FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 000-24455

TORVEC, INC.
(Exact name of Registrant as Specified in its Charter)

New York	16-150951-2
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)
11 Pond View Drive, Pittsford, New York	14534
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (585) 248-8549

Securities registered under Sec. 12(g) of the Act:

$.01 Par Value Common Stock
(Title of Class)

The Registrant 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 and has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

As of September 30, 2002, there were outstanding 25,349,889, shares of the company's common stock, $.01 par value. Options for 1,636,047 shares of the company's common stock are outstanding but have not yet been exercised. Shares to cover the options will not be issued until they are exercised.

TORVEC, INC.
(A Development Stage Company)

INDEX

TORVEC, INC.
(a development stage company)
CONDENSED BALANCE SHEET

	September 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash	$444,000	$ 13,000
Prepaid Insurance	19,000	0
Total Current Assets	463,000	13,000
PROPERTY AND EQUIPMENT:		
Office equipment	15,000	12,000
Transportation equipment	53,000	53,000
	68,000	65,000
LESS: ACCUMULATED DEPRECIATION	59,000	49,000
Net equipment	9,000	16,000
LICENSE, net of accumulated amortization of $311,000 and $184,000, respectively	2,950,000	3,077,000
Total Assets	$ 3,422,000	$3,106,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$46,000	$1,221,000
Current maturities of long-term debt	4,000	7,000
Loans payable and advances - stockholders and officers	28,000	159,000
Accounts payable-related parties	82,000	0
Total Current Liabilities	160,000	1,387,000
LONG-TERM LIABILITIES		
Consulting fees payable to related parties	0	370,000
Long-term debt, net of current maturities	0	2,000
Deferred revenue-long term	150,000	150,000
	310,000	1,909,000
COMMITMENTS AND CONTINGENCIES		
COMMON STOCK SUBJECT TO RESALE GUARANTEE	269,000	0
MINORITY INTEREST	803,000	0
STOCKHOLDERS' EQUITY		
Series A Non-voting Cumulative Preferred Stock, $.01 par value, 100,000,000 shares authorized, 38,500 issued and outstanding at September 30, 2002	0	0
Common stock, $.01 par value, 40,000,000 shares authorized, 25,349,889 and 23,139,838 (including 61,355 shares to put option) issued and outstanding at September 30, 2002 and December 31, 2001, respectively	253,000	231,000
Additional paid-in capital	20,025,000	15,532,000
Deficit accumulated during the development stage	(18,238,000)	(14,566,000)
Total Stockholders' Equity	2,040,000	1,197,000
Total Liabilities and Stockholder's Equity	$ 3,422,000	$ 3,106,000

See Notes to Financial Statements

TORVEC, INC.
(a development stage company)
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001	September 25, 1996 (Inception) Through September 30, 2002
COST AND EXPENSES:					
Research and development	$468,000	$315,000	$ 1,263,000	$ 934,000	$ 5,597,000
General and administrative	452,000	1,258,000	2,590,000	1,951,000	12,822,000
Loss Before Minority Interest	920,000	1,573,000	3,853,000	2,885,000	18,419,000
Minority Interest in Loss of Consolidated Subsidiary	90,000	0	181,000	0	181,000
Net loss	$830,000	$1,573,000	$3,672,000	$2,885,000	$ 18,238,000
Preferred Dividend	4,000	0	8,000	0	8,000
Net Loss Attributable to Common Stockholders	$834,000	$1,573,000	$3,680,000	$2,885,000	$18,246,000
Basic and Diluted Loss Per Share	($0.03)	($0.07)	($0.15)	($0.13)	
Weighted average number of shares of common stock - basic and diluted	24,900,000	22,806,000	24,275,000	22,687,000	

See Notes to Financial Statements

TORVEC, INC.
(a development stage company)
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001	September 25, 1996 (Inception) Through September 30, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	($3,672,000)	($2,885,000)	$ (18,238,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	137,000	136,000	370,000
Minority interest in loss of consolidated subsidiary	(181,000)		(181,000)
Compensation expense attributable to common stock in subsidiary and common stock options/warrants	1,316,000	398,000	6,227,000
Common stock issued for services	1,341,000	715,000	3,929,000
Contribution of services	480,000	0	564,000
Changes in other current assets and current liabilities:			
Prepaid expenses	(19,000)	120,000	141,000
Accounts payable and accrued expenses	(191,000)	995,000	2,065,000
Deferred revenue	0	0	150,000
Net cash used in operating activities	(789,000)	(521,000)	(4,973,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(3,000)	(3,000)	(68,000)
Cost of acquisition	0	0	(16,000)
Net cash used in investing activities	(3,000)	(3,000)	(84,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from sales of preferred stock, common stock and exercise of options and warrant	1,309,000	405,000	5,784,000
Proceeds from long-term borrowings	0	0	29,000
Repayment of long-term debt	(5,000)	(4,000)	(25,000)
Proceeds from (repayments of) stockholders' loans-net	(81,000)	92,000	78,000
Distributions	0	0	(365,000)
Net cash provided by financing activities	1,223,000	493,000	5,501,000
NET INCREASE (DECREASE) IN CASH	431,000	(31,000)	444,000
CASH - BEGINNING OF PERIOD	13,000	34,000	0
CASH - END OF PERIOD	$444,000	$3,000	$444,000

