



May 9, 2001

## Clean Diesel Technologies Reports First-Quarter Results

### Substantial License Receipts Foreseen In Second and Third Quarters

STAMFORD, CT (May 9, 2001) . . . Clean Diesel Technologies, Inc. (EBB:CDTI) (CDT) today reported results for the first quarter ended March 31, 2001. CDT reported a net loss attributable to Common Stockholders of \$760,000, or \$0.29 loss per share, compared to a net loss of \$462,000, or \$0.18 loss per share, for the year-earlier period. The net loss included non-cash charges of \$201,000 and \$163,000 for the first quarter of 2001 and 2000, respectively.

Revenue for the first quarter of 2001 was \$24,000 versus \$306,000 in 2000. The 2000 revenue included \$260,000 of license revenue from Norwalk, CT-based RJM Corporation for the ARIS 2000 NOx reduction system. CDT recently announced \$825,000 of ARIS 2000 license revenue payable in the second and third quarters of 2001 from RJM resulting from an amended agreement with RJM that accelerated the ARIS license payment to CDT. Strong demand for the ARIS technology has been based on the growth in new distributed power generation in the Northwest and retrofit applications in other parts of the country. The Company is pursuing additional ARIS license agreements for mobile applications in the U.S., Europe and Asia and stationary applications in Europe and Asia.

Clean Diesel Technologies President and CEO Jeremy Peter-Hoblyn commented, "The Company's strategy of gaining widespread distribution of its technologies through strategic licensing and distribution agreements is gaining momentum." CDT recently announced a license agreement with Cleveland, OH-based Lubrizol Corporation for distribution of Platinum Plus(R) fuel borne catalyst with filters in Europe and signed a letter of intent with Northbrook, IL-based ValvTect Petroleum Products, a division of RPM Inc., for distribution of Platinum Plus fuel borne catalyst to diesel truck fleets and fuel marketers in the U.S. CDT expects to announce additional Platinum Plus license distribution agreements in the near term.

In April and May 2001, CDT completed the first commercial shipments of Platinum Plus fuel borne catalyst concentrate to Lubrizol and finished product to ValvTect Petroleum Products. CDT expects shipments to increase as Lubrizol and ValvTect build their customer base for Platinum Plus products.

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

	Three months ended March 31	
	2001	2000
<b>Revenue</b>		
Product Revenue	13	46
License and Royalty Revenue	11	260
Total Revenue	24	306
<b>Costs and Expenses</b>		
Cost of Sales	7	22
General and Administrative	435	429
Research and Development	84	139
Patent Filing and Maintenance	48	24
Loss from operations	550	308
Interest Income	(3)	(10)
Interest Expense	12	1

Net Loss before Preferred Stock Dividend	559	299
Preferred Stock Dividend (non-cash)	201	163
Net Loss Attributed to Common Stockholders	760	462
Basic and Diluted Loss per Common Share	0.29	0.18)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	2,661	2,594

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#### 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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