



November 11, 2004

Clean Diesel Technologies reports 2004 Third-quarter Results

STAMFORD, CT (November 11, 2004) ... Clean Diesel Technologies, Inc. (CDT) (EBB:CDTI & AIM:CDT/CDTS) today reported an increase in product revenue for the third quarter of 2004 and year-to-date over prior year periods.

Total revenue for this year's third quarter was 241,000 with a net loss of 1,243,000, or 0.08 loss per share. This compares to total revenue of 99,000 and a net loss of 664,000, or 0.05 loss per share, for the same period in 2003. For the first nine months ended September 30, 2004, total revenue was 528,000 with a net loss of 2,936,000, or 0.19 loss per share. In the comparable 2003 period, revenue was 478,000 (including 2003 second quarter license revenue of 150,000) with a net loss of 2,156,000, or 0.18 loss per share. The rise in revenue was generated from both increased sales of the Platinum Plus(R) fuel-borne catalyst (FBC) and the Environmental Protection Agency (EPA) verified Platinum Plus Purifier System.

President and Chief Operating Officer James M. Valentine commented, "The third quarter increase in revenue is attributable to sales of the Company's EPA-verified Platinum Plus Purifier System primarily to the State of Maine's Clean School Bus program. The Company also saw an increase in shipments of its Platinum Plus FBC for use by fleets, municipalities and off road equipment operators looking for emission reductions or fuel-economy savings."

The Platinum Plus FBC can reduce diesel emissions by 20 - 30 percent when added to fuel supplies, and when combined with a low cost diesel-oxidation catalyst, a total reduction of 40 - 50 percent has been verified by the EPA under its Environmental Technology Verification (ETV) program. A second system using the Platinum Plus FBC and a catalyzed wire mesh filter was verified by the EPA for 65 - 75 percent reductions and has been operating for over 18 months on refuse trucks.

Valentine also noted, "The Company announced participation in additional retrofit Clean School Bus programs, including Stamford and New Haven, Connecticut, in the third quarter. The success of these initial programs is generating increased interest from school districts, municipalities, commercial fleets and fuel marketers. The Company is also in discussions for distribution agreements with several prospective licensees for the Platinum Plus FBC distribution rights in the US, Europe and Asia."

In August, the Company signed a second license with Combustion Components Associates (CCA) for manufacturing and distribution of the patented ARIS system to reduce NOx from stationary diesel engines (the initial CCA license covered only mobile applications). CCA recently announced awards for 18 mobile units.

General and administrative expenses increased in the third quarter versus the prior year as the result of higher personnel and related costs of 225,000 in the US and Europe. Also in the third quarter the Company wrote off 275,000 of advisory services associated with a potential stock registration.

As previously announced, the Company raised 2.6 million in two transactions in late September and early October 2004 through a private placement of common stock. As of September 30, 2004, the Company had 5.4 million in cash and cash equivalents on its balance sheet.

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

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

	Three months ended Sept 30		Nine months ended Sept 30	
	2004	2003	2004	2003
Revenue				
Product Revenue	223	81	479	291
License and Royalty Revenue	18	18	49	187
Total Revenue	241	99	528	478

Costs and Expenses				
Cost of Product Sales	149	47	334	167
General and Administrative	1,150	517	2,761	1,855
Research and Development	174	171	344	590
Patent amortization and other expense	22	29	61	29
Loss from operations	(1,254)	(665)	(2,972)	(2,163)
Interest Income	11	1	36	7
Net Loss	(1,243)	(664)	(2,936)	(2,156)
Basic and Diluted Loss per Common Share	(0.08)	(0.05)	(0.19)	(0.18)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	15,757	12,119	15,719	12,021

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

	September 30, 2004 (unaudited)	December 31, 2003
ASSETS		
Current Assets		
Cash and Cash Equivalents	5,408	6,515
Accounts receivable, net of allowance of 10 and 3 in 2004 and 2003, respectively	178	115
Inventories	443	320
Other Current Assets	54	73
Total Current Assets	6,083	7,023
Patents, Net	324	274
Fixed assets, net of accumulated depreciation of 163 in 2004 and 123 in 2003, respectively	206	126
Other Assets	27	18
Total Assets	6,640	7,441
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Deferred Compensation and Pension Benefits	441	441
Accounts Payable and Accrued Expenses	713	427
Total Current Liabilities	1,154	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 16,738,368 and 15,679,337 shares respectively	837	784
Additional Paid-in Capital	37,609	35,813
Accumulated Deficit	(32,960)	(30,024)
Total Stockholders' Equity	5,468	6,573
Total Liabilities and Stockholders' Equity	6,640	7,441

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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