



May 7, 2002

## Clean Diesel Technologies reports 2002 First-Quarter Results

STAMFORD, CT (May 7, 2002) . . . Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today announced results for its first quarter ended March 31, 2002. Revenue in this year's first quarter was \$71,000 with a net loss attributable to common stockholders of \$662,000, or \$0.06 loss per share, compared to revenue of \$24,000 and a net loss of \$760,000, or \$0.29 loss per share, in the first quarter of 2001. Product revenue in the first quarter of this year increased to \$60,000 from \$13,000 in the year earlier period, while license and royalty revenue remained flat. The 2002 first quarter net loss included \$95,000 of non-cash compensatory stock warrant expense for warrants issued in 2001, but vested in 2002, and the 2001 first quarter net loss included non-cash charges for preferred stock dividends of \$201,000.

Chairman and CEO Jeremy Peter-Hoblyn commented, "Since the beginning of this year, we have seen several very important developments occur that we believe could enhance the markets for our products and technologies. These include the publishing of the final procedure by the California Air Resources Board (CARB) for verification of retrofit systems for emission reduction from diesel engines, which is scheduled to be adopted on May 16, and the US Environmental Protection Agency's (EPA) voluntary retrofit program for the remaining 49 states which has a similar verification program protocol in preparation. In addition, the European Union Commission Motor Vehicle Emission Group (MVEG) is developing a protocol designed to enable countries to provide tax incentives for cleaner fuels, including fuel additives. This protocol is likely to be published during the summer."

Compliance with the CARB program is mandatory and will start immediately with a target to retrofit 1.2 million engines by 2007. The Company is in the process of applying for verification of its patented Platinum Plus(R) diesel fuel catalyst with both the CARB and the US EPA. "The market opportunities for Platinum Plus will be greatly enhanced as these programs become confirmed," Peter-Hoblyn said.

During this year's first quarter the Company shipped three prototype units of the mobile ARIS(TM) nitrogen oxide (NOx) reduction system to Mitsui & Co. Ltd of Japan. "We are anticipating expanding the existing license with Mitsui for use of ARIS on stationary diesel engines to include using ARIS for mobile applications in Japan, as well," Peter-Hoblyn said.

For the first quarter of 2002, G&A was \$556,000 and R&D was \$111,000 as compared to \$435,000 and \$84,000, respectively, for the year-earlier period. These increases were the result of additional sales and marketing resources, incurred initial planning expense in support of verification of Platinum Plus with the CARB and the US EPA and an absorbed non-cash compensatory stock warrant expense.

The Company's balance sheet at March 31, 2002 contained cash and cash equivalents of \$3.3 million, total assets of \$3.7 million, and \$381,000 of long term liabilities.

As announced in December 2001, the Company raised \$5.2 million through the issuance of 2.6 million shares of common stock while at the same time converting all of its preferred stock to 5.9 million shares of common stock and listing all of the common stock on the Alternative Investment Market (AIM) of the London Stock Exchange.

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

	Three months ended March 31	
	2002	2001
<b>Revenue</b>		
Product Revenue	60	13
License and Royalty Revenue	11	11
Total Revenue	71	24
<b>Costs and Expenses</b>		
Cost of Sales	44	7

General and Administrative	556	435
Research and Development	111	84
Patent Filing and Maintenance	28	48
Loss from operations	(668)	(550)
Interest Income	(15)	(3)
Interest Expense	9	12
Net Loss before preferred Stock Dividend	(662)	(559)
Preferred Stock Dividend (non-cash)	0	201
Net Loss attributed to Common Stockholders	(662)	(760)
Basic and Diluted Loss per Common Share	(0.06)	(0.29)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	11,214	2,661

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

	March 31, 2002 (Unaudited)	December 31, 2001
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	3,254	4,023
Accounts receivable	13	197
Inventories	291	296
Other Current Assets	105	96
Total Current Assets	3,663	4,612
Other Assets	44	46
Total Assets	3,707	4,658
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Notes Payable	0	250
Accounts Payable and Accrued Expenses	411	558
Total Current Liabilities	411	808
Deferred Compensation and Pension Benefits	381	368
Total Long-term Liabilities	381	368
Stockholders' Equity		
Preferred Stock, par value 0.05 per share, authorized 80,000 shares, 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, no shares issued and outstanding		
Common Stock, par value 0.05 per share, authorized 15,000,000 shares, issued and outstanding 11,214,280 shares	561	561
Additional Paid-in Capital	27,153	27,058
Accumulated Deficit	(24,799)	(24,137)
Total Stockholders' Equity	2,915	3,482
Total Liabilities and Stockholders' Equity	3,707	4,658

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.

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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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