



May 13, 2008

## Clean Diesel Technologies Announces Record Sales for the First Quarter of 2008

STAMFORD, Conn., May 13, 2008 (PrimeNewswire via COMTEX News Network) -- Clean Diesel Technologies, Inc. (Nasdaq:CDTI) (XETRA:CDIA) (AIM:CDT), the cleantech emissions reduction company, today announced financial results for the first quarter ended March 31, 2008.

### Recent Highlights:

- Total revenue of \$2.6 million in the first quarter of 2008 compared to \$216,000 in the first quarter of 2007, driven by strong sales of Purifier(tm) System particulate matter emission control solutions
- First quarter 2008 product sales exceed full year 2007 product sales
- Phase-in of London Low Emission Zone compliance deadlines driving demand for Clean Diesel; next compliance deadline -- July 2008
- Signed licensing agreement with Headway Machinery Co., Ltd, the largest commercial diesel engine exhaust company in China
- Skanska orders catalyzed wire mesh filter technology for cranes in New York City's largest public works project
- Lake Champlain Transportation Company chose Clean Diesel Platinum Plus(r) to provide significant cost-savings and improved environmental benefits to its ferry fleet

Dr. Bernhard Steiner, President and CEO of Clean Diesel Technologies, commented, "Our top line growth in the first quarter was driven by strong product sales in the U.K., which exceeded our total worldwide product sales for all of 2007. This was a direct result of our strategic decision to obtain certification for the London Low Emission Zone (LEZ) program designed to reduce particulate matter in the region. Our Purifier(tm) System particulate matter emission control solutions are being installed in commercial vehicles to reduce harmful diesel emissions by up to 95%. Our technologies not only aid fuel economy but also eliminate the need for fleet operators to replace vehicles or pay a daily charge of GBP 200 for non-compliance with the LEZ rules. The phase-in of LEZ compliance deadlines for various types of vehicles will create additional opportunities for installation of our technologies. July 2008 is the next LEZ compliance deadline for vehicles greater than 3.5 metric tons. As other cities around the world establish low emission zones, we plan to emulate the success we've achieved in London. Already, we have obtained the certification to provide our solutions in Scotland's national low emission zone."

Dr. Steiner continued, "Our signing of a licensing agreement for our Wire Mesh Filter (WMF) technology with Headway Machinery was a major achievement for Clean Diesel during the first quarter. Environmental concerns, new regulatory requirements and escalating energy prices are the catalysts for growth in our business. In early 2008, China implemented legislative measures to help bring its pollution standards in line with the Euro IV particulate matter emission standards. Headway's decision to utilize our technology for its light and medium duty trucks has opened up a significant market for us. Headway's initial testing of our filters is in progress and is expected to be completed in the second half of 2008, after which, we plan to supply our wire mesh filters and our Platinum Plus fuel-borne catalyst.

"We are pleased to be involved with New York City's largest public works project through the deployment of our patented catalyzed wire mesh filter technology on Skanska's cranes for the construction of a new water filtration project in Croton, NY. With the use of our filters, particulate matter will be reduced by up to 75% and there is no need to shut down the cranes to regenerate the system. This factor was an important distinction versus conventional filters that enabled Clean Diesel to obtain this business because avoiding the shut down of crane engines for regeneration greatly reduced safety risks," Dr. Steiner concluded.

### First Quarter 2008 Financial Results

Total revenue for the first quarter of 2008 was \$2.6 million compared to \$216,000 in the first quarter of 2007. The increase in

the first quarter was primarily due to sales of the company's Purifier(tm) System as an emission reduction solution to meet standards mandated for the London Low Emission Zone. Net loss for the first quarter of 2008 was \$1.6 million or \$0.20 per share compared to \$1.8 million or \$0.30 per share in the comparable period in 2007. Net loss for the quarter included non-cash stock option and warrant fair value charges of \$530,000. The company also recorded an unrealized loss of \$586,000 that reduced the value of its investments in auction rate securities with a corresponding reduction in stockholders' equity.

Additional information about the Company's financial results is available on its Form 10-Q filed with the Securities & Exchange Commission ([www.sec.gov](http://www.sec.gov)).

#### About Clean Diesel Technologies

Clean Diesel Technologies (Nasdaq:CDTI) is a cleantech company providing sustainable solutions to reduce emissions, increase energy efficiency and lower the carbon intensity of on- and off-road engine applications. Clean Diesel's patented technologies and products allow manufacturers and operators to comply with increasingly strict regulatory emissions and air quality standards, while also improving fuel economy and power. The Company's solutions, which are in commercial use worldwide, significantly reduce emissions formed by the combustion of fossil fuels and biofuels, including particulate matter (PM), nitrogen oxides (NOx), carbon monoxide and hydrocarbons. Clean Diesel solutions also reduce carbon dioxide (CO2) emissions, a key greenhouse gas associated with global climate change.

Clean Diesel develops and manages intellectual property from original concept to full-scale commercial deployment. Its offerings include ARIS(r) Selective Catalytic Reduction (SCR); the patented combination of SCR and Exhaust Gas Recirculation; hydrocarbon injection for emissions control applications; Platinum Plus(r) Fuel-Borne Catalyst (FBC); the Purifier (tm) family of particulate filter systems; and its Wire Mesh Filter particulate filter technologies. The Company was founded in 1995 and is headquartered in Stamford, Connecticut. A wholly owned subsidiary, Clean Diesel International, LLC, is based in London, England. For more information, please visit [www.cdti.com](http://www.cdti.com).

