

THE CITY IS SEEKING FINANCING AND BECAUSE SHANGHAI, CHINA IS CHICAGO’S SISTER-CITY, CHICAGO HAS SOUGHT FUNDING FROM THE CHINESE FOR TORVEC’S PROJECT.

THIS SITUATION INDIRECTLY CREATES THE SAME ISSUE AS WORKING WITH THE CHINESE DIRECTLY-----IN OTHER WORDS, WHAT IS THE END GAME? -----UNTIL THIS ISSUE IS RESOLVED, I CAN’T REALLY TELL YOU WHERE THE CHICAGO PROJECT IS GOING.

CONCLUSION

**BEFORE CONCLUDING TONIGHT'S FORMAL PRESENTATION---
----- AND ENTERTAINING YOUR QUESTIONS ----- I WOULD LIKE YOU TO
CONSIDER THE FOLLOWING:**

TORVEC IS NOW IN ITS TWELFTH YEAR.

**IN THAT TIME, WE HAVE FULLY DEVELOPED TECHNOLOGIES
WHICH ARE CAPABLE OF REPLACING THE ENTIRE DRIVE-LINE IN ALMOST
ALL VEHICLES THE WORLD-OVER-----AND, ALL OF THESE TECHNOLOGIES
ARE ALL HERE TONIGHT ON THE TABLE IN THE BACK OF THE ROOM.**

**WE HAVE DEVELOPED, FROM SCRATCH, A COMPLETELY
NEW VEHICLE WITH PRACTICALLY UNLIMITED MARKET POTENTIAL.**

**WE HAVE MOVED TO A NEW MANUFACTURING FACILITY
AND HAVE ENTERED INTO STRATEGIC ALLIANCES TO PROVIDE US WITH
MORE MANUFACTURING SPACE.**

WE ARE ENGAGED----- ACTIVELY ENGAGED----- WITH

LOCKHEED MARTIN, FORD, GENERAL MOTORS, NASA AND OTHERS ON REVENUE- GENERATING PROJECTS WHICH YOUR MANAGEMENT BELIEVES WILL LEAD TO THE SUCCESSFUL COMMERCIALIZATION OF THESE TECHNOLOGIES.

ALTHOUGH THE TWELVE YEARS HAVE BEEN CHALLENGING, TORVEC HAS BEEN AND CONTINUES TO BE FINANCIALLY SOUND AND NEW, UPDATED WORLDWIDE PATENTS HAVE BEEN ISSUED TO PROTECT OUR TECHNOLOGIES FOR AN ADDITIONAL FIFTEEN-PLUS YEARS.

IN TRUTH, IT HAS BEEN A LONG, SOMETIMES ROCKY, ROAD, FROM MY MOTHER'S KITCHEN TABLE TO OUR NEW 20,000 SQUARE-FOOT FACILITY.

SINCE TORVEC'S INCEPTION, THE ENTIRE AUTO INDUSTRY HAS BEEN IN A STATE OF FLUX WHICH HAS BEEN NOTHING LESS THAN TURBULENT.

WITHOUT THIS CHAOS, THE AUTO COMPANIES WOULD NEVER BE INCLINED TO CHANGE FROM THE STATUS QUO.

I REMIND YOU, HOWEVER, IN CLOSING THAT WHERE THERE IS ADVERSITY, THERE IS OUR OPPORTUNITY.

YEARS AGO, A FELLOW WAS BORN AND RAISED IN BOONEVILLE, NEW YORK.

**THIS FELLOW HAS SERVED AS AN INSPIRATION TO
ALL OF US AT TORVEC AND I AM SURE YOU WILL APRECIATE HIS WISDOM .**

**AS VERNON WAS VERY FOND OF SAYING ABOUT
THE AUTO INDUSTRY:**

**“THE LONGER THEY DON’T THE SOONER THEY’RE
GONNA.”**