

CLEAN DIESEL TECHNOLOGIES INC  
Form DEF 14A  
May 07, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14A  
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PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO. )

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Sec.240.14a-12

CLEAN DIESEL TECHNOLOGIES, INC.

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(Name of Registrant as Specified In Its Charter)  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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- 2) Aggregate number of securities to which transaction applies:  
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- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):  
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:  
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2) Form, Schedule or Registration Statement No.:

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3) Filing Party:

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4) Date Filed:  
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CLEAN DIESEL TECHNOLOGIES, INC.  
300 ATLANTIC STREET, SUITE 702  
STAMFORD CT 06901

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD JUNE 7, 2007  
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To the Stockholders of Clean Diesel Technologies, Inc.:

The annual meeting (the "Meeting") of stockholders of Clean Diesel Technologies, Inc., a Delaware corporation ("Clean Diesel"), will be held Thursday, June 7, 2007, at the Edward VII Room, Durrants Hotel, George Street, London W1H 5BJ at 11:00 a.m. to consider and vote upon the following items, each of which is explained more fully in the attached Proxy Statement. We have enclosed a proxy card for your use in voting.

1. To elect six (6) directors;
2. To ratify the appointment of Eisner LLP as independent auditors for the year 2007;
3. To authorize the Directors, in their discretion, to amend the Clean Diesel Restated Certificate of Incorporation to reduce our authorized capital to 12,100,000 shares, to reduce the par value of our shares to \$0.01 per share, and to effect a reverse stock split of Common Stock at an exchange ratio of five to one; and
4. To transact any other business that may properly come before the meeting or any adjournment.

Only holders of our Common Stock of record at the close of business on April 9, 2007 are entitled to notice of and to vote at the meeting.

Following the meeting there will be a presentation of our business activities and an opportunity for stockholders to ask questions.

The Clean Diesel Technologies, Inc. Annual Report for 2006 is enclosed with this Notice of Meeting and Proxy Statement.

By Order of the Board of Directors

Charles W. Grinnell  
Secretary

Stamford, Connecticut  
May 7, 2007

WHILE THE PRESENCE IN PERSON OR BY PROXY OF STOCKHOLDERS ENTITLED TO CAST ONE THIRD OF THE OUTSTANDING SHARES SHALL CONSTITUTE A QUORUM AT THE MEETING,

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NEVERTHELESS, THE AFFIRMATIVE VOTES OF AT LEAST A MAJORITY OF THE OUTSTANDING SHARES IS REQUIRED FOR THE APPROVAL OF PROPOSAL 3 OF THE AGENDA. THEREFORE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, IT IS REQUESTED THAT YOU PROMPTLY FILL OUT, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION FORM TO THE SENDER IN THE ENCLOSED RETURN ENVELOPE.

STOCKHOLDERS IN GREAT BRITAIN SHOULD FORWARD THEIR PROXY CARDS TO CAPITA IRG, THE REGISTRY, 34 BECKENHAM ROAD, BECKENHAM, KENT BR3 4TU, U.K. AND ALL OTHER STOCKHOLDERS TO AMERICAN STOCK TRANSFER AND TRUST COMPANY, 6201 15TH AVENUE, THIRD FLOOR, BROOKLYN NY 11219, U.S.A.

A SKETCH SHOWING THE LOCATION OF THE DURRANTS HOTEL IS PRINTED ON THE REVERSE PAGE.

(INSERT DRAWING)

CLEAN DIESEL TECHNOLOGIES, INC.

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PROXY STATEMENT

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THE MEETING AND FORM OF PROXY

The Board of Directors of Clean Diesel Technologies, Inc., a Delaware corporation, is soliciting your votes on the enclosed form of proxy. The proxy is for your use in voting your Clean Diesel shares at the 2007 annual meeting of stockholders. The meeting will be at 11:00 a.m. on June 7, 2007 at the Edward VII Room, Durrants Hotel, George Street, London W1H 5BJ, U.K. Any one of the persons you appoint on the form of proxy will be your representative to vote your shares according to your instructions at the meeting and at any adjournments.

SHARES ELIGIBLE TO VOTE; QUORUM

The record date for the meeting is April 9, 2007. You may vote at the meeting in person or by proxy but only if you were a stockholder of Clean Diesel Common Stock at the close of business on the record date. At the record date, according to the records of our transfer agents, American Stock Transfer and Trust Company and Capita IRG, we had 32,195,008 shares of Common Stock outstanding. That is the number of shares of Common Stock that the stockholders may vote at the meeting. The Common Stock is our only outstanding security. You may cast one vote for each share you hold. You may examine a stockholders list showing the stockholders at the record date at the address printed on the Notice of Meeting. That list will also be available for inspection at the meeting.