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

Issuance of common stock, warrants, and options in settlement of liabilities	$1,003,000	$665,000
Notes Payable Exchanged for Common Stock	$50,000	$0
Loss on exchange of minority interest	$850,000	$0

See Notes to Financial Statements

TORVEC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

Note 1 Financial Statement Presentation

The information contained herein with respect to the nine month periods ended September 30, 2002 and September 30, 2001 and the period from September 25, 1996 (inception) through September 30, 2002 has not been audited but was prepared in conformity with generally accepted accounting principles for interim financial information and instructions for 10-QSB and Item 310(b) of Regulation S-B. Accordingly, the condensed financial statements do not include all information and footnotes required by generally accepted accounting principles for financial statements. Included are ordinary adjustments, which in the opinion of management are necessary for a fair presentation of the financial information for the three and nine month periods ended September 30, 2002, and since inception. The results are not necessarily indicative of results to be expected for the year.

For the period from inception through September 30, 2002, the Company has accumulated a deficit of $18,238,000, and has been dependent upon equity financing, loans from shareholders and the exchange of stock for services to meet its obligations and sustain operations. The Company is in the development stage and its efforts have been principally devoted to research and development, raising capital and marketing of principal products. Additional financing or a joint venture relationship will be required by the Company to fund its activities.

Note 2 The Company

Torvec, Inc. (the Company) was incorporated in New York on September 25, 1996. The Company, which is in the development stage, specializes in automotive technology.

On November 29, 2000 the Company acquired Ice Surface Development, Inc. (“Ice”). Ice, which is also in the development stage, has a license and technology associated with ice removal and adhesion. On March 31, 2002 the Company granted 28% of Ice to three former officers of Torvec, Inc. in exchange for forfeiting of previously granted fully vested options. The exchange was valued at $618,000 based upon the value of the options forfeited at March 31, 2002. The difference between the Company's share of the deemed proceeds of $618,000 and the carrying portion of the Company's investment deemed sold is reflected as a gain or loss in the consolidated statements Stockholders' Equity.

TORVEC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

Note 3 Summary of Significant Accounting Policies

Consolidation

The financial statements include the accounts of the Company and its majority owned-subsidiary, Ice as at September 30, 2002 and December 31, 2001. All material intercompany transactions and account balances have been eliminated in consolidation.

Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the useful lives of the assets.

Research, Development and Patents

Research, development costs and patent expenses are charged to operations as incurred.

License

The license is being amortized over its life of approximately 19 years, which correlates to an underlying patent.

Revenue Recognition

Revenue in connection with the granting of license to Variable Gear LLC is to be recognized when all conditions specified under recent accounting standards have been met. Generally, revenue is only recorded when no future performance is required related to the item.

Loss Per Share

We report loss per common share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." The per share effects of potential common shares such as warrants, options, and convertible preferred stock have not been included, as the effect would be antidilutive.

Impairment or Disposal of Long-Lived Assets

The company has adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable, management assesses the recoverability of the assets.

TORVEC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

Note 4 Common and Preferred Stock

In January 2002, the Company authorized the sale of up to 2,000,000 shares of its Series A Non-Voting Cumulative Convertible Preferred Stock ("Series A"). Through September 30, 2002, the Company has sold 38,500 shares at $4.00 per share of its Series A in a private placement offering for approximately $142,000 in net cash proceeds. Each share of Series A is convertible into one share of voting common stock and entitles the holder to dividends accruing at $.40 per share. The holder has the right to convert after one year subject to Board approval. The offering terminated on July 31, 2002. In connection therewith the Company granted the Placement Agent 5,000 Series A Warrants, exercisable for five years at an exercise price of $1.52 per share. Such warrant was treated as a cost of the offering. In addition, the Placement Agent was granted 10,000 warrants for providing certain financial analysis for the Company. The warrants is exercisable at $.30 per share and is exercisable for 5 years. The warrant also contains a cashless exercise feature. The Company valued the warrant at $8,000 using Black-Scholes option pricing model and charged operations.

In March 2002, the Company issued 423,000 common shares and 42,300 warrants in connection with a put-option exercised for an aggregate net proceeds of $396,000.

On April 2, 2002 the principal of a loan in the amount of $50,000 due to a stockholder was satisfied with the issuance of 35,461 shares of common stock at the then fair market value on that date. In addition, during the quarter ended September 30, 2002, the stockholder purchased 399,007 common shares for proceeds of $568,000.

In July 2002, 61,355 commitment warrants previously issued to Swartz Private Equity, LLC ("Swartz Private Equity") were exercised for proceeds of $68,104.

In September 2002, the company issued 63,093 common shares in connection with the exercise of outstanding purchase warrants by Swartz Private Equity for net proceeds of $59,568.

During the three months ended September 30, 2002, 126,340 restricted shares were issued for services aggregating approximately $190,000.

For other stock issuances, see notes 7 and 12.

