

NEWS RELEASE



2nd February 2011

Torotrak plc
("Torotrak" or "the Company")

Interim Management Statement and organisational restructuring

Torotrak (LSE: TRK), which develops and holds the patented rights to a transformational form of variable drive technology, proven in delivering fuel efficiency and CO₂ emission improvements for vehicles, announces an Interim Management Statement for the period to end January 2011 and an organisational restructuring.

Business update

Since last reporting at the half year in November 2010, the financial outlook for the year has strengthened as a result of the conclusion of the agreements with MTD concerning Infinitrak announced on 7th January 2011. This has introduced an additional £1 million of cash over and above our expectations at that time. All parts of the business are operating as planned, with our major engineering programmes with Allison Transmission, Inc and our European Truck and Bus Manufacturer nearing conclusion.

As previously reported, Torotrak's strategic priorities have moved in emphasis away from one of intensive, wider business and technical development to a more sharply defined focus on those customer programmes and relationships which we judge to be material in terms of momentum and value. Reflecting this transition, we anticipated that we would be able to reduce our cost base as our licensees and partners progress from prototype development towards production, and as new customers require support primarily from a more precisely defined set of Torotrak core-skills (as opposed to "turn-key" type engineering programmes).

Accordingly, Torotrak also announces today a restructuring, to better align its organisational structure with our more sharply defined strategic priorities.

Summary of restructuring

The restructuring changes will result in Torotrak's board of director salary costs reducing by approximately one third. This will be achieved through changes which include a reduction in the board from six members to four and also through a reduction in non-performance related salary, all to take effect from 31st March 2011.

A wider re-organisation of Torotrak's operations will also be completed by 31st March 2011, based on this leaner board structure. It will result in a new engineering and commercial delivery structure that is better aligned to support our customers and partners as their investment in commercialising our technology increases and as Torotrak's future development funding may decrease correspondingly.

The Company is targeting a reduction in annualised cash costs of between £1.6 million and £1.9 million per annum, equivalent to approximately a 25% reduction in operating costs as last reported for the year ended 31st March 2010. These cost savings will impact the new financial year commencing on 1st April 2011 to a material extent, and will be reported more fully in May 2011 when announcing our preliminary results. It is anticipated that the one-off costs associated with this restructuring will not exceed £0.6 million and which would be a charge in the current financial year.

Board changes

James Batchelor, Commercial Director, will retire as a director of the Company on 31st March 2011 but will continue to work on specific projects and hand-over objectives thereafter until 30th June

when he will leave Torotrak. In addition, David Mackay, non executive and senior independent director, will also retire as a director on 31st March 2011.

We would like to thank both James and David for the significant contributions that they have made to the business. James has been instrumental in leading Torotrak's business development into new markets, helping to bring many new key customer relationships to Torotrak. He has been a key member of the executive team, helping in the evolution of Torotrak including his constructive input into the planning behind the restructuring announced today. In his role as a non-executive director, David has provided invaluable assistance in the area of IP and patenting.

Nick Barter becomes Senior Independent Director from 1st April 2011.

New organisational and board structure

The new board structure will reflect a more integrated approach to engineering and business development and the remaining executive directors will play active roles in the engineering and commercial developments of the business as it seeks to capitalise on its IP with both existing and new customers.

Dick Elsy, Chief Executive, will oversee the engineering activities of the Company, supported by a revised engineering leadership team focused on Torotrak's commercialisation objectives. Dick Elsy has held senior engineering and product development and introduction roles in the past at BMW and Jaguar and has increasingly been taking direct project responsibility for Torotrak's key engineering delivery projects. In addition, the Company is currently implementing a new Enterprise Resource Planning IT support system which is a key enabler for a more integrated approach to project and engineering management within Torotrak. Roger Stone will step down from his position as Engineering Director on 31st March 2011 and we would like to thank Roger for his contribution over the last two years.

Jeremy Deering, Finance Director, will now oversee the commercial activities of the Company. Jeremy has been key to the strategic development of Torotrak and has worked closely with James Batchelor over the last three years and has helped provide strong commercial direction and support. He has played a direct part in negotiating and closing Torotrak's recent major deals and agreements, including the restructuring of the Infinitrak joint venture for which he has been specifically responsible. He also has had extensive commercial responsibilities and experience with FTSE 100 and other companies prior to joining Torotrak.

Dick Elsy, Chief Executive, said: "We are entering an exciting and demanding new stage in Torotrak's development, where we are prioritising our engineering resources on our key customers to drive our technology through to commercialisation.

"This sharper strategic focus also puts more emphasis on developing high value client relationships and partnerships in place of widespread business development.

"We have been determined to show leadership at board level in terms of the cost reduction that goes with these changes, but the main rationale for change is to put in place a Torotrak team that has at its heart empowerment, technical excellence and the necessary commercial skills to succeed."

For further information please visit www.torotrak.com or contact:

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