GREENMAN TECHNOLOGIES INC
Form DEF 14A
October 17, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(RULE 14a-101)
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

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

Check the appropriate box:

o Preliminary Proxy Statement.
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
x Definitive Proxy Statement.
o Definitive Additional Materials.
o Soliciting Material Pursuant to §240.14a-12.

GREENMAN TECHNOLOGIES, INC.

(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):

o No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)	Title of each class of securities to which transaction applies: Common stock, par value $0.01
(2)	Aggregate number of securities to which transaction applies: 30,880,435
(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): The filing fee was determined based on the $28,000,000 total consideration proposed to be paid to GreenMan Technologies, Inc. in the transaction.
(4)	Proposed maximum aggregate value of transaction: $28,000,000

(5) Total fee paid: $1,101.00

x Fee paid previously with preliminary materials.

o 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:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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GREENMAN TECHNOLOGIES, INC.
12498 Wyoming Avenue South
Savage, Minnesota 55378
(781) 224-2411

October 23, 2008

Dear Shareholders:

I am pleased to enclose the proxy statement for our Special Meeting of shareholders to be held on November 13, 2008. We are asking shareholders to approve the sale of our tire recycling business to Liberty Tire Services, LLC and its wholly-owned subsidiary, Liberty Tire Services of Ohio, LLC for an estimated $26 million (the "Transaction"). The final price will be determined based on a five times multiple of EBITDA (earnings before interest, tax, depreciation, and amortization) of our tire recycling business for the twelve months ended September 30, 2008 minus certain of our liabilities assumed by the purchaser and not paid at the closing of the Transaction, plus the assumption by the purchaser of certain of our liabilities and is subject to certain purchase price adjustments.

This sale will allow us to repay approximately $19 million of outstanding obligations including approximately $13 million due our primary secured lender and approximately $6 million of transaction related debt and payables and other obligations. We estimate our net cash will exceed $5 million after closing of the Transaction and intend to use such cash to grow our Welch Products' business model nationwide and pursue additional recycling, alternative fuel, alternative energy and other "Green" business opportunities.

The date, time, place, and agenda for the Special Meeting are set forth in the accompanying notice of Special Meeting. The accompanying proxy statement contains important information about the proposals to be submitted for a vote at the Special Meeting, including approval of the sale of our tire recycling business to Liberty Tire Services, LLC and Liberty Tire Services of Ohio, LLC.

Please review this information carefully in deciding how to vote. Our Board of Directors unanimously recommends that you vote "FOR" each proposal.

YOUR VOTE ON THESE MATTERS IS IMPORTANT. Please see the accompanying notice of meeting for instructions on how to vote.

I look forward to seeing you at the meeting.

Sincerely,

Lyle Jensen
President and Chief Executive Officer

GREENMAN TECHNOLOGIES, INC.
12498 Wyoming Avenue South
Savage, Minnesota 55378
(781) 224-2411

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 13, 2008

NOTICE IS HEREBY GIVEN that a Special Meeting of shareholders (the "Special Meeting") of GreenMan Technologies, Inc., a Delaware corporation ("GreenMan," "we" or "us"), will be held on November 13, 2008, at 10:00 a.m., local time, in the Youngstown Room at the Sleep Inn & Suites, 5850 Morning Star Court, Pleasant Hill, Iowa 50327. At our Special Meeting we will ask you to:

1. Approve the sale of substantially all of our assets that relate to our scrap tire recycling business (the "Tire Recycling Business") pursuant to the Asset Purchase Agreement dated September 12, 2008 by and among Liberty Tire Services, LLC, Liberty Tire Services of Ohio, LLC, a wholly owned subsidiary of Liberty Tire Services, LLC, GreenMan and two of our wholly owned subsidiaries, GreenMan Technologies of Iowa, Inc., and GreenMan Technologies of Minnesota, Inc.;

2. Approve one or more adjournments of the Special Meeting, if deemed necessary to facilitate the approval of Proposal No. 1, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to establish a quorum or to approve Proposal No. 1; and

3. Transact any other business that may properly come before the Special Meeting and any adjournment or postponement thereof.

Our Board of Directors unanimously recommends that you vote "FOR" Proposals 1 and 2 and that you allow our representatives to vote the shares represented by your proxy as recommended by our Board of Directors.

