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Clean Diesel Technologies reports Second-Quarter, Six-Month Results

Pursues Aggressive Commercialization Program

STAMFORD, CT (August 13, 2002) . . . Clean Diesel Technologies, Inc. (CDT) (AIM:CDT/CDTS & EBB:CDTI) today reported results for the second quarter and six months ended June 30, 2002. Chairman and CEO Jeremy D. Peter-Hoblyn commented, "The Company has embarked on an aggressive commercialization program that has begun to show significant promise for the future." Major activities in this year's second quarter included the launch of several corporate fleet evaluations of Platinum Plus (R), the Company's proprietary diesel fuel combustion catalyst, the completion of the manufacture of three prototype mobile ARIS(R) nitrogen oxide (NOx) reduction systems that will be used for evaluation testing, and a multi-million dollar proposal to a U.S. diesel engine packager.

Two Platinum Plus evaluation programs completed at the end of the quarter confirmed in excess of 10 percent improvement in miles per gallon for a major nationwide beverage distributor and 7 percent improvement with a regional heavy duty over-the-road highway fleet. These results along with the recently launched corporate programs are intended to stimulate demand for Platinum Plus with some of the largest fleets in the U.S. and support sales by the Company's distributors, agents and licensed fuel marketers.

"We are in a period of transition as we shift from development to commercial activity," Peter-Hoblyn said. "Our strategy for increasing Platinum Plus revenue involves a focus on corporate fleet sales, expanding and supporting our licensed distributors and achieving verification with the California Air Resources Board (CARB) and the U.S. Environmental Protection Agency (EPA) for emissions credits. With ARIS, we intend to expand our licensing activities to generate upfront fees and royalties while maximizing the value of our overall patent portfolio. It's an aggressive program, but one we believe will ultimately benefit the Company, our customers and our shareholders."

Total revenue for the fiscal 2002 second quarter was \$19,000 with a net loss attributable to common stockholders of \$860,000, or \$0.08 loss per share, compared to total revenue of \$919,000 with net income attributable to common stockholders of \$44,000, or \$0.01 per diluted share, for the year-earlier period. For the six months ended June 30, 2002, total revenue was \$90,000 with a net loss attributable to common stockholders of \$1.5 million, or \$0.14 loss per share, compared to revenue of \$943,000 with a net loss attributable to common shareholders of \$716,000, or \$0.27 loss per share for the first six months of last fiscal year. Included in the 2001 second quarter and six months was \$825,000 of one-time ARIS license revenue from the RJM Corporation.

President James M. Valentine added, "Major fleets delayed the start of Platinum Plus fuel economy field trials until the second quarter to avoid the impact of lower BTU jet fuel dumped on the market following the decline in air travel in the fourth quarter of 2001 and early 2002. However, the delays were partially offset by recent activity from Mitsui & Co. in the sale of ARIS systems into the stationary power generator market in Japan."

Three mobile ARIS prototype systems were manufactured in association with Monroe, CT-based Combustion Components Associates (CCA), with the first delivered to Mitsui for programs in Japan, and another is currently being fitted to a vehicle in the Northeast for durability testing. These systems are capable of NOx reduction of over 85 percent. A quotation for over \$2 million was also made during the quarter to supply a U.S. diesel engine packager with ARIS hardware. A lease contract was signed with a second European heavy duty diesel system supplier to evaluate the ARIS mobile unit for potential sale in Europe. Europe is expected to use urea selective catalytic reduction (SCR) for heavy duty vehicles in the 2004-2005 time frame.

Additionally, Lubrizol (NYSE:LZ), CDT's European licensee for Platinum Plus, completed several key technical programs with major manufacturers of light duty passenger diesels during this year's second quarter that could expand into revenue in 2003 and they initiated the first sales of Platinum Plus in Europe for use in buses and mining equipment.

The number of shares used to calculate diluted net income per share in the 2002 second quarter and six months was 11.2 million, compared to 8.2 million and 2.7 million, respectively, for the prior year periods. The year-to-year increase in shares resulted primarily from the additional shares issued in connection with a public offering of approximately 2.6 million of new Common Shares and the listing of all the Company's common stock on the Alternative Investment Market (AIM) of the London Stock Exchange in December 2001.

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	
	2002	2001	2002	2001
Revenue				
Product Revenue	15	75	76	88
License and Royalty Revenue	4	844	14	855
Total Revenue	19	919	90	943
Costs and Expenses				
Cost of Sales	12	51	55	58
General and Administrative	577	450	1,135	855
Research and Development	300	91	412	176
Patent Filing and Maintenance	-	53	27	100
Income (Loss) from operations	(870)	274	(1,539)	(276)
Interest Income	10	3	25	6
Interest Expense	-	(26)	(9)	(37)
Net Income (Loss) before preferred stock dividend	(860)	251	(1,523)	(307)
Preferred Stock Dividend (non-cash)	-	(207)	-	(409)
Net Income (Loss) attributed to common stockholders	(860)	44	(1,523)	(716)
Distributed Income (Loss) per Common Share	(0.08)	(0.01)	(0.14)	(0.27)
Weighted Average Number of Common Shares Outstanding - Basic	11,241	2,693	11,228	2,680
Weighted Average Number of Common Shares Outstanding - Diluted	11,241	8,235	11,228	2,680

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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