

FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

(Mark One)

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

For the Quarter Ended June 30, 2003

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 (IRS Employer Identification Number)  
Incorporation or Organization)

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 ☒ NO ☐

As of June 30, 2003, there were outstanding 27,253,381, shares of the Company's common stock, \$.01 par value. Options for 1,686,047 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)

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

	June 30, 2003 (Unaudited)	December 31, 2002
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 155,000	\$ 293,000
Accounts Receivable	9,000	0
Prepaid Expenses	43,000	10,000
	-----	-----
Total Current Assets	207,000	303,000
	-----	-----
<b>PROPERTY AND EQUIPMENT:</b>		
Office equipment	15,000	15,000
Transportation equipment	53,000	53,000
	-----	-----
	68,000	68,000
<b>LESS: ACCUMULATED DEPRECIATION</b>		
	64,000	62,000
	-----	-----
Net equipment	4,000	6,000
LICENSE, net of accumulated amortization of \$437,000 and \$353,000, respectively	<u>2,823,000</u>	<u>2,907,000</u>
Total Assets	<u>\$ 3,034,000</u>	<u>\$ 3,216,000</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 341,000	\$316,000
Current maturities of long-term debt	0	2,000
Loans payable and advances - stockholders and officers	28,000	28,000
Consulting fees payable - stockholders	155,000	56,000
	-----	-----
Total Current Liabilities	524,000	402,000
<b>LONG-TERM LIABILITIES</b>		
Deferred revenue-long term	150,000	150,000
	-----	-----
	674,000	552,000
	-----	-----
<b>COMMITMENTS AND CONTINGENCIES</b>		
MINORITY INTEREST	777,000	765,000
<b>STOCKHOLDERS' EQUITY</b>		
Preferred Stock, \$.01 par value, 100,000 shares authorized, 3,300,000 designated as Series A non-voting cumulative \$.40 per share convertible preferred, 38,500 shares issued and outstanding (liquidation preference \$166,000)	0	0
Common stock, \$.01 par value, 40,000,000 shares authorized, 27,253,381 and 25,629,708 (including 109,890 shares issuable) issued and outstanding at June 30, 2003 and December 31, 2002, respectively	272,000	256,000
Additional paid-in capital	21,647,000	20,786,000
Deficit accumulated during the development stage	(20,336,000)	(19,143,000)
	-----	-----
Total Stockholders' Equity	1,583,000	1,899,000
	-----	-----
Total Liabilities and Stockholder's Equity	<u>\$3,034,000</u>	<u>\$3,216,000</u>
	=====	=====
See Notes to Financial Statements		

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

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002	September 25, 1996 (Inception) Through June 30, 2003
COST AND EXPENSES:					
Research and development	\$217,000	\$282,000	\$544,000	\$795,000	\$6,598,000
General and administrative	556,000	1,233,000	851,000	2,138,000	14,226,000
	-----	-----	-----	-----	-----
Loss Before Minority Interest	(773,000)	(1,515,000)	(1,395,000)	(2,933,000)	(20,824,000)
Minority Interest in Loss of Consolidated Subsidiary	111,000	91,000	202,000	91,000	488,000
	-----	-----	-----	-----	-----
Net loss	(662,000)	(1,424,000)	(1,193,000)	(2,842,000)	(20,336,000)
Preferred Dividend	4,000	4,000	8,000	4,000	20,000
	-----	-----	-----	-----	-----
Net Loss Attributable to Common Stockholders	(\$666,000)	(\$1,428,000)	(\$1,201,000)	(\$2,846,000)	(\$20,356,000)
	=====	=====	=====	=====	=====
Basic and Diluted Loss Per Share	(\$0.03)	(\$0.06)	(\$0.05)	(\$0.12)	
	=====	=====	=====	=====	
Weighted average number of shares of common stock -basic and diluted	26,435,000	24,500,000	26,145,000	23,957,000	
	=====	=====	=====	=====	

