



December 27, 2001

Clean Diesel Technologies, Inc Raises \$5.2 (£3.6) Million and Lists on AIM

STAMFORD, CT (December 27, 2001) . . . Clean Diesel Technologies, Inc. (EBB:CDTI) (AIM:CDTS and CDT) announces that it has raised \$5.2 (£3.6) million by public offering in the United Kingdom and all its stock is now listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

The Company has issued 2,580,664 new Common Shares at \$2.0 (£1.40) per share in this placement. These Placing Shares are placed in reliance on Regulation S under the US Securities Act and because they are subject to transfer restrictions for a period of time, may not be resold to persons in the US or to US persons but may otherwise be traded in the UK without other restrictions. These shares are allocated ticker CDTs. Over a period of up to two years the US transfer restrictions expire and the CDTs designation will disappear and the Placing Shares will also then trade under the ticker/symbol, CDT.

At the same time, holders of the Convertible Preferred Stock have converted the entire holding of Preferred Stock into 5,934,829 Common Shares; these shares and the existing 2,698,787 Common Shares are not subject to any transfer restriction and are allocated ticker CDT on AIM and will continue to trade in the US on the Electronic Bulletin Board under the symbol CDTI.

Following the placing and conversion there are now a total of 11,214,280 Common Shares in issue. At the placing price the market capitalization is \$22.5 (£15.7) million.

Chief Executive Jeremy Peter-Hoblyn commented: "The additional funds will be used to substantially increase the Company's marketing and sales, to accelerate the commercialization of the Company's products and technologies and to pay down the \$1 million loan note leaving the Company with no debt.

"We chose to list on AIM because of its commitment to advancing the success of its listed companies and, more importantly, because some 75% of our shares are held by British investors. Moreover we are already actively marketing our technologies in the European and international markets and completed the first license agreements in Europe and Japan in 2001. The Company will continue to market through licensees and distributors in order to make its products and technologies widely available in the important market that is developing worldwide for emissions control technology for diesel engines both new and retrofit. Use of the Company's products together with technologies now available, make diesel engines as clean or cleaner than petrol or natural gas fired engines whilst diesel engines continue to be 30 to 40% more fuel efficient."

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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