TORVEC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

Note 5 Related Party Transactions

The Company has entered into consulting agreements with members of the Gleasman family. Included in research and development and general and administrative expenses for the nine months ended September 30, 2002 and 2001 is $337,500 and $337,500 respectively for consulting fees due under the agreements. On September 30, 2002, fees amounting to $652,600 due under the consulting agreements were exchanged for 727,047 common stock options exercisable at $5.00 per share. The options are exercisable for five years.

Effective March 31, 2002, the company entered into an agreement with the Chief Executive Officer, Chief Operative Officer and Vice President – Manufacturing (collectively "individuals") which provides for among other things:

> Payments of amounts owing under employment agreements aggregating $633,001 through the issuance of 448,865 warrants to purchase common stock at an exercise price of $.01. (See Note 9)
>
> Termination of employment agreements with the company and resignation as officers of the company. (See Note 9)
>
> The issuance of 2,000,000 common shares of Ice to the individuals representing approximately a 28% interest. (See Note 2)
>
> Execution of employment agreements by Ice with individuals, substantially similar to that previously executed. Such amounts due under these employment agreements can be paid in cash or stock of Ice at the discretion of the board of Ice. (See Note 9)
>
> Payments of out-of-pocket expenses aggregating $66,745 in cash to individuals.
>
> Payment of $269,250 for services performed by a related entity of individuals. Such payment to be made in cash or stock. If the payment is made in common stock and amount realized on ultimate sale of common stock is less than the $269,250, additional shares shall be issued and if amount received is greater than $269,250 such excess shall be refunded to the company. (See Note 11)

At September 30, 2002, loans and advances from stockholders and officers of $28,000 are non-interest bearing and have no fixed date of repayment.

Note 6 Long-Term Debt

Long-term debt at September 30, 2002 consisted of a note payable in monthly installments of $610 including interest at 10.13% through March, 2003. The note is secured by transportation equipment.

Note 7   Consultant Stock Plan

The Company's Business Consultant Stock Plan as amended, ("the Plan") provides for the granting of 1,500,000 shares of the Company's $.01 par value stock, which may be issued from time to time to business consultants and advisors. On September 30, 2002 the Board of Directors approved an additional increase of 250,000 shares to be granted under the plan.

For the three months ended September 30, 2002, 86,617 shares were issued under the Plan to consultants in exchange for services and amounts owed to these consultants. The shares were valued at the market value of the shares on the date immediately prior to the date of issuance and approximated $149,000.

Note 8   Litigation

The Company's Lawsuits

On November 14, 2000, the Company joined with Vernon and Keith Gleasman, as plaintiffs, in filing a lawsuit against McElroy Manufacturing, Inc., Arthur H. McElroy, II and Tri-Mc (collectively, "MMI") in the United States District Court for the Northern District of Oklahoma.

The lawsuit was based upon claims that MMI had misled the Company and the Gleasmans concerning the operability of the pump and motor prototype design which utilized the gimbal as a constant velocity joint for use in a continuously variable gear transmission.

On September 26, 2002, the company and the Gleasmans dismissed their claims with prejudice.

TORVEC, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

Note 9 Employment Agreements

On August 1, 2001, the company entered into three-year employment agreements with Michael Martindale and Jacob Brooks as Chief Executive Officer and Chief Operating Officer respectively. On September 1, 2001 the Company entered into a three-year employment agreement with David Marshall as Vice President – Manufacturing.

As of March 31, 2002, the company entered into an agreement with such officers to terminate their employment agreements effective immediately, and all amounts under accrued compensation was exchanged for a warrant. New employment agreements with the company's majority owed subsidiary were executed for these individuals on March 31, 2002. (See Note 5)

In September 2002, the officers of our majority-owned subsidiary contributed $480,000 of accrued compensation to subsidiary capital and agreed to forego the payment of all future monies under their employment agreements until certain board-approved performance criteria have been realized. The company also reserved 79,260 shares of common stock to be exchanged for a total out of pocket expense owed to them amounting to approximately $82,000 at September 30, 2002.

Note 10 Variable Gear LLC

On January 1, 2008, the Company is required to purchase the 51% membership interest it does not own in Variable Gear LLC at the then fair market value as defined. At September 30, 2002 such fair market value cannot yet be reasonably estimated.

Note 11 Common Stock Subject to Resale Guarantee

During the three months ended June 30, 2002, the Company issued 190,965 shares to a related party in exchange for $269,250 owed the related party as discussed in Note 5. As noted in Note 5, if on sale of these shares the amount realized is less than the $269,250 additional shares shall be issued and if amount received is greater than $269,250 such excess shall be refunded to the Company. Such amount due has been classified as common stock subject to resale guarantee.

Note 12 Warrants

On April 15, 2002 the Company issued 1,000,000 warrants to purchase common stock at prices ranging from $.30 to $.75 to a new chairman of the board of directors and chief executive officer. Of the total warrants, 250,000 were exercisable at $.30, and 250,000 were exercisable at $.50 on the date the then board elected the executive to the board and named him chief executive officer. Included in general and administrative expenses at September 30, 2002, is a charge to operations amounting to $690,000 for the difference between the market price on the date of the events noted above and the exercise price.