The quorum for the meeting, in other words, the number of shares required to be present for a legally constituted meeting, is the presence in person or by proxy of at least 10,731,670 shares of Common Stock, representing one third of the outstanding shares. Abstentions and broker non-votes are counted in determining whether a quorum is present, but are not counted in the calculation of the vote.

FORM OF PROXY; REVOCABILITY

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You may appoint a proxy, or representative, at the meeting other than the persons named on the enclosed form of proxy. If you do wish to appoint some other person, who need not be a stockholder, you may do so by completing another form of proxy for use at the meeting. Completed forms of proxy should be mailed promptly to the transfer agent in the enclosed return envelope.

You may revoke your proxy at any time before it is voted, including at the meeting. If you sign and return your proxy and do not revoke it, the proxy holders will vote the shares it represents at the meeting in accordance with your instructions. If the proxy is signed and returned without specifying choices, the shares will be voted in accordance with the recommendations of the Board.

### PROXY SOLICITATION; DISTRIBUTION

Members of the Board and our executive officers may solicit stockholders' proxies. We will bear the cost of proxy solicitation, if any.

We distributed this Proxy Statement and the accompanying Annual Report to Stockholders, commencing May 7, 2007.

### PROPOSAL 1. ELECTION OF DIRECTORS

We are asking you to vote for the election of six nominees as directors of Clean Diesel. The nominees were recommended by the Compensation and Nominating Committee of the Board. The term of office of each director is until the 2008 annual meeting or until a successor is duly elected or, if before then, a director resigns, retires or is removed by the stockholders.

### THE NOMINEES

The nominees are John A. de Havilland, Derek R. Gray, Charles W. Grinnell, John J. McCloy II, David F. Merrion and Bernhard Steiner. These nominees are all incumbents. Biographical information is set out below under the caption "Directors and Executive Officers of Clean Diesel." Details concerning directors' compensation are set out below under the captions "Executive Compensation" and "Directors Compensation."

The following table sets forth certain information with respect to each person nominated and recommended to be elected as a director of Clean Diesel.

Name	Age	Director Since
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John A. de Havilland	69	1994
Derek R. Gray	73	1998
Charles W. Grinnell	70	1994
John J. McCloy II	69	2005
David F. Merrion	70	2006
Bernhard Steiner	58	2004

### AVAILABILITY

The nominees have all consented to stand for election and to serve, if elected. If one or more of these nominees becomes unavailable or declines to accept election as a director, votes will be cast for a substitute nominee, if

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any, designated by the Board on recommendation of the Compensation and Nominating Committee. If no substitute nominee is designated prior to the election, the individuals named as proxies on the enclosed proxy card will exercise their judgment in voting the shares that they represent, unless the Board reduces the number of directors.

### PLURALITY VOTING

A motion will be made at the meeting for the election as directors of the above mentioned six nominees. Under Delaware law and Clean Diesel's Bylaws, a vote by a plurality of the shares voting is required for the election of directors. Under plurality voting, directors who receive the most "for" votes are elected; there is no "against" option and votes that are "withheld" or not cast are disregarded in the count. If a nominee receives a plurality of votes but does not, however, receive a majority of votes, that fact will be considered by the Compensation and Nominating Committee in any future decision on nominations.

THE AFFIRMATIVE VOTE OF A PLURALITY OF THE SHARES VOTING IS REQUIRED TO ELECT THE NOMINEES AS DIRECTORS. THE BOARD RECOMMENDS A VOTE FOR EACH OF THE NOMINEES.

### DIRECTORS AND EXECUTIVE OFFICERS

JOHN A. DE HAVILLAND has been a director of Clean Diesel since its inception. Mr. de Havilland was a director of J. Henry Schroder Wagg & Co. Ltd., a merchant bank, from 1972 until his retirement in 1989. Except for the period of April through December 1998, Mr. de Havilland was a Managing Director of Fuel-Tech N.V., (now Fuel Tech, Inc.) a pollution control company, from 1987 through March 1, 2002.

DEREK R. GRAY has been a director of Clean Diesel since 1998. Mr. Gray has been Managing Director of S G Associates Limited, a United Kingdom fiscal advisory firm since 1971 and a director of Velcro Industries N.V., a manufacturing company, since 1974.

