



November 15, 2002

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

Focus Remains on Verifying Platinum Plus(R) FBC with CARB and EPA and Pulling Platinum Plus through Distribution with Key Corporate Fleets

STAMFORD, CT (November 15, 2002) . . . Clean Diesel Technologies, Inc. (CDT) (EBB: CDTI & AIM: CDT/CDTS) today announced results for its third quarter and nine months ended September 30, 2002. Revenue in this year's third quarter was \$51,000 with a net loss attributable to common stockholders of \$717,000, or \$0.06 loss per share, compared to revenue of \$499,000 and a net loss of \$364,000, or \$0.13 loss per share, in the third quarter of 2001. For the nine months ended September 30, 2002, CDT reported revenue of \$141,000 with a net loss of \$2.2 million or \$0.20 loss per share versus prior period revenue of \$1.4 million and a net loss of \$1.1 million or \$0.40 loss per share. Included in the prior period third quarter and year-to-date revenue is one-time ARIS license income of \$425,000 and \$1.25 million.

Chairman and CEO Jeremy Peter-Hoblyn commented, "Our focus during the last quarter has been on efforts to verify the emissions reduction performance of Platinum Plus fuel borne catalyst (FBC) and device combinations under California Air Resources Board (CARB) and Environmental Protection Agency (EPA) retrofit programs; targeting corporate fleets to pull product through distribution; realigning and strengthening our distribution network; and, continuing ARIS(R) licensing efforts in the US and overseas."

Fleet compliance with the CARB diesel retrofit program is mandatory with a target to retrofit 1.2 million engines by 2008. The Company has applied for verification of its patented Platinum Plus diesel fuel catalyst with CARB and will apply for verification with the EPA subject to the recently released verification protocol. As part of this verification effort, CDT recently began a demonstration and durability program in conjunction with CARB and a major refuse hauler and expects to start a similar verification durability program with a major delivery fleet next month. These programs will be completed in 2003.

Over a dozen commercial systems combining Platinum Plus with low cost devices were placed in service in mines, off road equipment and refuse trucks in the last several months and will support broad verification of the combined systems. "The market opportunities for Platinum Plus will be greatly enhanced as the verification programs and durability become confirmed during 2003," Peter-Hoblyn said.

"Our fleet fuel economy programs continue to show 6-12 percent miles per gallon (MPG) improvement and we are working with distributors and agents to expand our commercial base. We now have over 15 million miles of trouble free service in over 800 trucks averaging 7.5 percent MPG improvement. Improvement is best in stop-and-go delivery service," he added.

Although the market for stationary nitrogen oxide (NOx) reduction in the US has slowed in 2002 and the Company has seen its ARIS license income deferred until the fourth quarter or early 2003, the Japanese and European markets for NOx control continue to develop. The Company's licensee in Japan, Mitsui, has completed several stationary ARIS system installations as well as an initial demonstration of an ARIS mobile system under an option license agreement from CDT. During the quarter the Company leased an ARIS NOx reduction system to a major European diesel fuel system supplier for testing and evaluation and completed engine testing of the ARIS system with another European diesel exhaust system supplier.

Europe has generally settled on urea based selective catalytic reduction (SCR) for heavy and medium duty vehicles' NOx control in 2005-2007. In the US, CDT has placed a mobile ARIS system in service on a medium duty delivery van with Connecticut-based Combustion Components Associates Inc. and recent reports from a department of energy (DOE) sponsored program show the ability for urea SCR and EGR to meet 2007 NOx standards. CDT holds a patent on this unique combination and has given a limited two-year R & D license to the DOE program. With urea SCR now emerging as the technology of choice for heavy and medium duty vehicles, the opportunity for licensing CDT technology is now looking very attractive.

The Company's patent position was enhanced in the last quarter with the granting of a fundamental European patent covering the Platinum Plus FBC with emulsions of water-in-fuel and a patent in China on the FBC and DOC combination.

General and administrative expense and research and development expense increased in 2002 due to expanded Platinum Plus marketing and selling costs and expenses associated with CARB and EPA verification screening and testing. Revenue decrease was due in part to a delay in receipt of expected ARIS mobile license fees and reduced royalties on ARIS stationary systems reflecting a downturn in new diesel power generation system sales by the Company's exclusive licensee in the US.

As announced in October 2002, the Company raised \$1.4 million in common stock at \$2.0 per share from several existing institutional shareholders and a current director. The new shares were issued in reliance with regulation S under the U.S. Securities Act and because they are subject to transfer restrictions for a period of time, they may not be resold to persons in the U.S. or U.S. persons but may otherwise be traded in the UK on the Alternative Investment Market (AIM) of the London Stock Exchange without other restrictions.

The number of shares used to calculate net income per share in the 2002 third quarter and nine months was 11.2 million, compared to 2.7 million for the prior year periods. The year-to-year increase in shares resulted primarily from the additional shares issued in connection with a public offering of approximately 2.6 million of new Common Shares and the listing of all the Company's common stock on AIM of the London Stock Exchange in December 2001.

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	September 30	September 30
	2002	2001	2002	2001
Revenue				
Product Revenue	39	65	115	153
License and Royalty Revenue	12	434	26	1,290
Total Revenue	51	499	141	1,443
Costs and Expenses				
Cost of Sales	17	50	72	109
General and Administrative	569	461	1,704	1,346
Research and Development	185	78	597	254
Patent Filing and Maintenance	4	38	31	138
Loss from operations	(724)	(128)	(2,263)	(404)
Interest Income	7	3	32	9
Interest Expense	-	(26)	(9)	(64)
Net Loss before preferred stock dividend	(717)	(151)	(2,240)	(459)
Preferred Stock Dividend (non-cash)	-	(213)	-	(621)
Net Loss attributed to common stockholders	(717)	(364)	(2,240)	(1,080)
Basic and Diluted Loss per Common Share	(0.06)	(0.13)	(0.20)	(0.40)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	11,241	2,699	11,232	2,680

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.

Allen & Caron, Inc. Jill Cieslak (US investors)
(212) 691-8087;
Len Hall (US media)
(949) 474-4300; len@allencaron.com

Clean Diesel Technologies, Inc.
James M. Valentine, President
David W. Whitwell, CFO
(203) 327-7050