

NEWS RELEASE for 13 November 2006 at 2:30 AM EST and 7:30 AM GMT

Clean Diesel Technologies Reports 2006 Third Quarter Results

Stamford, CT, Clean Diesel Technologies, Inc. ("Clean Diesel" or "The Company") (EBB: CDTI, AiM: CDT/CDTS & XETRA: CDI), a developer of technological solutions to reduce harmful engine emissions, today announces its results for the third quarter to 30 September 2006.

Highlights

- Revenue doubled compared with Q3 2005
- Four fleet trials successfully completed and each has converted into a customer
- Several large, high profile trials for Q4 already underway

Dr. Bernhard Steiner, President and CEO, comments: "We are delighted to report that our products continue to gain traction in our commercial markets and that our focused sales and marketing efforts have generated new customers and distributors. At the same time existing customers have extended their usage. All of our businesses and technological areas are progressing according to plan, and we are pleased with their continued innovation and development. We have also entered into several trials in the fields of marine, rail and agricultural / off road applications. All of these trials are performing very positively and the Company is expecting to turn these trials into ongoing customers.

"With this experience the Company is now poised to broadly go to its markets and offer both large and small corporations its leading emission reduction technologies coupled with meaningful improvements in fuel economy."

Operational Review

Clean Diesel's revenue more than doubled in the third quarter of 2006 compared with the same period in 2005 and, for the first nine months of 2006, revenues were up 42% compared with the same period in 2005. Increased Platinum Plus fuel borne catalyst sales are driving the revenue increases.

In the third quarter of 2006, four Platinum Plus[®] fuel-borne catalyst (FBC) fleet trials were completed with annual Platinum Plus[®] FBC revenue of approximately US\$250,000. Each of these trials has converted into a customer with two of these fleets based in the United States and two in Europe, in the areas of transportation, delivery, food and waste management. Furthermore, several additional high profile customers have been attracted to the trial program for the first time

with larger fleets. These trials are underway with initial results confirming the strength of Clean Diesel's products and are expected to be successfully completed during the fourth quarter.

Expenses in the third quarter of 2006 were down slightly in comparison to the same period of 2005 as a result of lower compensation expense relating to the first quarter severance charge, as well as the timing of R&D programs, mostly offset by increased European professional expenses and non-cash compensation expense (US\$49,000) for stock options.

For the months January to September 2006, operating expenses were up slightly versus the same period of 2005 due to higher R&D investment related to increased engineering and testing for the Clean Diesel wire-mesh diesel particulate filter technology, non-cash compensation expense (US\$155,000) for stock options, and severance recognized in the first quarter of 2006. As now required under the United States Financial Accounting Standard 123R, the fair value of options granted must be calculated and the expense recognized over the vesting term of the option.

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For further information:

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About Clean Diesel Technologies, Inc.

Clean Diesel Technologies, Inc. and its UK Branch office, Clean Diesel International LLC, is a developer of technological solutions to reduce harmful engine emissions. Clean Diesel Technologies has patented products that reduce emissions from combustion engines while simultaneously improving fuel economy and power. Products include Platinum Plus[®] fuel-borne catalysts (FBC), the Platinum Plus Purifier System, catalyzed wire mesh diesel particulate filter technologies and the ARIS[®] 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.

TABLES FOLLOW

CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2006 \$	2005 \$	2006 \$	2005 \$
Revenue:				
Additive revenue	161	97	457	283
Hardware revenue	74	56	191	314
License, royalty and other revenue	104	13	239	29
Total revenue	339	166	887	626
Costs and expenses:				
Cost of revenue	206	102	478	373
General and administrative	1,157	1,260	3,872	3,635
Research and development	52	222	447	369
Patent amortization and other patent expense	53	61	146	125
Loss from operations	(1,129)	(1,479)	(4,056)	(3,876)
Other income (expense):				
Foreign currency exchange gain/(loss)	7	(12)	101	(106)
Interest income	8	2	56	16
Miscellaneous income	0	0	12	0
Net loss	(1,114)	(1,489)	(3,887)	(3,966)
Basic and diluted loss per common share	(0.04)	(0.09)	(0.15)	(0.23)
Weighted average number of common shares outstanding – basic and diluted	26,162	17,193	26,120	17,176

CONDENSED BALANCE SHEETS

(in thousands, except share data)

	September 30, 2006 \$ (Unaudited)	December 31, 2005 \$
Assets		
Current Assets		
Cash and cash equivalents	1,252	4,513
Accounts receivable, net of allowance of \$18 and \$11 in 2006 and 2005, respectively	183	125
Inventories	440	285
Other current assets	115	94
Subscription receivable, net	0	488
Total current assets	1,990	5,505
Patents, net	608	567
Fixed assets, net of accumulated depreciation of \$307 and \$259 in 2006 and 2005, respectively	117	175
Other assets	37	27
Total assets	2,752	6,274
Liabilities and Stockholders' Equity		
Current Liabilities		
Deferred revenue	0	9
Accounts payable and accrued expenses	590	487
Total current liabilities	590	496
Stockholders' equity:		
Preferred Stock, par value \$0.05 per share, 100,000 shares authorized, no shares issued and outstanding	--	--
Common Stock, par value \$0.05 per share, authorized 45,000,000 shares, issued and outstanding 26,162,459 and 25,369,358 shares respectively	1,308	1,268
Common Stock, par value \$0.05 per share, subscribed and to be issued; 705,113 shares in 2005	0	35
Additional paid-in capital	44,334	44,068
Accumulated deficit	(43,480)	(39,593)
Total stockholders' equity	2,162	5,778
Total liabilities and stockholders' equity	2,752	6,274

- Ends -