Pursuant to our bylaws, our Board of Directors has fixed the close of business on October 3, 2008, as the record date (the "Record Date") for determining those shareholders entitled to notice of and to vote at the Special Meeting. The affirmative vote of holders of a majority of our outstanding shares of common stock is required in order to approve the sale of the Tire Recycling Business. The affirmative vote of holders of a majority of our shares of common stock issued and outstanding as of the Record Date that are represented in person or by proxy and entitled to vote at the Special Meeting is required in order to approve the proposal to authorize the adjournment of the Special Meeting to a later date or dates, if necessary. Each of these proposals is more fully described in the accompanying proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS,

Lyle Jensen
President and Chief Executive Officer
October 23, 2008
Savage, Minnesota

A FORM OF PROXY IS ENCLOSED. YOUR VOTE IS VERY IMPORTANT. IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE SPECIAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENCLOSED ENVELOPE, WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE UNITED STATES. YOUR PROXY MAY BE REVOKED AT ANY TIME BEFORE THE VOTE AT THE SPECIAL MEETING BY FOLLOWING THE PROCEDURES OUTLINED IN THE ACCOMPANYING PROXY

STATEMENT. THE SHARES REPRESENTED BY YOUR PROXY WILL BE VOTED ACCORDING TO YOUR SPECIFIED RESPONSE. PROPERLY EXECUTED PROXIES THAT DO NOT CONTAIN VOTING INSTRUCTIONS WILL BE VOTED "FOR" THE APPROVAL OF THE PROPOSALS AND THE TRANSACTIONS CONTEMPLATED THEREBY. IF YOU FAIL TO RETURN A PROPERLY EXECUTED PROXY CARD OR TO VOTE IN PERSON AT THE SPECIAL MEETING, THE EFFECT WILL BE A VOTE AGAINST THE PROPOSALS AND THE TRANSACTIONS CONTEMPLATED THEREBY.

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This proxy statement and the form of proxy were first mailed to stockholders on or about October 23, 2008.

GREENMAN TECHNOLOGIES, INC.
12498 Wyoming Avenue South
Savage, Minnesota 55378
(781) 224-2411

PROXY STATEMENT

Special Meeting of Stockholders
To Be Held November 13, 2008
10:00 A.M.

The enclosed Proxy is solicited by the Board of Directors (the "Board of Directors") of GreenMan Technologies, Inc., a Delaware corporation (the "Company") for use at our special meeting of stockholders ("Special Meeting") to be held in the Youngstown Room at the Sleep Inn & Suites, 5850 Morning Star Court, Pleasant Hill, Iowa 50327. It is anticipated that this Proxy Statement will be mailed to our stockholders on or about October 23, 2008. References to the "Company," "us," "we," or "our," refer to GreenMan Technologies, Inc.

The Special Meeting is for the purpose of considering and voting upon:

(1) A proposal to approve the sale of substantially all of our assets that relate to our scrap tire recycling business (the "Tire Recycling Business") pursuant to the Asset Purchase Agreement dated September 12, 2008 by and among Liberty Tire Services, LLC, Liberty Tire Services of Ohio, LLC, a wholly owned subsidiary of Liberty Tire Services, LLC, GreenMan and two of our wholly owned subsidiaries, GreenMan Technologies of Iowa, Inc., and GreenMan Technologies of Minnesota, Inc.;

(2) A proposal to approve one or more adjournments of the Special Meeting, if deemed necessary to facilitate the approval of Proposal No. 1, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to establish a quorum or to approve Proposal No. 1; and

(3) Such other business as may properly come before the Special Meeting or any adjournment or postponement thereof will also be considered.

The Board of Directors is not aware of any other business to come before the Special Meeting, and unanimously recommends that you vote "FOR" these proposals.

SUMMARY TERM SHEET

The following summary, together with the question and answer section, provides an overview of the proposed sale of our Tire Recycling Business (as defined below) discussed in this Proxy Statement and the attached appendices. This summary also contains cross-references to the more detailed discussions elsewhere in this Proxy Statement. This summary may not contain all of the information that is important to you. To understand fully the proposed sale of our Tire Recycling Business and for a more complete description of the terms thereto, you should carefully read this entire Proxy Statement, including the information incorporated by reference, and the attached appendices in their entirety.