See Notes to Financial Statements

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

	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002	September 25, 1996 (Inception) Through June 30, 2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	(\$1,193,000)	(\$2,842,000)	(\$20,336,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	86,000	91,000	501,000
Minority interest in loss of consolidated subsidiary	(202,000)	(91,000)	(488,000)
Compensation expense attributable to common stock in subsidiary	0	1,308,000	619,000
Common stock issued for services	336,000	723,000	4,736,000
Contribution of services	240,000	0	1,059,000
Compensatory common stock, options and warrants	46,000	0	5,686,000
Changes in other current assets and current liabilities:			
Accounts Receivable	(9,000)	0	(9,000)
Prepaid Expenses	(33,000)	(28,000)	117,000
Accounts payable and accrued expenses	124,000	291,000	2,139,000
Deferred revenue	0	0	150,000
Net cash (used in) operating activities	(605,000)	(548,000)	(5,826,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property and equipment	0	(3,000)	(68,000)
Cost of acquisition	0	0	(16,000)
Net cash used in investing activities	0	(3,000)	(84,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from sales of preferred stock, common stock and exercise of options and warrants and sale of subsidiary stock	469,000	613,000	6,352,000
Proceeds from long-term borrowings	0	0	29,000
Repayment of long-term debt	(2,000)	(3,000)	(29,000)
Proceeds from (repayments of) stockholders' loans-net	0	(63,000)	78,000
Distributions	0	0	(365,000)
Net cash provided by financing activities	467,000	547,000	6,065,000
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(138,000)</b>	<b>(4,000)</b>	<b>155,000</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>293,000</b>	<b>13,000</b>	<b>0</b>
<b>CASH - END OF PERIOD</b>	<b>\$155,000</b>	<b>\$9,000</b>	<b>\$155,000</b>
	=====	=====	=====

**SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:**

Issuance of common stock, warrants, and options in settlement of liabilities	\$176,000	\$1,122,000
Notes payable exchanged for common stock		\$50,000

See Notes to Financial Statements



**TORVEC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**Note 1 Financial Statement Presentation**

The information contained herein with respect to the six and three month periods ended June 30, 2003 and June 30, 2002 and the period from September 25, 1996 (inception) through June 30, 2003 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 six month period ended June 30, 2003, and since inception. The results are not necessarily indicative of results to be expected for the year.

For the period from inception through June 30, 2003, the Company has accumulated a deficit of \$20,336,000, 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.

Certain amounts in 2002 have been reclassified to conform to current year presentation.

**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 stockholders' equity.

**TORVEC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

During the three months ended June 30, 2003, Ice sold 236,842 shares of Ice common stock at \$.76 per share and yielded net proceeds of \$169,000 pursuant to a private placement. In connection therewith the placement agent was granted 47,368 warrants to purchase Ice shares of common stock. Such warrants are exercisable at \$ .76 per share through June, 2008. As a result of this transaction, the Company recorded a gain of \$68,000 which reflects the carrying amount of the portion of its investment that was deemed sold and is reflected in the stockholders' equity. Pursuant to Ice's private placement the Company, has reserved the right but not the obligation, for a period not to exceed 30 months from June 9, 2003 or any subsequent offering of Ice stock, to purchase all of the capital stock of Ice (including shares to be issued upon exercise of outstanding warrants of Ice) at a purchase price equal to the greater of \$3.00 per share or the appraised value of Ice with such appraisal capped at \$6.00 per share.

**Note 3 Summary of Significant Accounting Policies**

**Consolidation**

The financial statements include the accounts of the Company and its majority owned-subsidiary, Ice. 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.



**TORVEC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**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.

**Stock-Based Compensation**

As permitted under SFAS No. 123, *Accounting for Stock-based Compensation* (SFAS No. 123), the Company has elected to continue to follow the guidance of APB Opinion No. 25, *Accounting for Stock Issued to Employees* (APB No. 25), and Financial Accounting Standards Board Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation - an Interpretation of APB Opinion No. 25* (FIN No. 44), in accounting for its stock-based employee compensation arrangements. Accordingly, no compensation cost is recognized for any of the Company's fixed stock options granted to employees when the exercise price of each option equals or exceeds the fair value of the underlying common stock as of the grant date for each stock option. Changes in the terms of stock option grants, such as extensions of the vesting period or changes in the exercise price, result in variable accounting in accordance with APB No. 25. Accordingly, compensation expense is measured in accordance with APB No. 25 and recognized over the vesting period. If the modified grant is fully vested, any additional compensation costs is recognized immediately. The Company accounts for equity instruments issued to non-employees in accordance with the provisions of SFAS No. 123.

