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## **Clean Diesel Technologies, Inc. CEO Comments on Proposed Elimination of DERA Funding in Fiscal 2012 U.S. Budget Proposal**

VENTURA, Calif., Feb. 22, 2011 (GLOBE NEWSWIRE) -- Clean Diesel Technologies, Inc. (Nasdaq:CDTI) ("Clean Diesel" or the "Company"), a cleantech emissions reduction company, commented today on the recent announcement made by the Obama Administration which proposes an elimination of funding for the Environmental Protection Agency's ("EPA") Diesel Emissions Reduction Program ("DERA").

On February 14, 2011, the Obama Administration proposed a FY 2012 budget to the EPA eliminating the funding for the DERA program that retrofits diesel trucks and buses to reduce harmful emissions.

"We are disappointed in the proposal to eliminate the DERA funding, which funding was reauthorized just last month," said Charles Call, Chief Executive Officer of Clean Diesel Technologies, Inc. Mr. Call added, "EPA funding for diesel engine retrofits under the DERA program has proven to be a highly cost-effective program for several years. It has enabled the installation of emission systems to existing vehicles, such as heavy duty trucks and school buses, to reduce harmful emissions at a fraction of the cost of purchasing new vehicles. Clean Diesel has played an important role in providing a broad set of retrofit system solutions in the United States. We believe that, since 2008, \$469 million dollars has been appropriated by Congress under DERA and the American Reinvestment and Recovery Act (ARRA). Projects awarded funding under ARRA (\$300M) are believed to be still in progress until September 2011. In addition, the 2011 requests for proposals (RFP) recently closed on January 13, 2011 and these funds are not scheduled to be awarded until May 2011. As DERA projects can be two to three years in length and can result in additional matching funds under various state and other funding sources, DERA funds are expected to continue the government's investment in green jobs for the remainder of 2011 and 2012.

In spite of the proposed elimination of DERA funding in 2012, we see renewed commitment for on-road diesel emission reductions from state governments, such as California, where it has mandated that all 1996 through 2009 Class 7 and 8 diesel trucks be retrofit with diesel particulate filters if not so equipped to meet state emission standards between 2012 and 2014. The state of California is also scheduled to issue the next solicitation round for Proposition 1B funding in March/April of 2011. In addition, the U.S. Department of Transportation provides funding through its Congestion Mitigation and Air Quality Improvement Program. Governments outside of the United States are also taking steps to address emission reductions, as evidenced by the more than 160 low emission zones in operation throughout Europe with others being planned in Europe and Asia."

Mr. Call went on to say that, "While the reduction in DERA funding, if confirmed, may have an adverse impact on some retrofit programs, the state mandated opportunities in the United States, coupled with the growth of Low Emission Zone ("LEZ") initiatives in Europe and Asia are expected to provide a good growth opportunity for the company."

### **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](http://www.cdti.com) and [www.catsolns.com](http://www.catsolns.com).

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

### **Forward-Looking Statements Safe Harbor**

Certain statements in this news release such as statements about cost-savings, government emission reduction programs, EPA budget funding, growth of LEZ initiatives and growth opportunity constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known or unknown risks, including those detailed in the Company's filings with the U.S. Securities and Exchange Commission, uncertainties and other

factors that may cause the actual results, performance or achievements of the Company following the business combination with CSI to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company assumes no obligation to update the forward-looking information contained in this release.

CONTACT: Kristi Cushing, Investor Relations Manager

Tel: +1 (805) 639-9458



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