The remaining 500,000 warrants are exercisable upon the execution of the Company of a binding agreement for the sale, transfer, license or assignment for value of any and/or all of its Company's technology at $.75 per share. The Company will record a charge to operations representing the fair value of the warrants when the warrants become exercisable.

During the three month period ended June 30, 2002, 250,000 warrants were exercised for $.30 per share resulting in proceeds of $75,000.

TORVEC, INC.

PLAN OF OPERATION

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Financial Statements and the Notes thereto included in this report. This discussion contains certain forward-looking statements that involve substantial risks and uncertainties. When used in this report, the words "anticipate", "expect", "plan", "believe", and similar expressions as they relate to the company or its management are intended to identity such forward-looking statements. The company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. Historical operating results are not necessarily indicative of the trends in operating results for any further period.

The company's overall business strategy relating to its automotive inventions is

- to manufacture, market and sell, either directly, through others or jointly, the FTV™ vehicle to domestic and foreign customers, especially in the Asian, African, South and Central American markets; and
- to manufacture, market and sell, either directly, through others or jointly, its hydraulic pump and motor, its constant velocity joint and its infinitely variable transmission to automotive and truck manufacturers, suppliers and component parts assemblers.

The company's plan of operation relative to its automotive inventions during the balance of fiscal 2002 is:

- to install our generation III IVT using an electronically controlled 2004 emissions compliant Cummins Turbo-diesel engine in a 2003 Dodge Ram 3/4 ton 4x4 quad cab pick-up truck (see below);
- to road test the truck to demonstrate that the IVT, as used in the Dodge light truck application, can double city fuel mileage and remove up to 90% of diesel particulates;
- to conduct a public relations campaign, including utilization of the mass media, to stimulate interest in and demand for the IVT at governmental, business and consumer levels;
- to build up to 2 production-ready, state of the art FTVs and to demonstrate these vehicles to potential join venture candidates in China, Mexico and the United States;

- o to continue negotiations with selected automotive and truck manufacturers to generate a letter of intent with respect to either a license, merger or joint partnership for the continued development and testing of all or any one of the company's prototypes, their manufacture, their marketing and their worldwide sale;
- o to continue to improve the company's inventions and, where appropriate, to obtain patent protection on such new improvements.

The company is taking its next step toward commercialization of its automotive products. Torvec's generation III infinitely variable transmission has now been designed specifically for a vehicle and will be adapted to a 2003 Dodge Ram 3/4 ton 4x4 quad cab pick-up truck. This truck will have the long awaited electronically controlled 2004 emissions compliant Cummins (CUM.NYSE) turbo-diesel engine. (Torvec is an approved Cummins OEM). This engine is 5.9 liters in displacement, 240 bhp at 2900 rpm and has 460 lb-ft of torque at 1400 rpm. This truck is scheduled to arrive in early November 2002. Torvec has chosen this engine size because it represents a huge market usable in SUVs, light trucks, delivery trucks, school buses, airport shuttle buses and class 3 to 5 trucks.

Industrial sources have assessed that Torvec's IVT, used in this light truck application, could double city mileage and remove up to 90% of diesel particulates (black soot). Torvec is planning to present its IVT at its January 23, 2003 shareholders meeting. When the IVT is installed, all data (emissions and fuel economy) will be confirmed in a real world (on road) environment, which is more acceptable to the EPA.

Previously, on June 29, 2000, the company announced that it had granted an exclusive, world-wide license of all its automotive technology to Variable Gear, LLC for the aeronautical and marine markets. Variable Gear will pay the company 4% royalties for 7 years after which the company is obligated to repurchase the license. Variable Gear is owned 51% by Robert C. Horton, Chairman and CEO of Ultrafab, Inc. and a company shareholder. The company owns the remaining 49%. The company does not share in any profit or losses in this entity. Variable Gear has initiated discussions with a number of boat manufacturers, but to date it has not commenced operations or sublicensed our automotive technology in its markets.

The company's overall business strategy relating to its ice technology is to

- o to continue its efforts to sell or license its rights in the ice technology to raise funds for the continued development and commercialization of its core technologies;

- o to promote utilization of the company's ice technology world-wide.

The company's license agreement with Dartmouth provides for a royalty of 3.5% based on the value of net sales of licensed product with minimum annual payments of $10,000 for the first two years, $15,000 for the third year and $25,000 per year thereafter. In addition, the agreement provides for the payment of 50% of sub-license fee income.

The company's ice technology is held through its majority-owned subsidiary, Ice Surface Development, Inc. Our subsidiary has made significant progress in advancing the development of its intellectual property holdings. Using recent investments made by its management team and development partners, ISDI has:

- created tangible developments in process technology that it intends to patent, and
- Developed and is marketing a business plan leading to serious interest with strategic partner candidates for the express purpose of creating product applications and business development relationships.

The net loss for the three months ended September 30, 2002 was $830,000 as compared to the three months ended September 30, 2001 net loss of $1,573,000. The decrease in the net loss of $743,000 is principally related to a decrease in advertising and promotion and consulting expenses. During the three months ended September 30, 2001 the advertising and promotion expenses were $144,000 as compared to $4,000 for the three months ending September 30, 2002. Also, during the three months ended September 30, 2001, the Company incurred consulting fees of approximately $443,000 by a partnership of which officers of our majority-owned subsidiary are partners, for preparation of a business plan. Lastly, during the three months ended September 30, 2001, the Company charged operations in the amount of $398,000 for options and warrants granted compared to $8,000 for the three months ended September 30, 2002.