At June 30, 2003, the Company had one stock-based employee compensation plan, and the Company's subsidiary had no stock-based employee compensation plan. As permitted under SFAS No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure*, which amended SFAS No. 123, the Company has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation arrangements as defined by APB No. 25 and related interpretations including FIN No. 44. The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation for options granted under its plan:

**TORVEC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002
Net loss, as reported	\$(1,193,000)	\$(2,846,000)
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	0	(28,000)
Pro forma net loss	<u>\$(1,193,000)</u>	<u>\$(2,874,000)</u>
Loss per share:		
Basic and diluted - as reported	<u>\$(0.05)</u>	<u>\$ (0.12)</u>
Basic and diluted - pro forma	<u>\$(0.05)</u>	<u>\$ (0.12)</u>

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002
Net loss, as reported	(\$662,000)	(\$1,424,000)
Deduct: Total stock-based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	0	(28,000)
Pro forma net loss	<u>(\$662,000)</u>	<u>(\$1,452,000)</u>
Loss per share:		
Basic and diluted - as reported	<u>\$(0.03)</u>	<u>\$(0.06)</u>
Basic and diluted - pro forma	<u>\$(0.03)</u>	<u>\$(0.06)</u>

The Company did not grant fixed stock options to acquire shares of its common stock to its employees during the three-months ended June 30, 2003 and June 30, 2002.

#### Impairment or Disposal of Long-Lived Assets

The Company follows 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**

**June 30, 2003**

**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 June 30, 2003, 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 warrant 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 during the six months ended June 30, 2002.

On February 3, 2003 the Company sold 111,112 restricted shares to a shareholder for \$150,000.

On May 5, 2003 the Company sold 250,000 restricted shares to a shareholder for \$200,000.

During the three months ended March 31, 2003, the Company issued 9,140 restricted shares for services aggregating approximately \$7,000.

For other stock issuances, see notes 6, 9 and 11.

**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 six months ended June 30, 2003 and 2002 is \$112,500 and \$112,500 respectively for consulting fees due under the agreements.

At June 30, 2003, loans and advances from stockholders and officers of \$28,000 are non-interest bearing and have no fixed date of repayment.

**TORVEC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

**Note 6 Consultant Stock Plan**

The Company's Business Consultant Stock Plan as amended, ("the Plan") provides for the granting of 1,750,000 shares of the Company's \$.01 par value stock, which may be issued from time to time to business consultants and advisors.

For the three months ended June 30, 2003, 230,602 shares were issued under the Plan to consultants in exchange for services and amounts owed to these consultants. Also, for the three months ended March 31, 2003, 238,381 shares were issued under the plan for services and amounts owed. The shares were valued at the market value of the shares on the date immediately prior to the date of issuance and approximated \$151,000 and \$176,000 for the three months ended June 30, 2003 and March 31, 2003 respectively.

**Note 8 Litigation**

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.

**Note 9 Employment Agreements**

On August 1, 2001, the Company entered into three-year employment agreements with its Chief Executive Officer and Chief Operating Officer. The employment agreements provide for annual base salary of \$240,000 pro rated for calendar year 2001 and increasing thereafter by \$20,000 per annum. In addition, the agreements provide for an annual bonus of \$60,000 for calendar year 2001 and increasing thereafter by \$60,000 per annum. On September 1, 2001 the Company entered into a three-year employment agreement with its Vice President - Manufacturing. The employment agreement provides for annual base salary of \$144,000 pro rated for calendar year 2001 and increasing by \$16,000 for calendar year 2002, and increasing thereafter by \$30,000 per annum. In addition, the agreement provides for annual bonuses of \$25,000, \$40,000 and \$50,000 for calendar years 2001, 2002 and 2003, respectively. At March 31, 2002 amounts owing under these employment agreements aggregating approximately \$633,000 were settled through the issuance of 448,865 warrants to purchase common stock at an exercise price of \$.01. On March 20, 2003, 130,000 of these options were exercised. (See Note 11)

Effective March 31, 2002 the agreements were terminated and the officers resigned from the Company. Simultaneously, Ice executed employment agreements with the individuals in the name of Ice with the same terms as previously executed and the individuals became officers of Ice. As of March 31, 2003 and December 31, 2002, these individuals contributed \$240,000 and \$720,000 respectively, of accrued compensation to Ice's capital.

