



November 2, 2001

## Clean Diesel Technologies reports Third-Quarter, Nine-Month Results

STAMFORD, CT (November 2, 2001) . . . Clean Diesel Technologies, Inc. (EBB:CDTI) (CDT) today announced that year-to-year increases in sales, licensing and royalty revenue, when compared to the prior year periods, led to a substantial increase in total revenue and a significant reduction in the net loss for the third quarter and nine months ended September 30, 2001. For the third quarter, CDT reported revenue of \$499,000 with a net loss attributable to common stockholders of \$364,000, or \$0.13 loss per share, compared to revenue of \$112,000 with a net loss of \$682,000, or \$0.26 loss per share, for the year-earlier period. For the nine months ended September 30, 2001, CDT reported revenues of \$1.44 million with a net loss of \$1.08 million, or \$0.40 loss per share, compared to revenue of \$477,000 with a net loss of \$1.97 million, or \$0.75 loss per share, for the comparable year earlier period. The nine-month net loss included non-cash charges of \$621,000 and \$516,000 for 2001 and 2000, respectively, related to preferred dividends paid in stock.

Revenue increased in the third quarter and first nine months of this year as a result of the Company's license agreements with Mitsui & Co. Ltd. of Japan and RJM Corporation in the U.S. for its patented ARIS nitrogen oxide (NOx) reduction technology for use in stationary engines.

President and CEO Jeremy Peter-Hoblyn commented, "We have been working hard to establish solid licensing agreements with well-known companies and are pleased with the success of these efforts. In addition to our agreements with Mitsui & Co. and RJM in the stationary engine market, we have expanded our ARIS licensing activities into the Mobile NOx reduction market. We are in negotiation with several parties for ARIS Mobile licenses and have recently granted several limited licenses to third parties for demonstration and development of ARIS Mobile technology."

CDT reported Platinum Plus fuel borne catalyst (FBC) sales of \$16,000 for the third quarter versus \$10,000 for the prior year period. On a year to date basis, CDT reported \$101,000 in Platinum Plus FBC sales versus \$82,000 in the first nine months of 2000. During the third quarter, the Company completed sales and marketing license agreements for Platinum Plus FBC with Global Companies LLC, a division of Repsol YPF, S.A., for the bulk treatment of diesel fuel for delivery to fuel marketers and fleet customers in New England; and, with ValvTect Petroleum Products, a division of RPM Inc., for distribution to diesel truck fleets and fuel marketers in the U.S. CDT has also announced license agreements with Baker Petrolite, a division of Baker Hughes Inc., for the distribution of Platinum Plus products to refineries and fuel terminals in the U.S. and Canada; and, with The Lubrizol Corporation for distribution of Platinum Plus FBC for use with particulate filters in Europe. CDT expects to announce additional Platinum Plus FBC license distribution agreements in the near term.

Peter-Hoblyn continued, "The Company expects to complete a \$4 to \$6 million private placement of equity before the end of December. The Company is seeking additional capital for marketing and promotion programs for Platinum Plus FBC, additional sales staff, EPA certification testing and general working capital."

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2001	2000	2001	2000
<b>Revenue</b>				
Product Revenue	65	52	153	137
License and Royalty Revenue	434	60	1,290	340
Total Revenue	499	112	1,443	477
<b>Costs and Expenses</b>				
Cost of Sales	50	41	109	88
General and Administrative	461	448	1,346	1,366
Research and Development	78	110	254	415
Patent Filing and Maintenance	38	20	138	97
Loss from operations	128	507	404	(1,489)

Interest Income	(3)	(11)	(9)	(34)
Interest Expense	26	1	64	2
Net Loss before Preferred Stock Dividend	151	497	459	1,457
Preferred Stock Dividend (non-cash)	213	185	621	516
Net Loss Attributed to Common Stockholders	364	682	1,080	1,973
Basic and Diluted Loss per Common Share	0.13	0.26	0.40	0.75
Weighted Average Number of Common Shares Outstanding	2,699	2,662	2,680	2,622

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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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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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