



May 11, 2004

Clean Diesel Technologies reports First-Quarter 2004 Results

STAMFORD, CT (May 11, 2004) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported an increase in product revenue for the first quarter of 2004. Total revenue for the first quarter was \$194,000 with a net loss of \$808,000, or \$0.05 loss per share. This compares to total revenue of \$96,000 and a net loss of \$907,000, or \$0.08 loss per share, for the same period in 2003.

The increase in product revenue is attributable to higher Platinum Plus(R) fuel-borne catalyst (FBC) and ARIS injector sales. The reduced loss is attributable to lower research and development costs, partially offset by higher sales and marketing expense.

President and Chief Operating Officer James M. Valentine noted, "Sales and marketing activities increased significantly in the first quarter due to customer and regulatory interest in the Platinum Plus Purifier System. This system was verified by the EPA late last year as providing 40-50 percent particulate reductions and up to 5 percent NOx reduction on pre-1994 engines. This is double the performance of other traditional diesel oxidation catalysts. Our first commercial shipments of the Purifier diesel oxidation catalyst were made to Coca-Cola Enterprises Inc. under a previously announced order and additional off-road systems were put into commercial service in the first quarter. We expect negotiations on several other orders to be completed in the next few weeks."

Distribution of the Platinum Plus FBC was expanded in the first quarter with over a dozen fleet fueling trucks now being equipped with automatic dosing systems to allow for precise treatment of fuel delivered to Platinum Plus fleet customers. Several on-board dosing systems are also scheduled for field demonstration to provide individual fuel treatment for retail-fueled vehicles that do not fuel at a central location.

Off-road sales continue to the US mining industry with over 100 vehicles using the high-strength Platinum Plus DFX-DPF product for regeneration of particulate filters. Sales continue to the power generation and construction sectors, and more recently to the marine sector.

Verification of the high-efficiency FBC/CWMF system is in the final stages of review by the US EPA under the Environmental Technology Verification Program. This system has demonstrated reductions of 65-75 percent in rigorous third-party testing at Southwest Research Institute (SwRI) and offers higher reductions at a lower cost and with broader applicability than other verified filter systems. CDT also recently submitted a formal application to the California Air Resources Board for verification of the FBC/CWMF system under their Diesel Risk Reduction Program.

Together with CDT's development partner, Mitsui/PUREarth, the Company is in discussions with several potential US distributors for the FBC/CWMF system, while at the same time pursuing initial sales directly. PUREarth is also investigating applications for the system in Southeast Asia where the lower cost, high performance and ability to operate on older engines present a significant advantage for the system.

In Japan, sales of the ARIS injector to Mitsui continue to grow for stationary diesel engine NOx reduction applications, as well as for several mobile demonstration programs with heavy-duty vehicle manufacturers. In the US, CDT expects its licensee, Combustion Component Associates, Inc. (CCA), of Monroe, CT, to announce soon its first orders for mobile ARIS systems. Together, CDT and CCA are also looking at a repackaged, lower-cost system for application in small stationary diesels. The ARIS injector is a patented single-fluid injector used in urea-based SCR systems to dramatically reduce NOx emissions by up to 90 percent.

"Our balance sheet remains strong, which should allow us to complete the verification programs and also to add to our marketing and sales efforts," Valentine added. "We expect to see good revenue growth in the second half as verifications are expanded.

"The recent addition of Mr. Tim Rogers as Vice President, International, should allow us to capitalize better on opportunities in Europe and Asia," Valentine concluded.

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 (Unaudited) (in thousands of US\$ except per share data)

	Three months ended March 31	
	2004	2003
Revenue		
Product Revenue	176	88
License and Royalty Revenue	18	8
Total Revenue	194	96
Costs and Expenses		
Cost of Sales	132	57
General and Administrative	790	692
Research and Development	80	248
Patent Filing and Maintenance	12	10
Loss from operations	(820)	(911)
Interest Income	(12)	(4)
Interest Expense	--	--
Net Loss Attributed to Common Stockholders	(808)	(907)
Basic and Diluted Loss per Common Share	(0.05)	(0.08)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	15,679	11,968

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

	March 31 , 2004 (unaudited)	December 31, 2003
ASSETS		
Current Assets		
Cash and Cash Equivalents	5,559	6,515
Accounts receivable, net of allowance of 10 and 3 in 2004 and 2003, respectively	160	115
Inventories	273	320
Other Current Assets	131	73
Total Current Assets	6,123	7,023
Patents, Net	271	274
Fixed assets, net of accumulated depreciation of \$131 in 2004 and \$123 in 2003, respectively	139	126
Other Assets	28	18
Total Assets	6,561	7,441
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Deferred Compensation and Pension Benefits	441	441
Accounts Payable and Accrued Expenses	352	427
Total Current Liabilities	793	868
Stockholders' Equity		
Preferred Stock, par value 0.05 per share, authorized 100,000 and 80,000 respectively, no shares issued and outstanding		
Series A Convertible Preferred Stock, par value 0.05 per share, 500 per share liquidation preference, authorized 0 and 20,000 shares respectively, no shares issued and outstanding		
Common Stock, par value 0.05 per share, authorized 30,000,000 shares, issued and outstanding 16,738,368 and 15,679,337 shares respectively	784	784
Additional Paid-in Capital	35,816	35,813
Accumulated Deficit	(30,832)	(30,024)
Total Stockholders' Equity	5,768	6,573

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.

Allen & Caron, Inc. Jesse E. Deal (US investors)

(212) 691-8087; jesse@allencaron.com

Len Hall (US media)

(949) 474-4300; len@allencaron.com

Clean Diesel Technologies, Inc.

James M. Valentine, President

David W. Whitwell, CFO

(203) 327-7050