Research and development expenses for the three months ended September 30, 2002 amounted to $468,000 as compared to $315,000 for the three months ended September 30, 2001.

General and administrative expenses for the three months ended September 30, 2002 amounted to $452,000 as compared to $1,258,000 for the three months ended September 30, 2001. This decrease amounted to $806,000 and is principally due the same reasons as noted in the second above preceding paragraph.

Liquidity and Capital Resources

The company's operations during the quarter ended September 30, 2002 were funded, in part, through the exercise by Swartz Private Equity of 61,355 commitment warrants and 63,093 purchase warrants under our investment agreement for proceeds of $68,104 and $59,568 respectively. Also, during the quarter ended September 30, 2002, a major shareholder purchased 399,007 common shares for proceeds of $568,000.

At September 30, 2002, the company's cash position was $444,000 and it had a working capital of $303,000. The increase in the company's cash position in the third quarter was due to common stock sales which totaled $695,672. The increase in the company's working capital was partially attributed to the exchange by Vernon, James and Keith Gleasman of the obligation to pay each of them consulting fees equaling $247,500, $242,500 and $162,600 respectively with the issuance of options. The Gleasmans were each granted 5 year common stock options, exercisable at $5.00 per share, to purchase in the case of Vernon Gleasman, 275,734 shares, in the case of James Gleasman, 270,164 shares and in the case of Keith Gleasman, 181,149 shares. The increase in the company's working capital was also attributable to the contribution by Michael Martindale, Jacob Brooks and David Marshall of $480,000 owed to them as of September 30, 2002 under their Ice Surface Development, Inc. employment contracts.

The company's cash position at anytime during the fiscal year ended December 31, 2002 is directly dependent upon its success in selling stock since the company did not generate any revenues. The company does not anticipate generating any revenues from its business activities during fiscal year 2002.

During the quarter ended September 30, 2002 the company issued 86,617 shares to business consultants under its Business Consultants Stock Plan in exchange for ongoing corporate legal services, internal accounting services, expenses associated with our lawsuit, marketing research expenses as well as legal fees and associated expenses for ongoing patent work.

In addition, during the three months ended September 30, 2002, 126,340 restricted shares were issued for services.

On September 30, 2002, the Board of Directors approved an increase in the number of shares issuable under the company's Business Consultant's Stock Plan by 250,000 shares from 1,500,000 to 1,750,000 shares. The Company has reserved 76,290 business consultant's shares to issue in payment of Messers. Martindale, Brooks and Marshall's September 30, 2002 accrued, out-of-pocket expenses.

We do not believe that it would be appropriate to continue to access our Swartz equity line until current stock market conditions significantly improve, thus enabling us to raise dollars without significant dilution to our shareholders. The Company believes that, depending upon the short-term success of its ongoing negotiations with one or more joint venture candidates, it may be required to initiate a private placement in order to raise capital to build up to two production ready state-of-the-art FTVs.

At September 30, 2002 loans payable and advances to stockholders and officers amounted to $28,000 and are non interest bearing and have no fixed date of repayment.

The company has an obligation to purchase 51% of Variable Gear, LLC on January 1, 2008. The purchase price is equal to 51% of the then value of Variable Gear, as determined by an independent appraiser selected by the parties. This liability can not be estimated at this time. We believe that contributions of cash flows from operations, financing and strategic alliances will produce sufficient cash flow to fund this obligation.

Critical Accounting Policies

Revenue Recognition

Revenue in connection with the granting of license to Variable Gear LLC is to be recognized when all conditions specified under recent accounting standards have been met. Generally, revenue is only recorded when no future performance is required related to the item.

Impact of Inflation

Inflation has not had a significant impact on the company's operations to date and management is currently unable to determine the extent inflation may impact the company's operations during its fiscal quarter ending September 30, 2002.

Quarterly Fluctuations

As of September 30, 2002, the company had not engaged in significant revenue producing operations. Once the company actually commences significant revenue producing operations, the company's operating results may fluctuate significantly from period to period as a result of a variety of factors, including purchasing patterns of consumers, the length of the company's sales cycle to key customers and distributors, the timing of the introduction of new products and product enhancements by the company and its competitors, technological factors, variations in sales by product and distribution channel, product returns, and competitive pricing. Consequently, once the company actually commences significant revenue producing operations, the company's product revenues may vary significantly by quarter and the company's operating results may experience significant fluctuations.

CONTROLS AND PROCEDURES

Eric Steenburgh and Samuel M. Bronsky, the company's chief executive officer and chief financial officer, respectively, have informed the Board of Directors that, based upon their evaluations of the company's disclosure controls and procedures on a date within 90 days of the filing of this Quarterly Report (Form 10-QSB), such disclosure control and procedures are effective to ensure that information required to be disclosed by the company in the reports it submits under the Securities Exchange Act of 1934 is accumulated and communicated to management (including the chief executive officer and chief financial officer) as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in the company's internal controls or in other factors that could significantly affect the controls since the date of their evaluation.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

Except as provided below, the company is not a party to any pending, material litigation. To the knowledge of management, no federal, state or local governmental agency is presently contemplating any proceeding against the company.

