



**Clean Diesel Technologies, Inc.**

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**NEWS RELEASE for July 9, 2007 at 2:00 AM EDT and 7:00 AM UK**

**Clean Diesel Technologies, Inc. Nets \$6.9 Million Upon Exercise Of Warrants;  
Registration Statement Filed; Application to NASDAQ Capital Market**

Stamford, CT (July 9, 2007) ... Clean Diesel Technologies, Inc. ("Clean Diesel" or the "Company") (OTC-BB: CLDS, AIM: CDT/CDTS & XETRA: CDI), an innovation leader for clean energy and environmental technologies to reduce harmful engine emissions, today announced that it has received \$7.1 million in gross proceeds from the exercise of warrants. The proceeds, net of placement fees, total \$6.9 million and will be used for continuing commercialization of Clean Diesel's product offering and core technologies.

Class A and Class B Warrants had been issued in connection with the Private Placement, arranged by Innovator Capital Limited, announced on January 3, 2007. The Class A Warrants (adjusted for the reverse split effected on June 15, 2007) entitled the holders until July 2, 2007 to purchase, at a price of \$10.00 per share, up to a total of 700,000 shares of common stock. The Class B Warrants (adjusted for the reverse split effected on June 15, 2007) entitle the holders until December 29, 2007 to purchase, at a price of \$12.50 per share, up to a total of 700,000 shares of common stock. Essentially all of the Company's Class A Warrants, a total of 699,883, and 9,500 of the Class B Warrants have been exercised. The newly issued shares are restricted and may not be traded in the U.S. but may trade offshore under Regulation S. As of today, Clean Diesel has approximately 7.4 million common shares outstanding, of which approximately 4.2 million are restricted under Regulation S. Further, approximately 1.6 million common shares are reserved for the exercise of stock options and warrants, including the Class B Warrants.

Directors and senior management exercised warrants to acquire 7,133 common shares for an aggregate exercise price of \$71,330. These include Derek Gray, non-executive Chairman of the Board of Directors, for 3,703 shares; John de Havilland, non-executive Director, for 2,500 shares; and Ann Ruple, Vice President, Chief Financial Officer and Treasurer, for 930 shares.

The Company made a Block Admission application on the Alternative Investment Market of the London Stock Exchange effective July 3, 2007 for the 1,400,000 new common shares underlying the Class A and Class B Warrants.

A Registration Statement on Form S-1 relating to the common shares issued in the Private Placement and the shares underlying the Class A and Class B Warrants has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold in the US nor may offers to buy be accepted prior to the time the Registration Statement becomes effective. The Registration Statement may be obtained by a request to the Company or by visiting the SEC's website (<http://www.sec.gov>).

The Company has applied for listing on the NASDAQ Capital Market.

The Registration Statement and the NASDAQ application are both expected to take effect following regulatory review and compliance. Once the Registration Statement is effective, the shares of our common stock underlying the warrants and the shares sold earlier in the Private Placement will be unrestricted.

**About Clean Diesel Technologies, Inc.**

Clean Diesel Technologies, Inc., together with its wholly-owned subsidiary, Clean Diesel International, LLC, is a clean energy and environmental technology company that provides innovative solutions to reduce harmful engine emissions and conserve energy. Clean Diesel Technologies' patented technologies, products and solutions enable cost-effective reduction of harmful emissions from internal combustion engines while also improving fuel economy and power. Products include Platinum Plus® fuel-borne catalysts, the Platinum Plus Purifier Systems, the ARIS® urea injection systems for selective catalytic reduction of NOx, diesel particulate filter and biofuels technologies. Their products are in commercial use around the world. Platinum Plus and ARIS are registered trademarks of Clean Diesel Technologies, Inc. For more information, visit Clean Diesel at [www.cdti.com](http://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 US 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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