



March 18, 2002

Clean Diesel Technologies reports Strong Revenue Increases for Fourth-Quarter, Year-End

New Letter of Intent Signed with Mitsui & Co; CEO Jeremy Peter-Hoblyn elected Chairman

SSTAMFORD, CT (March 18, 2002) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported that year-to-year increases in license and royalty revenue, when compared to the prior year periods, led to a substantial increase in total revenue for the fourth quarter and fiscal year ended December 31, 2001. For the fourth quarter, CDT reported total revenue of \$158,000 with a net loss attributable to common stockholders of \$1.92 million, or a \$0.63 loss per share, compared with total revenue of \$105,000 with a net loss of \$741,000, or \$0.28 loss per share, for the year-earlier period. The 2001 fourth quarter loss includes a one-time non-cash preferred stock conversion premium of \$1.28 million related to the conversion of all of the Company's preferred stock to common stock in December 2001. Excluding the one-time preferred stock conversion premium, the 2001 fourth quarter loss was \$650,000, or a \$0.21 loss per share.

For the twelve months ended December 31, 2001, CDT reported total revenue of \$1.6 million with a net loss of \$3.0 million, or a \$1.08 loss per share, compared to total revenue of \$582,000 with a net loss of \$2.7 million, or a \$1.03 loss per share, for the comparable year-earlier period. Excluding the one-time preferred stock conversion premium, the 2001 year-end loss was \$1.7 million, or a \$0.62 loss per share.

Chairman and CEO Jeremy Peter-Hoblyn commented, "2001 marked significant progress for us as we completed key licensing and distribution agreements for our patented Platinum Plus(R) diesel fuel additive with The Lubrizol Corporation, Baker Petrolite, Global Companies LLC and Valv Tect Petroleum Products, and generated more than \$1.4 million in revenue from license and royalty agreements for our patented ARIS(TM) nitrogen oxide (NOx) reduction technology for stationary engines with Mitsui & Co. Ltd of Japan and the RJM Corporation in the U.S. We also raised \$5.2 million in a private placement of common stock and listed on AIM (Alternative Investment Market) of the London Stock Exchange."

James Valentine, who was promoted from Executive Vice President and Chief Operating Officer to President, remarked that this progress should continue in 2002. The Company expects sales to build in the coming quarters at existing licensee locations, while adding additional fleets and marketing/distributor licensees.

"During the first quarter of 2002, Global Companies LLC began automatic blending of Platinum Plus at one of its New England terminals and has initiated sales and distribution to fleets under the Diesel One with Platinum Plus name," Valentine said. "Valv Tect contracted with its first fuel marketer in the mid-west and Lubrizol captured its first sales of Platinum Plus with filters in Europe while continuing programs with OEMs."

The California Air Resources Board is revising the Diesel Retrofit Regulations for emission reduction of the state's 1.2 million diesel engines and the Company is in discussions with several potential partners about verifying the Company's Platinum Plus under the program. The EPA Voluntary Diesel Retrofit Program has been expanded to include fuels and fuel additives and the Company has been invited to participate in workshops for fleet owners in Atlanta, Phoenix and Houston.

The Company announced that Mitsui signed a letter of intent to exercise their option to license the Company's ARIS urea SCR technology for mobile applications in Japan. Mitsui has previously licensed the ARIS technology for stationary applications. Separately, sales of ARIS systems by the Company's U.S. stationary licensee have slowed but are expected to pick-up later in the year.

The Company also announced that Ralph E. Bailey, Chairman and non-executive director of CDT, and Douglas G. Bailey, non-executive director of CDT, have resigned from the Board. Both are managing directors of Fuel-Tech N.V. and have resigned to concentrate more fully on the activities of Fuel Tech, N.V., a CDT shareholder. The Board subsequently elected CEO Jeremy Peter-Hoblyn to Chairman and reduced its size from seven to five directors.

Full financial information is included in the Company's Form 10-Q filed with the Securities and Exchange Commission (www.SEC.gov).

CLEAN DIESEL TECHNOLOGIES, INC. STATEMENTS OF OPERATIONS (in thousands of US\$ except per share data)

Three months ended Twelve months ended
December 31, December 31,
2001 2000 2001 2000

Revenue

Product Revenue	23	62	176	199
License and Royalty Revenue	135	43	1,424	383
Total Revenue	158	105	1,600	582

Costs and Expenses

Cost of Sales	8	45	117	133
General and Administrative	512	433	1,858	1,799
Research and Development	111	120	365	534
Patent Filing and Maintenance	58	55	196	152
Loss from operations	531	548	936	2,036
Interest Expense (income)	116	(3)	170	(35)
Net Loss before preferred stock dividend	647	545	1,106	2,001
Preferred Stock Dividend (non-cash) dividend	0	196	621	712
Preferred Stock Conversion Premium	1,276	0	1,276	0
Net Loss attributed to common stockholders	1,923	741	3,003	2,713
Basic and Diluted Loss per Common Share	0.63	0.28	1.08	1.03
Weighted Average Number of Common Shares Outstanding	3,073	2,660	2,777	2,631

BALANCE SHEET (in thousands of US\$ except share data)

	December 31, 2001	December 31, 2000
ASSETS		
Current Assets		
Cash and Cash Equivalents	4,023	541
Accounts receivable	197	50
Inventories	296	287
Other Current Assets	95	87
Total Current Assets	4,612	965
Other Assets	46	92
Total Assets	4,658	1,057
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes Payable	250	-
Accounts Payable and Accrued Expenses	558	400
Total Current Liabilities	808	400
Notes Payable	-	500
Deferred Compensation and Pension Benefits	368	308
Long-term Liabilities	368	808
Stockholders' Equity		
Preferred Stock, par value 0.05 per share, authorized 80,000, no shares issued and outstanding		
Series A Convertible Preferred Stock, par value 0.05 per share, 500 per share liquidation preference, authorized 20,000 shares, 14,623 shares issued and outstanding in 2000	-	1
Common Stock, par value 0.05 per share, authorized 15,000,000 shares, issued and outstanding 11,214,280 and 2,660,611 shares respectively	561	133
Additional Paid-in Capital	27,058	20,849
Accumulated Deficit	(24,137)	(21,134)

Total Stockholders' Equity (Deficit)	3,482	(151)
Total Liabilities and Stockholders' Equity (Deficit)	4,658	1,057

About Clean Diesel Technologies, Inc.

Clean Diesel Technologies, Inc. is a specialty chemical company with patented products that reduce emissions from diesel engines while simultaneously improving fuel economy and power. Products include Platinum Plus(R) fuel catalysts, the Platinum Plus Purifier System, and the ARIS(R) 2000 urea injection systems for selective catalytic reduction of NOx. Platinum Plus and ARIS are registered trademarks of Clean Diesel Technologies, Inc. For more information, visit CDT at www.cdti.com or contact the Company directly.

Certain statements in this news release 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 Securities and Exchange Commission, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, 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.

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