On November 14, 2000, the company joined with Vernon and Keith Gleasman, as plaintiffs, in filing a lawsuit against McElroy Manufacturing, Inc., Arthur H. McElroy, II and Tri-Mc (collectively, "MMI") in the United States District Court for the Northern District of Oklahoma.

The lawsuit was based upon claims that MMI had misled the company and the Gleasmans concerning the operability of the prototype of the pump and motor design which utilized the gimbal as a constant velocity joint for use in a continuously variable gear transmission.

On September 26, 2002, the company and the Gleasmans dismissed their claims with prejudice.

Item 2: Changes in Securities

a) Class A Preferred Shares

We ask that you refer to our annual report (Form 10-KSB) filed with the Securities and Exchange Commission on April 15, 2002 for a description of our Class A Preferred Shares. As of September 30, 2002, we had issued 38,500 Class A Preferred Shares for aggregate proceeds of $154,000 and the offering terminated on July 31, 2002.

b) Sales of Unregistered Securities

On July 24, 2002, August 30, 2002 and September 25, 2002, the company issued 46,897 common shares, 211,265 common shares and 140,845 common shares to Robert C. Horton for $68,000, $300,000 and $200,000 respectively.

The company issued 50,000 common shares on August 30, 2002 to Joseph Alberti for services rendered, 50,000 common shares on August 30, 2002 to Gary Siconolfi for services rendered, 20,340 common shares on September 10, 2002 to RLT Associates for services rendered, 4,000 common shares on September 10, 2002 to MRW Design for services rendered and 2,000 common shares on September 10, 2002 to Patrick R. Faure for services rendered.

These issuances were to existing shareholders who are familiar with the company and accredited investors. The company claims exemption from registration under section 4(2) of the Securities Act of 1933 as transactions by an issuer not involving a public offering.

c) Use of Proceeds from Registered Offering

On May 28, 2002, the company's registration statement (SEC File No. 333-48188) became effective and the offering of the company's common shares under the registration statement commenced on May 28, 2002. The registration statement covered the sale of up to 354,000 common shares upon the exercise of options at $5.00 per share as well as 4,360,000 common shares saleable to Swartz Private Equity under the company's equity line with Swartz at prevailing market prices.

Swartz exercised 61,355 common stock commitment warrants on July 10, 2002 for proceeds of $68,104. On September 4, 2002, Swartz exercised 63,093 common stock purchase warrants for proceeds of $59,568. All such proceeds were used for general corporate purposes.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following Exhibits, as applicable, are attached to this Quarterly Report (Form 10-QSB). The Exhibit Index is found on the page immediately succeeding the signature page and the Exhibits follow on the pages immediately succeeding the Exhibit Index.

(2) Plan of acquisition, reorganization, arrangement, liquidation, or succession

2.1 Agreement and Plan of Merger, dated November 29, 2000 by and among Torvec Subsidiary Corporation, Torvec, Inc., UTEK Corporation and ICE Surface Development, Inc. incorporated by reference to Form 8-K filed November 30, 2000 and Form 8K/A filed February 12, 2001.

(3) Articles of Incorporation, By-laws

3.1 Certificate of Incorporation incorporated by reference to Form 10-SB/A , Registration Statement, registering Company's $.01 par value common stock under section 12(g) of the Securities Exchange Act of 1934;

3.2 Certificate of Amendment to the Certificate of Incorporation dated August 30, 2000, incorporated by reference to Form SB-2 filed October 19, 2000;

3.3 Certificate of Amendment to the Certificate of Incorporation dated February 8, 2002;

3.4 By-laws, as amended by shareholders on January 24, 2002.

(4) Instruments defining the rights of holders including indentures

None

(10) Material Contracts

10.1 Certain Employment Agreements, Consulting Agreements, certain assignments of patents, patent properties, technology and know-how to the Company, Neri Service and Space Agreement and Ford Motor Company Agreement and Extension of Term, all incorporated by reference to Form 10-SB/A, Registration Statement, registering Company's $.01 par value common stock under section 12(g) of the Securities Exchange Act of 1934;

10.2 The Company's 1998 Stock Option Plan and related Stock Options Agreements, incorporated by reference to Form S-8, Registration Statement, registering 2,000,000 shares of the Company's $.01 par value common stock reserved for issuance thereunder, effective December 17, 1998;

10.3 The Company's Business Consultants Stock Plan, incorporated by reference to Form S-8, Registration Statement, registering 200,000 shares of the Company's $.01 par value common stock reserved for issuance thereunder, effective June 11, 1999, as amended by reference to Form S-8 Registration Statements registering an additional 200,000, 200,000, 100,000 and 800,000 shares of the Company's $.01 par value common stock reserved for issuance thereunder, effective October 5, 2000, November 7, 2001, December 21, 2001 and February 1, 2002 respectively;

10.4 Termination of Neri Service and Space Agreement dated August 31, 1999, incorporated by reference to Form 10-QSB filed for the quarter ended September 30, 1999;

