



October 4, 2004

Clean Diesel Technologies Closes on Previously Announced \$1.8 Million Fundraising: Raises Additional \$800,000 (GBP 450,000)

STAMFORD, CT (October 4, 2004) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) announced that it has received the funds from its \$1.8 million (GBP 1.025 million) investment at a price of GBP 1.025 (US \$1.82), announced on September 20, 2004. The share price is based on the UK price as of September 14, 2004. In addition CDT has received signed commitment letters from several current shareholders and directors, for the issuance of \$800,000 (GBP 450,000) of CDT common stock at the same terms. CDT expects to close on the second investment by October 8, 2004. In total from the two transactions the Company has raised \$2.6 million (GBP 1.5 million) from the sale of 1.43 million shares and now has 17.1 million shares outstanding. The Company does not expect to raise additional funds on the same terms.

Derek R. Gray, non-executive chairman and director, and Jeremy Peter-Hoblyn, director and former CEO, are subscribing for 50,000 and 80,000 shares respectively in the second tranche, bringing their ownership totals to 415,000 and 130,000 shares respectively, or 2.4 percent and 0.8 percent of the total outstanding CDT stock.

The \$2.6 million of total fund-raising proceeds will strengthen the Company's balance sheet and support the continued technology commercialization in the US, Europe and Asia, as the Company has a number of initiatives and programs in progress for the fourth quarter of 2004 and the first half of 2005.

Recently the Company has been announcing and shipping significant orders for its EPA-verified Platinum Plus(R) Purifier System including a State of Pennsylvania grant and the supply of Purifier Systems for several school bus projects. The Company also announced its second EPA verification for the Platinum Plus fuel borne catalyst (FBC) additive with a particulate filter designed by Mitsui/PUREarth.

The new CDT restricted common shares will be issued in reliance on the exemption from registration under Regulation S under the US Securities Act of 1934 for offshore private placements. Because the new shares are subject to transfer restrictions for a period of time, they may not be resold to persons in the US or US persons, but may otherwise be traded in the UK without other restrictions. Application for the shares to trade on the Alternative Investment Market (AIM) of the London Stock Exchange has been made and the shares will trade on AIM under the ticker symbol CDTI.

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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