



August 9, 2001

## Clean Diesel Technologies Reports Profitable Second-Quarter

STAMFORD, CT (August 9, 2001) ... Clean Diesel Technologies, Inc. (EBB:CDTI) (CDT) today announced that substantial ARIS license revenue and an increase in product revenue led to a profitable second quarter. For the second quarter ended June 30, 2001, CDT reported a net income attributable to common stockholders of \$44,000, or \$0.02 per share, compared to a net loss of \$829,000, or \$0.32 loss per share, for the year-earlier period. For the six months ended June 30, 2001, CDT reported a net loss of \$716,000, or \$0.27 loss per share, compared to a net loss of \$1,291,000 or \$0.49 loss per share for the comparable year earlier period. The six-month net loss included non-cash charges of \$409,000 and \$331,000 for 2001 and 2000, respectively.

Clean Diesel Technologies President and CEO Jeremy Peter-Hoblyn commented, "These are the kind of results we have been working hard to achieve. Our recent agreements with Mitsui [& Co, Ltd.] and RJM Corp. for the ARIS NOx technology and distribution license agreements with Baker Petrolite and Lubrizol for the Platinum Plus(R) FBC are evidence of growing momentum in our licensing strategy. We are also pursuing additional ARIS license agreements for mobile applications in the U.S., Europe and Asia and stationary applications in Europe and Asia and earlier in August announced an exclusive license agreement with Mitsui for the ARIS NOx reduction technology in Japan."

Revenue for the second quarter of 2001 was \$919,000 compared to \$59,000 in 2000. For the first six months of 2001, revenue increased \$578,000 to \$943,000 compared to \$365,000 in 2000. ARIS license revenue from the RJM Corp. of Norwalk, CT of \$825,000 and \$260,000 was recorded in 2001 and 2000 respectively. CDT received the \$825,000 of ARIS 2000 license revenue from RJM as a result of an amended agreement with RJM that accelerated the ARIS license payment to CDT. RJM also recently announced the 100th ARIS system order on which, in addition to the license revenue on the ARIS systems, CDT receives a unit royalty of \$1,500 to \$2,500 per system.

CDT also reported Platinum Plus fuel borne catalyst (FBC) sales increased in the second quarter to \$72,000 from \$40,000 for the prior year period. This year CDT has announced sales and marketing license agreements for Platinum Plus FBC with Baker Petrolite, a division of Baker Hughes Inc., for the distribution to refineries and fuel terminals in the U.S. and Canada, The Lubrizol Corporation for distribution of Platinum Plus FBC with filters in Europe and ValvTect Petroleum Products, a division of RPM Inc., for distribution to diesel truck fleets and fuel marketers in the U.S. CDT expects to announce additional Platinum Plus FBC license distribution agreements in the near term.

CLEAN DIESEL TECHNOLOGIES, INC. STATEMENTS OF OPERATIONS (Unaudited) (in thousands of US\$ except per share data)

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
<b>Revenue</b>				
Product Revenue	75	40	88	86
License and Royalty Revenue	844	19	855	279
Total Revenue	919	59	943	365
<b>Costs and Expenses</b>				
Cost of Sales	51	25	58	47
General and Administrative	450	489	885	918
Research and Development	91	167	176	306
Patent Filing and Maintenance	53	52	100	76
Gain / Loss from operations	274	(674)	(276)	(982)
Interest Income	3	13	6	23
Interest Expense	(26)	-	(37)	1
Net Profit / Loss before Preferred Stock Dividend	251	(661)	(307)	(960)
Preferred Stock Dividend (non-cash)	(207)	(168)	(409)	(331)

Net Income / Loss Attributed to Common Stockholders	44	(829)	(716)	(1291)
Basic Gain / Loss per Common Share	0.02	(0.32)	0.27	0.49
Diluted Gain / Loss per Common Share	0.01	N/A	N/A	N/A
Weighted Average Number of Common Shares Outstanding - Basic	2,693	2,627	2,680	2,609
Weighted Average Number of Common Shares Outstanding - Diluted	8,235	N/A	N/A	N/A

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](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 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](mailto:jesse@allencaron.com)  
Len Hall (US media)  
(949) 474-4300; [len@allencaron.com](mailto:len@allencaron.com)

Clean Diesel Technologies, Inc.  
James M. Valentine, President  
David W. Whitwell, CFO  
(203) 327-7050