10.5 Operating Agreement of Variable Gear, LLC dated June 28, 2000, incorporated by reference to Form 10-QSB filed for the quarter ended June 30, 2000;

10.6 License Agreement between Torvec, Inc. and Variable Gear, LLC dated June 28, 2000, incorporated by reference to Form SB-2 filed October 19, 2000;

10.7 Extension of and Amendment to Consulting Agreement with James A. Gleasman, incorporated by reference to Form 10-KSB filed for the fiscal year ended December 31, 2000;

10.8 Extension of and Amendment to Consulting Agreement with Keith E. Gleasman, incorporated by reference to Form 10-KSB filed for the fiscal year ended December 31, 2000;

10.9 Extension of and Amendment to Consulting Agreement with Vernon E. Gleasman, incorporated by reference to Form 10-KSB filed for the fiscal year ended December 31, 2000;

10.10 Option and Consulting Agreement with Marquis Capital, LLC dated February 10, 1999, incorporated by reference to Form 10-QSB filed for quarter ended March 31, 2001;

10.11 Option and Consulting Agreement with PMC Direct Corp., dated February 10, 1999, incorporated by reference to Form 10-QSB filed for quarter ended March 31, 2001;

10.12 Investment Banking Services Agreement with Swartz Institutional Finance (Dunwoody Brokerage Services, Inc.) dated December 8, 2000, incorporated by reference to Form 10-QSB filed for quarter ended March 31, 2001;

10.13 Employment Agreement with Michael Martindale, Chief Executive Officer, dated August 1, 2001, incorporated by reference to Form 10-QSB filed for fiscal quarter ended September 30, 2001;

10.14 Employment Agreement with Jacob H. Brooks, Chief Operating Officer, dated August 1, 2001, incorporated by reference to Form 10-QSB filed for fiscal quarter ended September 30, 2001;

10.15 Employment Agreement with David K. Marshall, Vice-President of Manufacturing, dated September 1, 2001, incorporated by reference to Form 10-QSB filed for fiscal quarter ended September 30, 2001;

10.16 Investment Banking Services Agreement with Swartz Institutional Finance (Dunwoody Brokerage Services, Inc.), as amended, dated October 23, 2001, incorporated by reference to Form 10-QSB filed for fiscal quarter ended September 30, 2001;

10.17 Stock Option Agreement with Samuel Bronsky, Chief Financial and Accounting Officer, dated August 28, 2001, incorporated by reference to Form 10-QSB filed for fiscal quarter ended September 30, 2001;

10.18 Pittsford Capital Group, LLC Agreement dated January 30, 2002, incorporated by reference to Form 10-KSB filed for fiscal year ended December 31, 2001;

10.19 Gleasman-Steenburgh Indemnification Agreement dated April 9, 2002, incorporated by reference to Form 10-KSB filed for fiscal year ended December 31, 2001;

10.20 Series B Warrant dated April 10, 2002, incorporated by reference to Form 10-KSB filed for fiscal year ended December 31, 2001;

(11) Statement re computation of per share earnings (loss)

Not applicable

(15) Letter re unaudited interim financial information

Not applicable

(18) Letter re change in accounting principles

Not applicable

(19) Report furnished to security holders

Not applicable

(22) Published report regarding matters submitted to vote of security holders

Not applicable

(23) Consents of experts and counsel

Not applicable

(24) Power of attorney

Not applicable

(99)(a) Additional exhibits

Certificate pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) <u>Reports Filed on Form 8-K</u>

None.

(c) <u>Forward Looking Information</u>

This Annual Report contains forward-looking statements that are based on current expectations, estimates and projections about the company and its plans for future operation as well as management's beliefs and assumptions. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

The Future Factors that may affect the company, its plans for its future operations and performance and results of the company's future business include, but are not limited to, the following:

a. the company's ability to raise or borrow significant capital to fund its business plan;

b. the company's ability to enter into collaborative joint working arrangements, formal joint venture arrangements and/or licensing arrangements with domestic and/or foreign governments, automotive industry manufacturers and suppliers to manufacture and promote the company's inventions;

c. industry and consumer acceptance of the company's inventions;

d. the level of competition and resistance in the automotive and related industries;

e. general economic and competitive conditions in the markets and countries in which the company will operate, and the risks inherent in any future international operations;

f. the strength of the U.S. dollar against currencies of other countries where the company may operate, as well as cross-currencies between the company's future operations outside of the U.S. and other countries with whom it transacts business;

g. changes in business, political and economic conditions due to the recent terrorist attacks in the U.S., the threat of future terrorist activity in the U.S. and other parts of the world, and related U.S. military actions overseas; and

h. changes in accounting standards promulgated by the Financial Accounting Standards Board, the Securities and Exchange Commission, the American Institute of Certified Public Accountants or by any national independent standards board created by Congress, which may require adjustments to financial statements.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking statements. The company does not intend to update forward-looking statements.

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.

TORVEC, INC.

