



May 14, 2003

Clean Diesel Technologies reports 2003 First-Quarter Results

STAMFORD, CT (May 14, 2003) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported an increase in revenue in the first-quarter of 2003 compared to the prior year period. Total revenue for this year's first quarter was \$96,000 with a net loss attributable to common stockholders of \$907,000, or a \$0.08 loss per share. This compares to total revenue of \$71,000 and a net loss attributable to common stockholders of \$662,000 or a \$0.06 loss per share for the same period in 2002. Total expenses in the 2003 first quarter increased from the first quarter of 2002 as a result of field testing and verification expenses and higher sales and marketing costs for the Company's fuel borne catalyst (FBC).

President and Chief Operating Officer James M. Valentine commented, "There have been a series of significant developments for the Company and its technologies during the first quarter. Looking forward, the US diesel retrofit emission-reduction market is beginning to open up for CDT. CARB has requirements which begin phasing in at the end of 2003, for retrofitting California's 1.2 million diesel engines for reductions in diesel particulate emissions. CARB recently issued a technology assessment for refuse trucks, highlighting CDT's Platinum Plus(R) FBC and flow through filter as one of the systems likely to be applicable to a wide range of vehicle types and operating conditions."

"The Environmental Protection Agency's (EPA) voluntary retrofit program in the other 49 states is also gaining momentum with the recent announcement of specific diesel emission-reduction programs by the EPA," Valentine said. "These include programs such as the "Smartway Transport Program" for major corporate fleets and the "Clean School Bus" initiative that targets the retrofit of 290,000 school buses. The Company's approach of using Platinum Plus FBC and lightly catalyzed aftertreatment devices reduces the cost and improves the performance of diesel retrofits."

CDT recently announced a partnership with Coca-Cola Enterprises (CCE), a charter member of the Smartway Transport Program, to complete engine and field trials of CDT's patented and EPA registered FBC with specially catalyzed aftertreatment devices to reduce diesel emissions on CCE's delivery fleets. The CCE engines are the same as those widely used in delivery fleets, refuse trucks and school buses. The Company is proceeding with its first verification under CARB and EPA test protocols for its Platinum Plus FBC and an aftertreatment device. Field durability testing was recently completed on one of several systems and CDT expects to complete the final engine verification test later in the second quarter assuming engine test cell availability.

In conjunction with New Mexico-based CleanAIR Systems, the Company is actively marketing to the mining industry its Platinum Plus FBC in combination with a specially catalyzed filter that reduces particulates in underground mines by 85 percent without increasing NO₂. CDT and CleanAIR Systems recently received formal acceptance from the Mining Safety Health Administration (MSHA) for the FBC and specially catalyzed filter. This combination is the only catalytic precious metal system accepted for use in underground mines. NO₂ is a strong lung irritant and both CARB and MSHA have put restrictions on NO₂ emissions. Traditional heavily catalyzed systems cause a large increase in NO₂ emissions. Their use has recently been prohibited in mines. MSHA has mandated a reduction in particulates in mines, with commitments for compliance required by July 2003.

As previously announced, during the first quarter, testing of the Platinum Plus FBC with a proprietary diesel particulate filter supplied by Mitsui and PUREarth was conducted at Southwest Research Institute. The results showed dramatic emission reductions while meeting CARB NO₂ limits. The parties expect to have further announcements in the near future on the joint technology. Power generation applications for the FBC were expanded from stationary utility diesels to offshore drilling platforms and home heating oil-fired furnaces for the control of soot and opacity.

The Company continues to add ARIS(R) licensees for its urea selective catalytic reduction (SCR) technology. In April, CDT announced a mobile ARIS retrofit license for the US with Monroe, CT-based Combustion Component Associates, Inc. under which CDT received an upfront license fee of \$150,000 plus royalties on systems sold. In addition, late last year, CDT completed an exclusive license agreement with Mitsui Co. Ltd. for the mobile application of CDT's ARIS technology in Japan. Mitsui has previously licensed the stationary ARIS technology for Japan. The Company is also in discussions for ARIS licenses with several other US and European companies. The Company's patented exhaust gas recirculation/selective catalytic reduction (EGR/SCR) combination can already achieve NO_x limits for new engines that are required in 2007.

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 | |
|--|--------------------------------|--------|
| | 2003 | 2002 |
| Revenue | | |
| Product Revenue | 88 | 60 |
| License and Royalty Revenue | 8 | 11 |
| Total Revenue | 96 | 71 |
| | | |
| Costs and Expenses | | |
| Cost of Sales | 57 | 44 |
| General and Administrative | 692 | 556 |
| Research and Development | 248 | 111 |
| Patent Filing and Maintenance | 10 | 28 |
| Loss from operations | (911) | (668) |
| Interest Income | (4) | (15) |
| Interest Expense | - | (9) |
| Net Loss | (907) | (662) |
| Basic and Diluted Loss per Common Share | (0.8) | (0.6) |
| Weighted Average Number of Common Shares Outstanding - Basic and Diluted | 11,968 | 11,214 |

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

| | March 31, 2003 (Unaudited) | December 31, 2002 |
|---|----------------------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | 1,409 | 2,083 |
| Accounts receivable, net of allowance of 10 and 3 in 2004 and 2003, respectively | 76 | 284 |
| Inventories | 295 | 314 |
| Other Current Assets | 125 | 76 |
| Total Current Assets | 1,905 | 2,757 |
| Other Assets | 285 | 222 |
| Total Assets | 2,190 | 2,979 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Deferred Compensation and Pension Benefits | 431 | 418 |
| Accounts Payable and Accrued Expenses | 328 | 223 |
| | | |
| 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 15,679,337 and 11,968,387 shares respectively | 598 | 598 |
| Additional Paid-in Capital | 28,519 | 28,519 |
| Accumulated Deficit | (27,686) | (26,779) |
| Total Stockholders' Equity | 1,431 | 2,338 |
| Total Liabilities and Stockholders' Equity | 2,190 | 2,979 |

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.

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