**TORVEC, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2003**

The Company may pay all compensation under these terminated agreements either in cash or common stock as determined by the Board of Directors. In connection with these agreements, the Company granted 450,000 options at \$5.00 per share. The term of the options granted shall be for a period of 10 years and vest immediately. These options were exchanged for a 28% interest in Ice in March 2002. (See note 2)

During the three months ended March 31, 2003, the Company issued 148,387 shares to the officers of Ice in exchange for approximately \$122,000 owed to them for services performed for Ice. These shares were issued under the Business Consultants Stock Plan. (See Note 6)

During the three months ended June 30, 2003 the Company issued 52,911 shares to the officers of Ice in exchange for approximately \$40,000 owed to them for expenses incurred during the first quarter, 2003.

**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. The Company does not share in any profit or losses in this entity. At March 31, 2003 such fair market value cannot yet be reasonably estimated.

**Note 11 Warrants**

On March 20, 2003, three former officers of the company who are currently officers of our subsidiary, Ice, exercised warrants to acquire 130,000 common shares. The warrants had previously been issued to the officers in payment of compensation under their former employment agreements. During June 2003, Swartz Private Equity LLC exercised warrants in a cashless exercise and received 654,432 shares of common stock.

**Note 12 Options**

During the three months ended June 30, 2003 the Company issued 50,000 options to a consultant to purchase common stock at an exercise price of \$2.26 exercisable through May 2013. The options vest immediately and the Company valued these options using Black Schole Option pricing model and charged \$46,000 to research and development in the accompanying condensed statement of operations.

## **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 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 and the threat of future terrorist activity in the U.S. and other parts of the world and related military action;

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.

### **Business Strategy**

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

- o to license or sell our Iso-Torque™ differential to a first-tier supplier of automotive and truck systems and component parts;
- o to license or sell our generation III infinitely variable transmission to a first-tier supplier of automotive and truck systems and component parts;
- o to manufacture, market and sell, either directly, through others or jointly, our hydraulic pump and motor and constant velocity joint, which includes our spherical gearing, to automotive and truck manufacturers, suppliers and component part assemblers;
- o ultimately, to manufacture, market and sell, either directly, through others or jointly, the FTV™, including the steering drive and suspension for tracked vehicles to domestic and foreign customers, especially in the Asian, African, South and Central American markets.

The company's plan of operation relative to its automotive inventions during fiscal 2003 is:

- o to license or sell our Iso-Torque™ differential to a first-tier supplier of automotive and truck systems and component parts;
- o to install our generation III infinitely variable transmission using an electronically controlled 2004 emissions compliant Cummins turbo-diesel engine in a 2003 Dodge Ram 3/4 ton 4x4 quad cab pickup truck;
- o to road test the truck to ascertain the fuel economies and emission reductions achieved by the infinitely variable transmission with respect to this application;
- o to license or sell our generation III infinitely variable transmission to a first-tier supplier of automotive and truck systems and component parts;





- o to initiate discussions with national and state environmental agencies in the United States and other countries to determine the potential effect of the infinitely variable transmission on the worldwide problem of diesel engine pollutants;
- o to continue to improve the company's inventions and, where appropriate, to obtain patent protection on such new improvements.

The company's website is [www.torvec.com](http://www.torvec.com), and information regarding the company and all of its inventions can be found on such website.

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, which alters adherence of ice to vehicle surfaces, is

- o to continue our development efforts necessary to position the ice technology for sale or license to one or more candidates, whether domestic or foreign;
- o to license or sell the ice technology.

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. ("ISDI") Our subsidiary has made significant progress in identifying three distinct methods for de-icing -- electrolysis, high frequency and pulse. The ice technology has been demonstrated in a lab environment to rapidly de-ice surfaces such as glass and metal, and, in an alternative configuration, has also been demonstrated in the lab to increase the adherence of tire compounds to icy surfaces.

ISDI has recently developed a relationship with a key process technology provider. This relationship provides ISDI with the capabilities to develop unique, proprietary manufacturing processes for applying "invisible" circuits, shown in the lab to electronically free a build-up of ice and snow from glass surfaces in a matter of seconds. Several prototypes have been developed that further demonstrate the ability to lay down invisible conductive circuits in the necessary patterns and to optically correct any visual distortion. The next stage of development includes larger prototypes designed to be fully functional, i.e., to remove ice rapidly on these larger surfaces and meet industry requirements for wear, light transmission, reliability and cost.

Nissan Diesel America has supplied ISDI with sample windshields for prototype development of the deicing system for testing this winter with a fleet customer who operates across the north and central United States.