Proposal No. 1: Sale of our Tire Recycling Business:

General (see page 18)

We have entered into the Asset Purchase Agreement (the "Asset Purchase Agreement") with Liberty Tire Services, LLC ("LTS") and Liberty Tire Services of Ohio, LLC, a wholly owned subsidiary of LTS (the "Purchaser" and together with LTS, the "LTS Group") pursuant to which we will sell to the Purchaser the assets held by our two tire recycling subsidiaries, GreenMan Technologies of Iowa, Inc. and GreenMan Technologies of Minnesota, Inc. (collectively, the "Tire Recycling Subsidiaries") that constitute our business of collecting, processing and marketing scrap tires in whole, shredded or granular form (the "Tire Recycling Business"). For the fiscal year ended September 30, 2007, our Tire Recycling Business had revenue of $20.2 million or 100% of our total revenue and operating income of $3.2 million as compared to total net income of approximately $294,000 on a consolidated basis. At June 30, 2008, our Tire Recycling Business had total assets of $15.4 million or 86% of our total assets.

The Parties (see page 18)

GreenMan Technologies, Inc.

We operate two facilities that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Savage, Minnesota and currently operate tire processing facilities in Iowa and Minnesota. We were originally founded in 1992 and have operated as a Delaware corporation since 1995. Our core business the Tire Recycling Business. On October 1, 2007 we acquired Welch Products, Inc., a company headquartered in Carlisle, Iowa that specializes in design, product development, and manufacturing of environmentally responsible products using recycled materials, primarily recycled rubber. Through a subsidiary, Playtribe, Inc., Welch Products also provides innovative playground design, equipment and installation.

GreenMan Technologies of Minnesota, Inc.

GreenMan Technologies of Minnesota, Inc. is a Minnesota corporation and wholly owned subsidiary of GreenMan. GreenMan Technologies of Minnesota, Inc. operates our tire processing facility located in Savage, Minnesota.

GreenMan Technologies of Iowa, Inc.

GreenMan Technologies of Iowa, Inc. is an Iowa corporation and wholly owned subsidiary of GreenMan. GreenMan Technologies of Iowa, Inc. operates our tire processing facility located in Des Moines, Iowa.

Liberty Tire Services, LLC

Liberty Tire Services, LLC, is a Delaware limited liability company based in Pittsburgh, Pennsylvania. LTS is the largest tire recycling company in the United States and currently operates fourteen scrap tire processing facilities. LTS' principal executive offices are located at 625 Liberty Avenue, Suite 3100, Pittsburgh, PA 15222, and its phone number is (412) 562-0148.

Liberty Tire Services of Ohio, LLC

Liberty Tire Services of Ohio, LLC is a Delaware limited liability company and wholly owned subsidiary of LTS. The Purchaser will be purchasing our Tire Recycling Business.

Reasons for the Sale of the Tire Recycling Business (see page 19)

We believe that the sale of the Tire Recycling Business and the terms of the Asset Purchase Agreement are in the best interests of our shareholders. The sale of the Tire Recycling Business will permit us to focus on our other business unit and provide the following anticipated benefits:

- Provide us with immediately available funds to pay off a majority of our outstanding indebtedness; and
- Allow us to focus on our other business units, and identify and develop new business opportunities.

Our Board of Directors also considered various risks when evaluating the sale of the Tire Recycling Business, which include:

- The viability of our remaining business after the sale of the Tire Recycling Business and our ability to identify and develop new business opportunities;
- The possibility that the proposed sale might not be completed and the effect on our business and financial position;
- The terms of the Asset Purchase Agreement provide that we will be prohibited from competing with the Tire Recycling Business anywhere within the states of Iowa, Minnesota, Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin for a period of five years from the date of the sale of the Tire Recycling Business; and
- The effect of the public announcement of the proposed sale of the Tire Recycling Business on key customer accounts and on our ability to attract and retain personnel.

Background of the Sale of the Tire Recycling Business (see page 20)

In response to the belief we would be unable to meet increased monthly principal payments due our primary secured lender, Laurus Master Fund, Ltd. (“Laurus”), which are scheduled to commence on October 1, 2008 and the fact that any material modification to the existing terms and maturity of the debt would be extremely costly, our Board of Directors began to actively explore strategic alternatives during the first quarter of fiscal 2007. Management and members of the Board of Directors met with over 20 entities to discuss various potential strategic alternatives.

