

NEWS RELEASE January 17, 2007

CLEAN DIESEL TECHNOLOGIES, Inc.

Directors' Shareholding

STAMFORD, CT, 17th January 2007, Clean Diesel Technologies, Inc. ("Clean Diesel" or "the Company") (EBB:CDTI & AIM:CDT/CDTS & XETRA:CDI), a developer of technological solutions to reduce harmful engine emissions, announces that on 12th January 2007, the Company issued shares of common stock in lieu of director's fees for the January 1, 2006 to December 31, 2006 period to the following directors, upon their election:

	<u>No. of Shares</u>
John de Havilland, Non-Executive Director	11,180
Derek Gray, Non-Executive Chairman of the Board of Directors	52,174
John McCloy, Non-Executive Director	22,360

Director shares are calculated on a quarterly basis using the average of the high and low trading prices during each calendar quarter on both the EBB and AIM, but the director shares are issued on an annual basis. Mr. de Havilland's shares represent 50% of his director's fees, in accordance with his election, and Mr. de Havilland subsequently gifted his shares to his children.

In addition to the shares outlined above, on 12th January 2007, Derek Gray purchased 10,000 shares of Clean Diesel common stock at a price of US\$1.763 per share from a third party.

As a result of the purchase by Mr. Gray and the issuance of the shares in lieu of director's fees, John de Havilland, Derek Gray and John McCloy and are interested in 277,761, 958,327 and 123,536 common shares, respectively, representing less than 1%, 2.8% and less than 1%, respectively, of the issued and subscribed share capital of the Company.

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