The company has also entered into a relationship with a major tier 1 supplier of automotive sensors, windshield wipers and vision system components. ISDI will supply its ice removal technology for selected components to be fitted on two demonstration cars. The cars will be used for demonstration purposes, primarily in the Detroit area, which affords ISDI a great opportunity to showcase its proprietary technology. Active discussions are also underway with manufacturers or purchasers of automotive windshields and other glass components.

ISDI has initiated a private placement of up to 1,580,000 shares of its common stock to raise up to \$1,200,000 to implement its development strategy. The offering, which commenced on June 9, 2003, is being made on a best efforts basis through Athena Capital Partners, Inc., Tampa, FL as exclusive placement agent. The offering will expire on November 9, 2003, subject to a 2 month extension if 50% of the offering has been subscribed.

Torvec has reserved the right, but not the obligation, for a period not to exceed 30 months from June 9, 2003 or any subsequent offering of ISDI stock, to purchase all of the capital stock of ISDI at a purchase price equal to the greater of \$3.00 per share or the appraised value of ISDI with such appraisal capped at \$6.00 per share.

### **IVT Update**

As publicly announced on June 30, 2003 we have conducted actual, real world tests of our infinitely variable transmission (IVT). Tests results demonstrate that the IVT's performance exceeds industry standards and management's expectations:

- o Hydraulic efficiency - the gold standard for measuring hydraulic efficiency is "blow by" - an industry term for measuring the amount of oil passing through the system without performing work. The blow by for seven cubic inch conventional commercial pumps is approximately 4.5 to 5 gallons a minute. We expected our system to do better - 1.2 to 1.5 gallons a minute. Management was pleasantly surprised when Torvec's 12 cubic inch system's blow by at 200 psi was .5 to .7 gallons a minute. All blow by is completely recaptured and reused.

- o Acceleration - the Dodge Ram 4x4 has been programmed to accelerate from 0 - 60 mph in 9 seconds, which is faster than the same vehicle with a gasoline engine and 3 seconds (25%) faster than a Dodge Ram with a diesel engine and automatic transmission.
- o Torque - management was very pleased that the torque generated by the vehicle is more than adequate to accomplish any task a 4x4 vehicle is designed to do.
- o Durability and Performance - Torvec designed and utilized stringent testing protocols throughout the testing period on all componentry to determine the durability, strength and function of the IVT. Five separate test inspections, which involved complete disassembly, inspection and reassembly of the IVT, revealed no catastrophic or other significant failures. Minor problems, such as cavitation, bearing lubrication and surface finishing were addressed and resolved.

Testing procedures involved incorporating approximately 28 computer-linked sensors in the IVT to obtain real time results on the internal workings of the hydraulic pump/motor and gearing. While time was expended by utilization of this process in calculating and benchmarking the accuracy of gathered data, this methodology (which produces data and graphs each one-tenth of a second) is gaining respect and credibility in the industry in comparison with the more time consuming dynamometer test-stand procedure.

Torvec has retained Clean Air Technologies of Buffalo, New York, one of three nationwide companies whose certifications are acceptable to the EPA, to perform testing on both Torvec's Dodge Ram 4x4 with the IVT and an identical in all respects Dodge Ram 4x4 with the sole exception that the "control" vehicle has an automatic transmission in place of Torvec's IVT. Torvec and Clean Air Technologies will maintain the highest SAE and EPA testing standards in conducting all tests.

Clean Air Technologies has scheduled completion of EPA testing on both the Torvec Dodge Ram 4x4 and the "control" Dodge Ram 4x4 the week of September 6, 2003.

### **Certain Second Quarter Information**

The net loss for the three months ended June 30, 2003 was \$662,000 as compared to the three months ended June 30, 2002 net loss of \$1,424,000. The decrease in the net loss of \$762,000 is principally related to a decrease in compensation expense warrants amounting to \$636,000.

Research and development expenses for the three months ended June 30, 2003 amounted to \$217,000 as compared to \$282,000 for the three months ended June 30, 2002. The decrease amounted to \$65,000 due to the reduction in the design work for the IVT.

General and administrative expenses for the three months ended June 30, 2003 amounted to \$556,000 as compared to \$1,233,000 for the three months ended June 30, 2002. This decrease amounted to \$677,000 and is principally due the same reasons as noted in the second above preceding paragraph.

