



February 17, 2011

Clean Diesel Technologies, Inc. Finalizes Financing Facility

VENTURA, Calif., Feb. 17, 2011 (GLOBE NEWSWIRE) -- Clean Diesel Technologies, Inc. (Nasdaq:CDTI) ("Clean Diesel" or the "Company"), a cleantech emissions reduction company, announced today that it has entered into a financing agreement with Faunus Group International, Inc. ("FGI").

Clean Diesel and certain of its subsidiaries entered into separate Sale and Security Agreements with FGI to provide for a \$7.5 million secured demand credit facility, backed by the Company's receivables and inventory. The facility provides for a two-year term and may be extended for additional one year terms. FGI was granted a security interest in substantially all of the Company's assets. Approximately \$2.1 million of proceeds from the initial advances under this facility have been used, to pay in full the balance of the Company's obligations under the Second Amended and Restated Loan Agreement dated as of June 27, 2008 with Fifth Third Bank.

Under the FGI facility, FGI can elect to purchase eligible accounts receivables from the Company and certain subsidiaries at up to 80% of the value of such receivables (retaining a 20% reserve). At FGI's election, FGI may advance the Company up to 80% of the value of any purchased accounts receivable, subject to the \$7.5 million limit. Reserves retained by FGI on any purchased receivable are expected to be refunded to the Company net of interest and fees on advances once the receivables are collected from customers. In addition, the Company may borrow up to \$1 million against eligible inventory subject to the aggregate \$7.5 million limit under the FGI facility and certain other conditions.

The interest rate on advances or borrowings under the FGI facility will be the greater of (i) 7.50% per annum and (ii) 2.50% per annum above the Wall Street Journal "prime rate." The Company will also pay FGI standby fees any time its aggregate borrowings are less than \$2.4 million, as well as collateral management fees, and agreed to pay termination fees to FGI if the Company elects to terminate the facility prior to the end of the initial two-year term. Any advances or borrowings under the FGI facility are due on demand.

The Company anticipates that its Sweden and UK subsidiaries will enter into substantially similar agreements in the near future.

Material terms and form of agreement were filed with the Securities and Exchange Commission ("SEC") on Form 8-K, which may be found on the Company's website at www.cdti.com or the SEC's website at www.sec.gov.

About the Company

Clean Diesel Technologies, Inc. (Nasdaq:CDTI), "Clean Diesel," "CDT" or the "Company" is, as a result of the recent business combination with Catalytic Solutions, Inc. ("CSI"), a vertically integrated global manufacturer and distributor of emissions control systems and products, focused on the heavy duty diesel (HDD) and light duty vehicle (LDV) markets. CDT utilizes its proprietary patented Mixed Phase Catalyst (MPC®) technology, as well as its ARIS® selective catalytic reduction; Platinum Plus® Fuel-Borne Catalyst (FBC), and other technologies to provide high-value sustainable solutions to reduce emissions, increase energy efficiency and lower the carbon intensity of on- and off-road engine applications. CDT is headquartered in Ventura, California, along with its wholly-owned subsidiary, CSI, and currently has operations in the U.S., Canada, U.K., France, Japan and Sweden as well as an Asian joint venture. For more information, please visit www.cdti.com and www.catsolns.com.

The Clean Diesel Technologies, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5742>

CONTACT: Kristi Cushing, Investor Relations Manager

Tel: +1 (805) 639-9458



Source: Clean Diesel Technologies, Inc.

News Provided by Acquire Media