



August 7, 2001

Clean Diesel Technologies Licenses Mitsui & Co for Diesel NOx Reduction Technology in Japan

STAMFORD, CT (August 7, 2001) ... Clean Diesel Technologies, Inc. (EBB:CDTI) (CDT) announced today that it had completed an exclusive license with Mitsui & Co., Ltd. under which Mitsui will market CDT's patented ARIS nitrogen oxide (NOx) reduction technology in Japan for use in stationary diesel power generators. Under the agreement, CDT will receive upfront license payments of \$495,000 and standard royalties on each system sold by Mitsui. Mitsui also has an option to use the ARIS technology for mobile applications and recently purchased two demonstration systems from CDT for use with prospective customers in Japan.

According to Yuji Shiro, General Manager of Mitsui, "The selection of CDT's ARIS technology for license is due to its demonstrated field performance, proprietary patent position, low cost and ease of use. It is ideally suited to the size of stationary diesel engines in service in Japan."

Clean Diesel Technologies Chief Operating Officer James M. Valentine stated, "With an installed base of stationary engines numbering roughly one third that of the U.S., Japan represents potential royalties to CDT of nearly \$100 million; plus potentially \$6-8 million in royalties per year on new diesel generators if equipped with the ARIS technology. Mitsui is an ideal company to partner with to address the huge opportunity in Japan for cost effective NOx controls in stationary diesel engines."

Separately, CDT announced that its U.S. licensee, RJM Corp. of Norwalk, CT had received orders for more than 100 ARIS NOx reduction units to be used in stationary power generation engines in the U.S. In addition to the previously announced license payment of \$1.1 million received from RJM, CDT receives a standard royalty on each system sold by RJM. Order growth has come from demand for new power generation diesels in the Northwest as well as for retrofit to existing engines in Houston, Atlanta and the Northeast.

CDT's patented ARIS urea injection system precisely controls the quantity of reagent injected into a diesel engine exhaust where it chemically reacts across a catalyst to convert NOx to elemental nitrogen and water vapor. Reductions of up to 90 percent are easily achieved. Besides the two agreements covering stationary diesels, CDT is negotiating licenses for application of the ARIS technology to vehicles in the U.S. and Europe. Under CDT's issued U.S. Patent 5,924,280 the combination of urea SCR and EGR (exhaust gas recirculation) can already attain the NOx limits set for 2007. Used in conjunction with CDT's patented Platinum Plus(R) fuel catalyst and a particulate filter, particulate levels can also be reduced to 2007 levels. CDT is also exploring application of the patented ARIS Urea Injector to boilers, refinery process heaters and gas turbines.

About Mitsui & Co., Ltd.

Mitsui & Co., Ltd. is one of the world's largest and most diversified international trading companies, with business extending from chemicals to steel and metals to transportation machinery. Its Inorganic Chemical Group, together with a unit of Mitsui & Co. (USA), Inc., Mitsui's wholly-owned U.S. subsidiary headquartered in New York City, is working with several industrial partners active in engineering, fuels and heavy-duty vehicles to address diesel engine emissions in Japan.

About RJM Corporation

RJM is a privately-held company providing innovative energy and emission control technologies to the utility and industrial markets. RJM is the exclusive licensee for CDT's ARIS technology as applied to stationary, marine and locomotive diesel engines in North, Central and South America.

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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