### **Liquidity and Capital Resources**

The company's business activities during the quarter ended June 30, 2003 were funded through the sale of 250,000 shares of common stock for proceeds of \$200,000 and the sale of 236,842 shares of ISDI's common stock for net proceeds of \$169,000.

At June 30, 2003, the company's cash position was \$155,000 and it had a working capital deficit of \$317,000. Included in the company's current liabilities are amounts payable of \$317,000 which the company believes will be paid with future issuances of stock.

The company's cash position at anytime during the quarter ended June 30, 2003 was 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 the balance of its 2003 fiscal year.

During the quarter ended June 30, 2003 the company issued 230,602 shares to business consultants under its Business Consultants Stock Plan in exchange for ongoing corporate legal services, internal accounting services, marketing research expenses, legal fees and associated expenses for ongoing patent work and reimbursement of ongoing employee expenses.

We have not continued to access our Swartz equity line due to current stock market conditions. 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 June 30, 2003 loans payable 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 the license to Variable Gear, LLC is to be recognized when all conditions for earning such fee is complete. Generally, revenue is only recorded when no future performance is required related to the item.

### **Impairment of Long-Lived Assets**

The company has adopted SFAS No. 144, "Accounting for the Impairment of 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. Management is also required to evaluate the useful lives each reporting period. When events or circumstances indicate, our long-lived assets, including intangible assets with finite useful lives, are tested for impairment by using the estimated future cash flows directly associated with, and that are expected to arise as a direct result of, the use of the assets. If the carrying amount exceeds the estimated undiscounted cash flows, an impairment may be indicated. The carrying amount is then compared to the estimated discounted cash flows, and if there is an excess, such amount is recorded as an impairment.

### **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 the quarter ending June 30, 2003.

### **Quarterly Fluctuations**

As of June 30, 2003, the company had not engaged in 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 as of the end of the period covered by 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.

Management, with the participation of the company's chief executive and chief financial officers, has concluded that there were no changes in the company's internal control over financial reporting that occurred during the fiscal quarter covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

PART II  
OTHER INFORMATION

Item 1. Legal Proceedings

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.

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 17, 2003 for a description of our Class A Preferred Shares. There are 3,300,000 authorized Class A Preferred Shares and 41,000 issued and outstanding.

b) Sales of Unregistered Securities

On May 16, 2003 the company issued 250,000 common shares to Robert C. Horton for \$200,000.

On June 11, 2003, the company issued 67,134 common shares to Swartz Private Equity, LLC as the result of a "cashless" exercise of 100,000 commitment warrants.

On June 18, 2003, the company issued 587,298 common shares to Swartz Private Equity, LLC as the result of a "cashless" exercise of 793,520 commitment and purchase warrants.

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.

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
- (31) Rule 13a-14(a)/15d-14(a) Certifications
- (32) Rule 1350 Certifications
- (99) Additional Exhibits  
None.

**(b) Reports Filed on Form 8-K**

None.

## **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: August 14, 2003

By: /S/ KEITH E. GLEASMAN

Keith E. Gleasman  
President

Date: August 14, 2003

By: /S/ SAMUEL M. BRONSKY

Samuel M. Bronsky  
Chief Financial and Accounting Officer

## **EXHIBIT INDEX**

<b><u>EXHIBIT</u></b>	<b><u>PAGE</u></b>
(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.	N/A
(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 |
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<b><u>EXHIBIT</u></b>		<b><u>PAGE</u></b>
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
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(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	
(31)	Rule 13a-14(a)/15d-14(a) Certifications	
(32)	Rule 1350 Certifications	
(99)	Additional exhibits None.	



**CERTIFICATION**

I, Eric Steenburgh, Chief Executive Officer of Torvec, Inc., 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-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based upon such evaluation; and
  - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/S/ ERIC STEENBURGH

Eric Steenburgh  
Chief Executive Officer

**CERTIFICATION**

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-15(e) and 15d-15(e)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based upon such evaluation; and
  - c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2003

/S/ SAMUEL BRONSKY

Samuel M. Bronsky  
Chief Financial Officer



**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 June 30, 2003 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

August 14, 2003

/S/ SAMUEL BRONSKY

Samuel Bronsky

Chief Financial Officer

August 14, 2003

**Issuer Statement**

A signed original of this written statement required by Section 906 has been provided to Torvec, Inc. and will be retained by Torvec, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.