In early 2008, senior management met on several occasions with representatives of LTS to discuss the potential acquisition of GreenMan’s Tire Recycling Business by LTS or an affiliate of LTS. Based on LTS’ managements’ extensive knowledge of the tire recycling industry and LTS’ recent history of significant acquisitions within the Midwest, our Board of Directors believed LTS would be a suitable buyer for our Tire Recycling Business. In April 2008, we received a non-binding proposal from LTS to purchase the Tire Recycling Businesses. In June 2008 senior management of LTS gave a presentation to our Board of Directors regarding a potential transaction.

On July 1, 2008, our Board of Directors met to discuss the status of the potential transaction with LTS and approved the execution of a non-binding letter of intent for the purchase of the Tire Recycling Business by LTS and/or its

affiliate.

During August 2008 we received a draft agreement that covered the basic terms of the proposed transaction. Throughout the following weeks, we and our advisors negotiated the terms of the Asset Purchase Agreement with LTS and its advisors. On September 9, 2008, we finalized the terms of the Asset Purchase Agreement.

On September 11, 2008, our Board of Directors convened a meeting to review the final Asset Purchase Agreement and the proposed sale of the Tire Recycling Business. During the meeting, BCC Advisers, an independent financial adviser hired to provide a fairness opinion, delivered an oral opinion. The opinion was subsequently confirmed in writing to our Board of Directors as to the fairness to the holders of shares of our common stock of the sale of the Tire Recycling Business, from a financial point of view, considering the cash consideration (before any adjustments) to be paid to us in connection with the sale of the Tire Recycling Business. Based on this information and after additional discussions, the Board of Directors determined that entry into the Asset Purchase Agreement and completion of the proposed sale of the Tire Recycling Business were in the best interests of the Company and our shareholders. Our Board of Directors then approved (i) the Asset Purchase Agreement, (ii) the related transaction agreements, and (iii) the proposed sale of our Tire Recycling Business to LTS on the terms set forth in those agreements, and authorized management to execute the Asset Purchase Agreement and the other transaction agreements on our behalf.

On September 12, 2008, we executed the Asset Purchase Agreement with LTS and the Purchaser and publicly announced the agreement on September 15, 2008.

Effect of the Sale of the Tire Recycling Business (see page 21)

If our shareholders approve the sale of the Tire Recycling Business, we will seek to complete the sale. We will use the proceeds of the sale of the Tire Recycling Business to repay approximately $19 million of outstanding obligations, including approximately $13 million due Laurus and approximately $6 million of transaction related debt and payables and other obligations (consisting of $4 million in capital lease obligations and notes payable of the Tire Recycling Subsidiaries, $1.5 million of taxes due as a result of the sale of the Tire Recycling Business and $.5 in notes payable by GreenMan). Approximately $1.3 million of the purchase price (as described below) will be subject to indemnification claims which may be brought by LTS or the Purchaser, as more fully described in the description of the Asset Purchase Agreement below. The purchase price will also be subject to adjustment based upon net working capital levels at closing. We estimate our net cash after the closing of the proposed sale of the Tire Recycling Business (the “Closing”) will exceed $5 million. We intend to use such cash to grow our Welch Products' business model nationwide and pursue additional recycling, alternative fuel, alternative energy and other “Green” business opportunities that are intended to increase shareholder value.

Opinion of Financial Advisor to the Board of Directors (see page 23)

Our financial advisor, BCC Advisers, delivered a written opinion to our Board of Directors as to the fairness to the holders of our common stock of the sale of the Tire Recycling Business, from a financial point of view, considering the cash consideration (before any adjustments) to be paid to us in connection with the sale of the Tire Recycling Business. The full text of the written opinion of BCC Advisers, dated September 10, 2008, is attached as Appendix B to this Proxy Statement and should be read in its entirety for a description of the procedures followed, assumptions made, matters concerned and limitations on the review undertaken. We paid BCC Advisers a fee for the delivery of this opinion.

THE OPINION OF BCC ADVISERS IS DIRECTED TO OUR BOARD OF DIRECTORS. THE OPINION WILL NOT BE UPDATED AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY SHAREHOLDER AS TO HOW SUCH SHAREHOLDER SHOULD VOTE ON THE PROPOSED SALE OF THE TIRE RECYCLING BUSINESS.