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CHARLES W. GRINNELL has been Vice President, General Counsel and Corporate Secretary of Clean Diesel since its inception and has held the same positions with Fuel Tech, Inc. since 1987. Mr. Grinnell, a director of Fuel Tech, Inc., is engaged in the private practice of corporate law in Stamford, Connecticut.

JOHN J. MCCLOY II is a private investor concentrating on venture capital and early stage investment projects in a variety of industries. He is Chairman of Gravitas Technology, Inc., an information technology company; the Sound Shore Mutual Fund, Inc.; Ashland Management, Inc., an investment advisory firm; the American Council on Germany; and a member of the U.S. Council on Foreign Relations. He was also a director of NCT Group, Inc. from 1986 to February 2007.

DAVID F. MERRION has been a director of Clean Diesel since June 2006 and Chairman of the Clean Diesel Technical Advisory Board since January 10, 2005. He is the principal of David F. Merrion LLC, a consulting practice. Mr. Merrion is a retired Executive Vice President - Engineering of Detroit Diesel Corporation, his employer from 1988 to 1999. He has been a director of Catalytica Energy Systems, Inc., a catalytic research and development company since 2004 and a director of Greenvision Technology, LLC, an intellectual property holding company, since 2000.

DR. BERNHARD STEINER became Chief Executive Officer of Clean Diesel on September 14, 2004 and President on January 25, 2006. Dr. Steiner held Executive

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Director positions from 2003 at both Wayfinder Systems AB of Sweden, a navigation and location software development company, and OWR AG, a leading nuclear, biological and chemical protection solutions company. He continues as a non-executive director at both companies. From 1999 until 2003, Dr. Steiner was General Manager of the Software Solutions Group of Motorola, Inc., an electronics company. From 1994 until 1999, he was Chairman and Chief Executive of the NXT PLC Group companies Wharfedale and Mission and from 1996, Group Managing Director of NXT PLC. Dr. Steiner, a graduate of the University of St. Gallen, Switzerland, has also during his business career held executive sales and marketing positions at Canon, Sony and Amstrad PLC.

R. GLEN REID, 60, has been Vice President - Sales and Marketing of Clean Diesel since April 18, 2003 and an employee of Clean Diesel since 2002. From 1999 to 2002, Mr. Reid was Vice President - Sales and Marketing of Marathon Sensors, Inc., a manufacturer of sensors and associated instrumentation.

TIMOTHY ROGERS, 45, has been Executive Vice President - International Operations since January 25, 2006; had been Vice President - International of Clean Diesel since February 21, 2004; and had been a consultant to Clean Diesel since September 30, 2003. From 2002 to September 2003, he was Director of Sales and Marketing of ADAS Consulting, Ltd. and from 1993 to 2002, was a Director of Adastra, a wholly owned-sub subsidiary of Associated Octel Company, Ltd, a U.K.-based multinational petrochemical company.

ANN B. RUPLE, 55, has been Vice President, Treasurer and Chief Financial Officer of Clean Diesel since December 13, 2006. Previously she had been Director, Financial Reporting, Planning and Analysis of NCT Group, Inc., a technology company, her employer since 1998. Ms. Ruple is a Certified Public Accountant and holds an MBA Degree.

DR. WALTER G. COPAN, 53, has been Executive Vice President - North American Operations & Chief Technology Officer of Clean Diesel since January 25, 2006; and he had been Vice President and Chief Technology Officer from August 3, 2005 when he joined Clean Diesel. Previously, Dr. Copan had been Principal Licensing Executive, Technology Transfer, of the National Renewable Energy Laboratory of the U.S. Department of Energy since June 2003; and before that had been Managing Director, Technology Transfer and Licensing of The Lubrizol Corporation, a fuel additive company, his employer since 1975.

There are no family relationships among any of the director nominees or executive officers. Please also see the text below under the captions "Certain Relationships and Related Transactions."

### COMMITTEES OF THE BOARD

The standing Committees of the Board are an Audit Committee and a Compensation and Nominating Committee. Messrs. Gray, McCloy and Merrion are the members of the Audit Committee. Messrs. de Havilland, Gray and Merrion are the members of the Compensation and Nominating Committee. Mr. Gray is Chairman of the Audit Committee. Mr. de Havilland is Chairman of the Compensation and Nominating Committee. The Charters of the Audit and the Compensation and Nominating Committees are available for viewing on the Clean Diesel web site