

August 04, 1998

Turbodyne possesses no valuable technology.

Asensio & Company, Inc. initiates coverage of Turbodyne Technologies, Inc. (NASDAQ Symbol: TRBD) (Price: \$15.8125) with a Strong Sell and Short Sell recommendation.

Investors may be buying shares of Turbodyne Technologies, Inc. believing that the earnings potential of its Turbopac and Dynacharger products ("Turbodyne products") are worth significantly in excess of the company's approximate \$700 million market capitalization. There is no factual or reasonable basis for this belief. In fact, we believe this false perception has been purposely cultivated by management in order to defraud investors. Turbodyne does not possess any patents on any ignition, combustion, fuel or intake design or product that offers engine manufactures any new technology in emission reduction or power output. The Turbodyne technology, which was acquired for stock worth less than \$500,000, is merely a supercharger that is driven by an electric motor instead of a belt. In the last five years, Turbodyne has claimed deals with 12 different companies in over 14 different countries. No manufacturer has ever incorporated a single Turbodyne product in a new engine or vehicle.

Turbodyne has been promoting the sales potential of its Turbodyne products technological breakthrough for over five years. During this period, it has had no sales of Turbodyne products. However, during this same period, Turbodyne has used its product claims to sell over 25.6 million shares at an average price of approximately \$2.18 per share to the public. None of these shares were sold under a U.S. registration statement or through a legitimate underwriting. In fact, the vast majority of Turbodyne's 44.2 million fully diluted shares were created through below market private sales to insiders who then resold the shares to the public without further disclosure to the buyers.

Despite raising and spending over \$55 million in equity capital, Turbodyne has failed to create any new products. As of March 31, 1998, Turbodyne had over 36.3 million shares outstanding, and 7.9 million options and warrants outstanding at well below market exercise prices. We see no asset or future earnings potential that can remotely support Turbodyne's current stock price. We believe this gross overvaluation combined with Turbodyne's complete inability to generate any earnings per share will cause the stock to fall to well below \$1 per share. Furthermore, we believe that Turbodyne's upcoming initial Form 10-Q will require a more detailed risk section and significantly greater disclosures, which will be damaging to Turbodyne's factually deficient stock promotion.

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