



August 13, 2003

Clean Diesel Technologies Reports 2003 Second-Quarter Results

STAMFORD, CT (August 13, 2003) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported an increase in revenue in the second quarter of 2003 and year-to-date over prior year periods. Total revenue for this year's second quarter was \$283,000 with a net loss of \$585,000, or \$0.05 loss per share. This compares to total revenue of \$19,000 and a net loss of \$860,000 or \$0.08 loss per share for the same period in 2002. For the first six months ended June 30, 2003, total revenue was \$379,000 and a net loss of \$1,492,000 or \$0.12 loss per share. In the comparable 2002 period, revenue was \$90,000 and a net loss of \$1,523,000 or \$0.14 loss per share. CDT's increased revenue was generated from both increased sales of its Platinum Plus(R) fuel-borne catalyst (FBC) and ARIS(R) license, sales and royalty income. ARIS sales and royalty payments were primarily the result of orders from Mitsui's Denox Inc. group for stationary power generation diesels in Japan, and prototype mobile systems for several truck manufacturers.

President and Chief Operating Officer James M. Valentine commented, "Orders for the Company's Platinum Plus FBC have increased significantly over the last several months. Since receiving authorization from the Mining Safety & Health Administration (MSHA) in January 2003, the combination of CDT's Platinum Plus FBC and our partner CleanAir Systems' specially catalyzed filter is being used in over a dozen mines. The CDT-CleanAir Systems FBC/filter was accepted by MSHA for use in the mines as a result of the 85 percent particulate matter (PM) reduction without increasing NO₂ (a strong lung irritant produced from heavily catalyzed systems). The CDT-CleanAir Systems FBC/filter is the only precious-metal catalytic system accepted by MSHA for use in underground mines." The Company expects significant sales from the mining industry as more mines complete their required emission reduction programs.

Valentine also noted, "The Company has seen growth in FBC sales in several other categories as well, including on-highway applications for fuel economy performance, and in power generation and off-road applications for emissions reductions."

Also during the quarter, the Company completed verification testing with both the EPA and California Air Resources Board (CARB) of the Platinum Plus Purifier System, consisting of CDT's patented Platinum Plus FBC and a lightly-catalyzed diesel oxidation catalyst (DOC). Tests at Southwest Research Institute (SwRI) showed 45-53 percent reduction in particulate emissions, nearly double that of other verified oxidation systems. The Purifier system is now listed on the EPA's verified technologies website, with the final reduction percentages expected to be added in the next 30 to 60 days, after EPA reviews all data. The Company is marketing the low-cost Purifier system for application to school bus fleets, delivery vehicles, refuse trucks and "SmartWay Transport" program members. The SmartWay program is a voluntary commitment by large fleets to work with EPA to reduce emissions and fuel consumption from diesel fleets.

CDT also completed screening and durability tests of a new, low-cost catalyzed wire-mesh filter supplied by Mitsui PUREarth under an earlier Memorandum of Understanding. Testing at SwRI showed reductions of PM in excess of 65 percent. A number of these systems are in commercial operation in California and Texas on refuse and delivery vehicles to support CARB and EPA verification.

Finally, CDT is close to completing negotiations with a strategic partner and co-investment by certain shareholders to secure additional working capital. While sales have increased, the Company needs additional funds in the near term to complete verification and commercial rollout and to cover its other operating expenses. Although the Company believes it will be successful in securing additional capital, there is no assurance that it will be able to raise such funds on acceptable terms.

STATEMENTS OF OPERATIONS (Unaudited) (in thousands of US\$ except per share data)

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenue				
Product Revenue	123	15	210	76
License and Royalty Revenue	160	4	169	14
Total Revenue	283	19	379	90

Costs and Expenses

Cost of Sales	64	12	120	55
General and Administrative	636	577	1,338	1,135
Research and Development	170	300	419	412
Patent Filing and Maintenance	-	-	-	27
Loss from operations	(587)	(870)	(1,498)	(1,539)
Interest Income	2	10	6	25
Interest Expense	-	-	-	(9)
Net Loss	(585)	(860)	(1,492)	(1,523)
Basic and Diluted Loss per Common Share	(0.05)	(0.08)	(0.12)	(0.14)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	11,976	11,241	11,972	11,228

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

	June 30 , 2003 (Unaudited)	December 31, 2002
ASSETS		
Current Assets		
Cash and Cash Equivalents	552	2,083
Accounts receivable, net of allowance of 10 and 3 in 2004 and 2003, respectively	233	284
Inventories	285	314
Other Current Assets	112	76
Total Current Assets	1,182	2,757
Patents, Net	239	114
Other Assets	115	108
Total Assets	1,536	2,979
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Deferred Compensation and Pension Benefits	441	418
Accounts Payable and Accrued Expenses	249	223
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 and 11,968,387 shares respectively	599	598
Additional Paid-in Capital	28,518	28,519
Accumulated Deficit	(28,271)	(26,779)
Total Stockholders' Equity	846	2,338
Total Liabilities and Stockholders' Equity	1,536	2,979

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

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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