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 U.S. 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.

Please visit us on the World Wide Web at: [www.cdti.com](http://www.cdti.com)

CLEAN DIESEL TECHNOLOGIES, INC.  
Condensed Consolidated Balance Sheets  
(in thousands, except share data)

	March 31, 2008	December 31, 2007
	-----	-----
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,621	\$ 1,517
Accounts receivable, net of allowance of \$67 and \$49, respectively	3,250	1,927
Investments	--	7,100
Inventories, net	812	1,093
Other current assets	161	234
	-----	-----
Total current assets	10,844	11,871
Investments	11,139	11,725
Patents, net	855	817
Fixed assets, net of accumulated depreciation of \$441 and \$421, respectively	175	175
Other assets	75	75
	-----	-----
Total assets	\$ 23,088	\$ 24,663

	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 649	\$ 757
Accrued expenses	989	850
Customer deposits	89	56
	-----	-----
Total current liabilities	1,727	1,663
Commitments		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share: authorized 100,000 shares; no shares issued and outstanding	--	--
Common stock, par value \$0.01 per share: authorized 12,000,000 shares; issued and outstanding 8,137,650 and 8,124,056 shares, respectively	81	81
Additional paid-in capital	72,996	72,447
Accumulated other comprehensive loss	(614)	(16)
Accumulated deficit	(51,102)	(49,512)
	-----	-----
Total stockholders' equity	21,361	23,000
	-----	-----
Total liabilities and stockholders' equity	\$ 23,088	\$ 24,663
	=====	=====

CLEAN DIESEL TECHNOLOGIES, INC.  
Condensed Consolidated Statements of Operations  
(Unaudited; in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2008	2007
	-----	-----
Revenue:		
Product sales	\$ 2,527	\$ 205
Technology licensing fees and royalties	74	11
Consulting and other	--	--
	-----	-----
Total revenue	2,601	216
Costs and expenses:		
Cost of revenue - product sales	2,065	116
Cost of revenue - licensing fees and royalties	--	--
Cost of revenue - consulting and other	--	--
Selling, general and administrative	2,322	1,803
Research and development	65	42
Patent amortization and other expense	36	97
	-----	-----
Operating costs and expenses	4,488	2,058
Loss from operations	(1,887)	(1,842)
Other income (expense):		
Interest income	243	27

Other income	54	--
	-----	-----
Net loss	\$(1,590)	\$(1,815)
	=====	=====
Basic and diluted loss per common share	\$ (0.20)	\$ (0.30)
	=====	=====
Basic and diluted weighted-average number of common shares outstanding	8,137	6,115
	=====	=====

CLEAN DIESEL TECHNOLOGIES, INC.  
Condensed Consolidated Statements of Cash Flows  
(Unaudited; in thousands)

	Three Months Ended March 31,	
	2008	2007
	-----	-----
Operating activities		
Net loss	\$(1,590)	\$(1,815)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	34	35
Provision for doubtful accounts, net	18	30
Compensation expense for stock options and warrants	530	551
Changes in operating assets and liabilities:		
Accounts receivable	(1,341)	(81)
Inventories	281	(109)
Other current assets and other assets	73	24
Accounts payable and accrued expenses	64	(685)
	-----	-----
Net cash used for operating activities	(1,931)	(2,050)
	-----	-----
Investing activities		
Sales of investments	7,100	--
Patent costs	(52)	(38)
Purchases of fixed assets	(20)	(2)
	-----	-----
Net cash provided by (used for) investing activities	7,028	(40)
	-----	-----
Financing activities		
Proceeds from issuance of common stock, net	--	3,047
Proceeds from exercise of stock options	19	27
	-----	-----
Net cash provided by financing activities	19	3,074
	-----	-----
Effect of exchange rate changes on cash	(12)	--
Net increase in cash and cash equivalents	5,104	984
Cash and cash equivalents at beginning of the period	1,517	5,314
	-----	-----
Cash and cash equivalents at end of the period	\$ 6,621	\$ 6,298
	=====	=====

Supplemental non-cash activities:

Payment of accrued directors' fees in common stock	\$	--	\$	115
Unrealized loss on available-for-sale securities	\$	586	\$	--

This news release was distributed by PrimeNewswire, [www.primenewswire.com](http://www.primenewswire.com)

SOURCE: Clean Diesel Technologies, Inc.

Crescendo Communications, LLC  
U.S. investor contact  
David K. Waldman  
Klea Theoharis  
+1 212 671 1020  
[cdti@crescendo-ir.com](mailto:cdti@crescendo-ir.com)

Clean Diesel Technologies, Inc.  
Ann Ruple, CFO  
+1 203 327 7050  
[aruple@cdti.com](mailto:aruple@cdti.com)

Innovator Capital Limited  
Financial press inquiries  
Shaun Brown  
Jade Summer  
[jade.summer@innovator-capital.com](mailto:jade.summer@innovator-capital.com)  
+44 20 7297 6840

Charles Stanley Securities  
Nominated Adviser  
Philip Davies  
Freddy Crossley  
+44 20 7149 6457

Matter Communications  
Technical press inquiries  
Jacqueline Volovich  
+1 978-499-9250 x236  
[jackie@matternow.com](mailto:jackie@matternow.com)

(C) Copyright 2008 PrimeNewswire, Inc. All rights reserved.

News Provided by COMTEX