The Asset Purchase Agreement (see page 26)

Purchase Price

As consideration for the sale of all the assets relating to the Tire Recycling Subsidiaries, Purchaser will pay us approximately $26 million, based on a five times multiple of EBITDA (earnings before interest, tax, depreciation and amortization) subject to a post-closing adjustment based on the final net working capital of the Tire Recycling Subsidiaries as of the Closing. At the Closing, approximately $19 million of the purchase price will be used to pay down outstanding obligations, including approximately $13 million due our primary secured lender, Laurus and approximately $6 million of transaction related debt and payables and other obligations (consisting of $4 million in capital lease obligations and notes payable of the Tire Recycling Subsidiaries, $1.5 million of taxes due as a result of the sale of the Tire Recycling Business and $.5 in notes payable by GreenMan). In addition, the Purchaser will withhold $0.5 million and we will place approximately $1.3 million in a restricted cash account to cover possible indemnification claims by Purchaser and LTS. The Purchaser will also withhold $0.25 million until EBITDA of the Tire Recycling Subsidiaries is finally determined.

The Asset Purchase Agreement is attached to this Proxy Statement as Appendix A. We encourage you to read the Asset Purchase Agreement carefully. Our Board of Directors has unanimously approved the Asset Purchase Agreement, which is the binding legal agreement that governs the terms of the sale of our Tire Recycling Business.

Some of the key provisions of the Asset Purchase Agreement are as follows:

Representations and Warranties

The Asset Purchase Agreement contains customary representations and warranties of the parties relating to, among other things, their authority to enter into the Asset Purchase Agreement and, in the case of GreenMan, various aspects of the Tire Recycling Business. For a more detailed description of the representations and warranties of each of the parties, please see page 28.

Covenants

The Asset Purchase Agreement contains customary covenants of the parties, including agreements by us to conduct the Tire Recycling Business in accordance with ordinary past practices and to refrain from certain actions between the time of signing the Asset Purchase Agreement and the closing of the sale of the Tire Recycling Business, and to use commercially reasonable efforts to solicit shareholder proxies approving the sale of the Tire Recycling Business.

No Solicitation of Competitive Proposals; Superior Offer

Under the terms of the Asset Purchase Agreement, we have agreed to immediately cease any discussions with any third party other than LTS and the Purchaser with respect to any sale of our Tire Recycling Business. In addition, we have agreed not to directly or indirectly solicit, initiate or encourage any inquiries or proposals regarding any acquisition proposal or participate in any discussions or negotiations regarding, or furnish to any person any information with respect of, or take any other action to facilitate, any acquisition proposal. An acquisition proposal is any inquiry, offer or proposal by any person, other than the LTS Group, to acquire all or any material portion of our assets or the assets of the Tire Recycling Subsidiaries or any of our capital stock or the capital stock of the Tire Recycling Subsidiaries.

The Asset Purchase Agreement provides that our Board of Directors may, at any time prior to obtaining shareholder approval of the sale of the Tire Recycling Business, withdraw or modify its approval or recommendation of the Asset Purchase Agreement or the sale of the Tire Recycling Business or approve or recommend a superior offer to purchase the Tire Recycling Business if our Board of Directors determines, in good faith, that such offer constitutes a superior offer and determines that to do otherwise would violate the fiduciary duties of our Board of Directors. We will be required to pay a termination fee equal to 4% of the purchase price if we terminate the Asset Purchase Agreement due to a superior offer.

Indemnification

The Asset Purchase Agreement provides that each party will indemnify the other for any losses incurred as a result of, among other things, breaches of representations, warranties and covenants, subject in certain circumstances to specified dollar and time limitations.

Conditions to Closing

The obligations of the parties to complete the sale of the Tire Recycling Business are subject to certain customary closing conditions, including, among other things:

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- the accuracy in all material respects of all of our representations and warranties in the Asset Purchase Agreement;
- our performance in all material respects of all of our covenants and obligations under the Asset Purchase Agreement to be performed or complied with by us prior to the completion of the proposed sale of the Tire Recycling Business;
- the Purchaser shall have obtained on terms and conditions satisfactory to it funds sufficient to complete the transaction; and
- the shareholders of the Company shall have approved the proposed sale.

