



August 11, 2004

## Clean Diesel Technologies reports 2004 Second-quarter Results

STAMFORD, CT (August 11, 2004) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported results for the second quarter and first half of 2004. Total revenue for this year's second quarter was \$93,000 with a net loss of \$885,000, or \$0.06 loss per share, versus revenue of \$283,000 and a net loss of \$585,000, or \$0.05 loss per share for the second quarter of 2003. For the first six months ended June 30, 2004, total revenue was \$287,000 and a net loss of \$1,693,000, or \$0.11 loss per share. In the comparable 2003 period, revenue was \$379,000 and a net loss of \$1,492,000, or \$0.12 loss per share. CDT's base Platinum Plus fuel-borne catalyst (FBC) and Purifier System revenue continues to grow, however, the 2003 second-quarter and year-to-date 2003 revenue included a one time \$150,000 ARIS license fee.

Reporting on operations, President and Chief Operating Officer, James M. Valentine commented, "Revenues reported do not include any sales from the first significant commercial awards that we announced in the second quarter. These included awards by the State of Pennsylvania of more than \$300,000 to Coca-Cola Enterprises, Inc. (CCE) and Waste Management to purchase CDT's Platinum Plus Purifier diesel oxidation catalyst (DOC) and Platinum Plus FBC for over 140 refuse- and beverage-delivery trucks. First shipments have commenced in the third quarter."

"Additionally," Valentine said, "CDT signed a contract with the State of Maine to retrofit over 75 school buses with the Platinum Plus Purifier System and has been notified by two municipalities in Connecticut of awards for FBC/DOC retrofits to school buses. All these significant awards follow the extension of our Environmental Protection Agency (EPA) verification to cover newer engine model years, which increases the applications in school bus, municipal and private fleets. Furthermore, the EPA announced \$5 million of incremental funding for 20 school districts to purchase verified technologies and CDT intends to pursue several of the grants."

The Company is expanding its operations with CCE and is now supplying the Platinum Plus FBC to over 10 percent of CCE's US diesel fleet. CCE fleet operations in Texas and Louisiana are enjoying fuel-economy gains and reduced emissions from the use of treated fuel. Platinum Plus Purifier DOCs will also be added to certain vehicles in the CCE fleet following the successful demonstration of emissions reductions of 40-50 percent in EPA verification testing.

Following additional testing completed in the second quarter, CDT was able to extend its EPA verification of the Platinum Plus Purifier System to cover all medium and heavy duty on-road engines from 1988-2003 model years. Reductions in particulate emissions of 40-50 percent for the Purifier System are twice those of other verified DOCs.

In June the Company announced a second verification from the EPA for the higher efficiency FBC and catalyzed wire-mesh filter (CWMF) system. This system, developed in conjunction with PUREarth Inc., a wholly owned subsidiary of Mitsui & Co., Inc., provides particulate (PM) reductions of 65-75 percent on ultra low sulfur diesel (ULSD) and 55-60 percent on normal diesel (No. 2D). It is the only filter system verified for use on No. 2D fuel. This system is targeted at the California mandatory retrofit market. Formal application for verification was submitted to California Air Resources Board (CARB) in April 2004. California represents another large market with over 1 million engines required to retrofit with verified technology.

EPA's recently announced challenge to the industry to retrofit, re-power or retire over 11 million diesel engines in the next 10 years gives an indication of the magnitude of the potential US market. International retrofit markets are developing; many of them are heavily influenced by EPA's lead. CDT's suite of lower cost emission reduction systems is firmly positioned to share in the developing retrofit market.

Mitsui continues to develop the market for stationary diesel NOx control using the ARIS injection system in Japan and is working with several heavy duty truck companies on a mobile ARIS system.

CDT's licensee for the mobile ARIS NOx reduction, Combustion Components Associates, Inc. (CCA), has recently received orders for over 18 urea SCR systems to be fitted to off-road construction equipment and refuse trucks. These represent the first commercial orders in the US for the mobile ARIS system. The system is capable of over 75 percent NOx reduction and uses CDT's patented return flow injector design to control the injection of urea into the engine exhaust.

Derek R. Gray, Non-executive Chairman announced that Jeremy Peter-Hoblyn, Chief Executive Officer, had recently informed the Board of Directors of his intention to retire before the end of the Year. Mr. Peter-Hoblyn who will turn 65 in September and has been CEO of CDT since its formation in 1995, will remain on the Board of Directors. The Company's Compensation and

Nominating Committee has identified a candidate and is in the advanced stage of discussions with a formal announcement expected shortly.

To assist with commercialization of the Company's technologies in both retrofit and OEM business the Company has retained the technical advisory services of David Merrion, formerly Executive Vice President of Engineering at Detroit Diesel Corporation. Mr. Merrion brings extensive experience in the field of diesel-engine design, aftertreatment systems and impacts of fuels on diesel-engine emissions as well as insight into the regulations and market factors affecting fleet owners.

Full financial information is included in the Company's Form 10-Q filed with the Securities and Exchange Commission ([www.SEC.gov](http://www.SEC.gov)).

	Three months ended June 30		Six months ended June 30	
	2004	2003	2004	2003
<b>Revenue</b>				
Product Revenue	81	123	257	210
License and Royalty Revenue	12	160	30	169
Total Revenue	93	283	287	379
<b>Costs and Expenses</b>				
Cost of Sales	53	64	185	120
General and Administrative	821	636	1,611	1,338
Research and Development	90	170	170	419
Patent amortization and other expense	27	-	39	-
Loss from operations	(898)	(587)	(1,718)	(1,498)
Interest Income	13	2	25	6
Net Loss	(884)	(585)	(1,693)	(1,492)
Basic and Diluted Loss per Common Share	(0.06)	(0.05)	(0.11)	(0.12)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	15,679	11,976	15,679	11,972

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

	June 30, 2004 (unaudited)	December 31, 2003
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	4,629	6,515
Accounts receivable, net of allowance of 10 and 3 in 2004 and 2003, respectively	80	115
Inventories	375	320
Other Current Assets	93	73
Total Current Assets	5,177	7,023
Patents, Net	298	274
Fixed asset, Net	194	126
Other Assets	20	18
Total Assets	5,689	7,441
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Deferred Compensation and Pension Benefits	441	441
Accounts Payable and Accrued Expenses	365	427
Total Current Liabilities	806	868
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 shares	784	784
Additional Paid-in Capital	35,816	35,813
Accumulated Deficit	(31,717)	(30,024)
Total Stockholders' Equity	4,883	6,573
Total Liabilities and Stockholders' Equity	5,689	7,441

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#### 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.

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