Date: November 4, 2002 By: /S/ KEITH E. GLEASMAN
Keith E. Gleasman
President

Date: November 4, 2002 By: /S/ SAMUEL M. BRONSKY
Samuel M. Bronsky
Chief Financial and Accounting Officer

CERTIFICATIONS

I, Eric Steenburgh, Chief Executive Officer of Torvec, Inc., and I, Samuel M. Bronsky, Chief Financial Officer of Torvec, Inc. each hereby certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Torvec, Inc.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequently to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 11/4/02

/S/ ERIC STEENBURGH
Eric Steenburgh
Chief Executive Officer

Date: 11/4/02

/S/ SAMUEL BRONSKY
Samuel M. Bronsky
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT			PAGE
(2)	Plan of acquisition, reorganization, arrangement, liquidation, or succession		
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(3)	Articles of Incorporation, By-laws		
	3.1	Certificate of Incorporation incorporated by reference to Form 10-SB/A , Registration Statement, registering Company's $.01 par value common stock under section 12(g) of the Securities Exchange Act of 1934;	N/A
	3.2	Certificate of Amendment to the Certificate of Incorporation dated August 30, 2000, incorporated by reference to Form SB-2 filed October 19, 2000;	N/A
	3.3	Certificate of Correction dated March 22, 2002;	N/A
	3.4	By-laws, as amended by shareholders on January 24, 2002.	N/A
(4)	Instruments defining the rights of holders including indentures		
	None		N/A

EXHIBIT			PAGE
(10)	Material Contracts		
	10.1	Certain Employment Agreements, Consulting Agreements, certain assignments of patents, patent properties, technology and know-how to the Company, Neri Service and Space Agreement and Ford Motor Company Agreement and Extension of Term, all incorporated by reference to Form 10-SB/A, Registration Statement, registering Company's $.01 par value common stock under section 12(g) of the Securities Exchange Act of 1934;	N/A
	10.2	The Company's 1998 Stock Option Plan and related Stock Options Agreements, incorporated by reference to Form S-8, Registration Statement, registering 2,000,000 shares of the Company's $.01 par value common stock reserved for issuance thereunder, effective December 17, 1998;	N/A
	10.3	The Company's Business Consultants Stock Plan, incorporated by reference to Form S-8, Registration Statement, registering 200,000 shares of the Company's $.01 par value common stock reserved for issuance thereunder, effective June 11, 1999 as amended by reference to Form S-8 Registration Statement registering an additional 200,000, 200,000, 100,000 and 800,000 shares of the Company's $.01 par value common stock reserved for issuance thereunder, effective October 5, 2000, November 7, 2001, December 21, 2001 and February 1, 2002 respectively;	N/A
	10.4	Termination of Neri Service and Space Agreement dated August 31, 1999, incorporated by reference to Form 10-QSB filed for the quarter ended September 30, 1999;	N/A
	10.5	Operating Agreement of Variable Gear, LLC dated June 28, 2000, incorporated by reference to Form 10-QSB filed for the quarter ended June 30, 2000;	N/A
	10.6	License Agreement between Torvec, Inc. and Variable Gear, LLC dated June 28, 2000, incorporated by reference to Form SB-2 filed October 19, 2000;	N/A

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10.7	Investment Agreement with Swartz Private Equity, LLC dated September 5, 2000, together with attachments thereto, incorporated by reference to Form 8-K filed October 2, 2000;	N/A
10.8	Consulting Agreement Extension with Keith E. Gleasman, effective January 1, 2001;	N/A
10.9	Consulting Agreement Extension with James A. Gleasman, effective January 1, 2001;	N/A
10.10	Consulting Agreement Extension with Vernon E. Gleasman, effective January 1, 2001,	N/A
10.11	Option and Consulting Agreement with PMC Direct Corp., dated February 10, 1999, incorporated by reference to Form 10-QSB filed for quarter ended April 31, 2001;	N/A
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	10.18	Pittsford Capital Group, LLC Agreement dated January 30, 2002, incorporated by reference to Form 10-KSB filed for fiscal year ended December 31, 2001;	N/A
	10.19	Gleasman-Steenburgh Indemnification Agreement dated April 9, 2002, incorporated by reference to Form 10-KSB filed for fiscal year ended December 31, 2001;	N/A
	10.20	Series B Warrant dated April 10, 2002, incorporated by reference to Form 10-KSB filed for fiscal year ended December 31, 2001;	N/A
(11)	Statement re computation of per share earnings (loss)		
	Not applicable		
(15)	Letter re unaudited interim financial information		
	Not applicable		
(18)	Letter re change in accounting principles		
	Not applicable		
(19)	Report furnished to security holders		
	Not applicable		
(22)	Published report regarding matters submitted to vote of security holders		
	Not applicable		
(23)	Consents of experts and counsel		
	Not applicable		
(24)	Power of attorney		
	Not applicable		
(99)(a)	Additional exhibits		
	Certificate pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		34

Exhibit 99 (a)

Certificate pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Torvec, Inc. ("Torvec") on Form 10-QSB for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Eric Steenburgh, CEO and Samuel Bronsky, Chief Financial Officer of Torvec, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Torvec, Inc.

/S/ ERIC STEENBURGH
Eric Steenburgh
CEO
November 4, 2002

/S/ SAMUEL BRONSKY
Samuel Bronsky
Chief Financial Officer
November 4, 2002