



March 25, 2003

## Clean Diesel Technologies reports 2002 Fourth-Quarter and Year-End Results

### Mitsui ARIS(R) Mobile License Drives Fourth-Quarter Revenue

STAMFORD, CT (March 25, 2003) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported an increase in license and royalty revenue in the fourth-quarter of 2002 compared to the prior year period. For the fourth-quarter, CDT reported total revenue of \$300,000 and a net loss attributable to common stockholders of \$403,000, or a \$0.04 loss per share. This compares to revenue of \$158,000 and a net loss attributable to common stockholders of \$1.92 million, or a \$0.63 loss per share for the same period in 2001. 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 \$647,000, or a \$0.21 loss per share.

For the twelve months ended December 31, 2002, CDT reported total revenue of \$441,000 with a net loss of \$2.6 million, or a \$0.23 loss per share, compared to total revenue of \$1.6 million with a net loss of \$3.0 million, or a \$1.08 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, "A large US diesel retrofit emission-reduction market is beginning to develop and it is expected to grow substantially in 2003. The California Air Resources Board's (CARB) requirement to retrofit 1.2 million diesel vehicles in California begins phasing in at the end of 2003. In addition, the Environmental Protection Agency's (EPA) voluntary retrofit program in the other 49 states has gained momentum with the recent announcement of specific diesel emission-reduction programs by the EPA such as the "Smartway Transport Program" for major corporate fleets and the "Clean School Bus" initiative that targets the retrofit of 300,000 school buses."

Peter-Hoblyn also noted that CDT has formally applied for the verification of its patented Platinum Plus(R) fuel borne catalyst (FBC) and low-cost aftertreatment devices with both the EPA and the CARB. The Company's new FBC and a Flow through Filter (FTF) combination is designed to provide 50 to 60 percent emission reduction, be very durable and apply to older and dirtier engines. The Company has completed its initial pre-verification testing and recently reached the 1000-hour commercial in-field durability requirement on the first of several vehicles. CDT expects to complete the required verification testing of the first 1000-hour aged system in the next 60 days.

Recently the Company announced a partnership with Santa Fe-based CleanAIR Systems to gain the Mining Safety Health Administration's (MSHA) acceptance of the Platinum Plus FBC in combination with a specially catalyzed filter that reduces particulates in underground mines by 85 percent without increasing NO<sub>2</sub>. This combination is the only catalytic precious metal system accepted for use in underground mines. NO<sub>2</sub> is a strong lung irritant and both CARB and MSHA have put restrictions on NO<sub>2</sub> emissions. In addition, MSHA has mandated a reduction in particulates, with commitments for compliance required by July 2003. Just last week, CDT announced its first commercial order for diesel particulate reduction in underground mines.

In the fourth-quarter of 2002, CDT completed an exclusive license agreement with Mitsui Ltd. for the mobile application of CDT's ARIS(R) urea selective catalyst reduction (SCR) technology in Japan. Mitsui had also previously licensed the stationary ARIS technology for Japan. Under the ARIS mobile license agreement Mitsui paid CDT \$250,000 and agreed to invest an additional \$200,000 in further development and testing of the ARIS mobile system. CDT also recently announced a letter of intent for a mobile ARIS retrofit license with Monroe, CT-based Combustion Component Associates, Inc., and the Company is in discussions for ARIS licenses with several other US and European companies.

Full financial information is included in the Company's Form 10-K filed with the Securities and Exchange Commission ([www.SEC.gov](http://www.SEC.gov)).

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

Three months ended		Twelve months ended	
December 31		December 31	
2002	2001	2002	2001

**Revenue**

Product Revenue	29	23	142	176
License and Royalty Revenue	271	135	299	1,424
Total Revenue	300	158	441	1,600

**Costs and Expenses**

Cost of Sales	13	8	86	117
General and Administrative	591	512	2,291	1,858
Research and Development	97	111	693	365
Patent Filing and Maintenance	9	58	43	196
Loss from operations	(410)	(531)	(2,672)	(936)
Interest Income/(Expense)	7	(116)	30	(170)
Net Loss before preferred stock dividend	(403)	(647)	(2,642)	(1,106)
Preferred stock dividend (non-cash)	0	0	0	(621)
Preferred stock conversion premium	0	(1,276)	0	(1,276)
Net loss attributed to common stockholders	(403)	(1,923)	(2,642)	(3,003)
Basic and Diluted Loss per Common Share	(0.04)	(0.63)	(0.23)	(1.08)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	11,419	3,073	11,419	2,777

**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](http://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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