

August 05, 1998

Turbodyne fails to deny stock fraud charge.

Turbodyne Technologies, Inc. (NASDAQ Symbol: TRBD) (Price: \$10.00) issued a statement containing most of the elements of its current stock promotion. The statement also characterized our August 4, 1998 report initiating coverage of Turbodyne with a Strong Sell and Short Sell recommendation as "false and misleading". However, Turbodyne's release did not make reference to a single statement contained in our report that was incorrect or false.

Most importantly, Turbodyne failed to deny that it has sold over 44 million shares, options and warrants to retail investors through a series of "back-door" offerings. None of these shares were sold through a legitimate underwriting. Most of these shares were sold by the company to insiders who resold the shares at higher prices to the public.

Turbodyne was not formed by inventors and funded by independent industry partners or expert technical investors. Turbodyne was created using the exact reverse of this legitimate check and balance process. Turbodyne began as a Vancouver shell company formed for the purpose of finding a promotable invention. Turbodyne possessed no funding, industry expertise or management when it decided to buy its supercharging system for less than \$500,000 in stock. Since then despite countless public releases, including 33 so far in 1998, it has failed to earn a single penny for investors.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.