Termination

The Asset Purchase Agreement may be terminated:

- by mutual consent of the parties;
- by either party if the other party has failed to satisfy any of the closing conditions required to be satisfied by such party prior to Closing;
- by either party if the other party has committed a material breach of any provision of the Asset Purchase Agreement and such breach has not been cured by such party within five business days of receipt of notice of such breach;
- by us, if our Board of Directors, in compliance with the requirements of the Asset Purchase Agreement, concludes in good faith after consultation with legal counsel that a proposed transaction with a third party is superior to the terms of the proposed sale of the Tire Recycling Business and the failure to terminate the Asset Purchase Agreement in order to enter into a definitive agreement to complete such a superior proposal would be in violation of the fiduciary duties of our Board of Directors;
- by Purchaser, if our Board of Directors withdraws or modifies its approval of the proposed sale of the Tire Recycling Business, approves, adopts or recommends another acquisition proposal, or approves or recommends that the Company enter into any agreement with respect to another acquisition proposal, or proposes to do any of the foregoing, or if we breach any of the material exclusivity provisions of the Asset Purchase Agreement, subject to the right of our Board of Directors to terminate the Asset Purchase Agreement to accept a superior proposal, as described above;
- by either party, if our shareholders have not approved the sale of the Tire Recycling Business; or
- by either party, if the Purchaser fails to obtain on terms and conditions satisfactory to it funds sufficient to complete the transaction.

Termination Payment and Expenses

All parties to the Asset Purchase Agreement have agreed that each party will pay its own expenses.

Under the terms of the Asset Purchase Agreement, we have agreed to pay LTS a termination fee equal to 4% of the purchase price (approximately $1.04 million) if:

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we terminate the Asset Purchase Agreement due to a determination by our Board of Directors, in compliance with the requirements of the Asset Purchase Agreement, in good faith after consultation with legal counsel that a proposed transaction with a third party is superior to the terms of the proposed sale of the Tire Recycling Business and the failure to terminate the Asset Purchase Agreement in order to enter into a definitive agreement to complete such a superior proposal would be in violation of the fiduciary duties of our Board of Directors; or

- Purchaser terminates the Asset Purchase Agreement due to a breach by us of our obligations not to withdraw or modify, or propose to withdraw or modify our approval of the transaction or our violation of the material exclusivity provisions of the Asset Purchase Agreement.

Under the terms of the Asset Purchase Agreement, we have agreed to pay LTS documented legal fees and other out-of-pocket costs incurred in connection with the proposed sale of the Tire Recycling Business, up to a maximum of $150,000, if we do not receive the approval of the holders of at least 50.1% of our outstanding common stock of the sale of the Tire Recycling Business and as a result terminate the Asset Purchase Agreement.

The Voting Agreement (see page 32)

Simultaneously with the execution and delivery of the Asset Purchase Agreement, the members of our Board of Directors and all of our executive officers entered into the Voting Agreement with LTS, Purchaser and us (the "Voting Agreement"). Pursuant to the Voting Agreement, our directors and executive officers have agreed to vote in favor of the Asset Purchase Agreement and the transactions contemplated thereby. As of September 12, 2008, the shares covered by the Voting Agreement represented in the aggregate approximately 25% of our outstanding common stock.

Related Party Transactions (see page 33)

Tire Recycling Business Related Party Transactions

We rent several pieces of equipment on a monthly basis from Valley View Farms, Inc. and Maust Asset Management, LLC, two companies co-owned by Mark Maust, who is President of GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Iowa, Inc. In addition, we have entered into several capital lease agreements with Maust Asset Management, LLC which had an outstanding balance of approximately $640,000 at September 30, 2008. At the Closing of the sale of the Tire Recycling Business, the Purchaser will assume all remaining obligations under these capital lease agreements, and such amounts will be deducted from the proceeds of the sale received by us.

In April 2003, GreenMan Technologies of Iowa, Inc. entered into a ten-year lease with Maust Asset Management, LLC for a facility located on approximately 4 acres of land in Des Moines, Iowa. In April 2005, GreenMan Technologies of Iowa, Inc. entered into an eight-year lease with Maust Asset Management, LLC for approximately 3 acres adjacent to the existing Iowa facility. The aggregate current monthly rent payment under both leases is $11,750 plus real estate taxes. These lease arrangements will terminate at the close of the sale of the Tire Recycling Business, and we expect that the Purchaser will enter into a new lease arrangement with Maust Asset Management, LLC.

GreenMan Technologies of Minnesota, Inc. leases property located in Savage, Minnesota from Two Oaks, LLC, an entity co-owned by Mark Maust under a 12-year lease agreement. This lease will terminate at the close of the sale of the Tire Recycling Business, and we expect that the Purchaser will enter into a new lease arrangement with Two Oaks, LLC.

Other Related Party Transactions

Between June and August 2003, two immediate family members of Maurice Needham, our Chairman of the Board of Directors, loaned us a total of $400,000 under the terms of two-year, unsecured promissory notes which bear interest at the rate of 12% per annum. The two individuals agreed to extend the maturity date of these notes until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2009. The current balance due under these notes is $400,000.

In September 2003, Bob Davis, a former officer of GreenMan, loaned us $400,000 under the terms of an unsecured promissory note which bears interest at the rate of 12% per annum. In July 2006, Mr. Davis assigned the remaining balance due under the note, $99,320, as follows: $79,060 to one of the noteholders described in the preceding paragraph and the remaining balance of $20,260 plus accrued interest of $13,500 to Mr. Needham. All parties agreed to extend the maturity of the remaining balance of this note until the earlier of when all amounts due under the Laurus

credit facility have been repaid or June 30, 2009. The current balance due under these notes is $99,320.

Between January and June 2006, Nicholas DeBenedictis, a director, loaned us $155,000 under three unsecured promissory notes which bear interest at the rate of 10% per annum with interest and principal due during the period from June 30, 2006 through September 30, 2006. During the year ended of September 30, 2007 Mr. DeBenedictis agreed to extend the remaining balance due under the notes of $35,000 until the earlier of when all amounts due under the restructured Laurus credit facility have been repaid or June 30, 2009.

All outstanding principal and accrued interest due these individuals (approximately $535,000 and $130,000, respectively, at September 30, 2008) will be paid at the closing of the sale of the Tire Recycling Business.

Certain Material Federal and State Income Tax Consequences (see page 34)

The sale of assets contemplated by the Asset Purchase Agreement will be a transaction taxable to us for United States federal and state income tax purposes. We will recognize taxable income equal to the amount realized on the sale in excess of our tax basis in the assets sold. However substantially all of the taxable gain on a federal tax basis will be offset against our current year losses from operations plus available net operating loss carry forwards, as currently reflected on our consolidated federal income tax returns. We do not have substantial state net operating loss carry forwards and anticipate that a majority of our tax obligations resulting from this contemplated transaction will be on a state tax level.

The sale of assets contemplated by the Asset Purchase Agreement will not be a taxable event for our stockholders under applicable United States federal income tax laws.

Accounting Treatment (see page 34)

We will record the sale of the Tire Recycling Business in accordance with generally accepted principles in the United States. Upon completion of the disposition, we will recognize a gain for financial statement purposes equal to the net proceeds (sum of purchase price less expenses of the sale) less the book value of the assets and liabilities sold.

Regulatory Approvals (see page 34)

We are not aware of any federal or state regulatory requirements that must be complied with or approvals that must be obtained to complete the sale of the Tire Recycling Business, other than the filing of this Proxy Statement with the Securities Exchange Commission (the “SEC”). If any additional approvals or filings are required, we will use our commercially reasonable efforts to obtain those approvals and make any required filings before completing the transactions contemplated by the Asset Purchase Agreement.

No Changes in the Rights of Shareholders (see page 34)

There will be no change in the rights of our shareholders as a result of the sale of the Tire Recycling Business.

No Appraisal Rights (see page 34)

Our shareholders do not have appraisal rights under the Delaware General Corporation Law in connection with the sale of the Tire Recycling Business.

Required Vote (see page 34)

The affirmative vote of holders of a majority of the outstanding shares of common stock is required in order to approve the sale of the Tire Recycling Business. Because the affirmative vote of a majority of the votes entitled to be cast at the Special Meeting is required to approve the sale of the Tire Recycling Business, abstentions, broker “non-votes” and shares not represented at the Special Meeting will have the same effect as a vote “AGAINST” the sale of the Tire Recycling Business. Properly executed proxies that do not contain voting instructions will be voted “FOR” the approval of the sale of the Tire Recycling Business.

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Recommendation of our Board of Directors Regarding the Sale of the Tire Recycling Business (see page 35)

For the reasons described above, our Board of Directors has determined that the proposed sale of the Tire Recycling Business is in the best interests of the Company and our shareholders. Accordingly, our Board of Directors has unanimously approved the proposed sale of the Tire Recycling Business and Asset Purchase Agreement and unanimously recommends to our shareholders that they vote "FOR" approval of Proposal No. 1: Approval of the Sale of the Tire Recycling Business.

Proposal No. 2: Adjournment of the Special Meeting:

Purpose (see page 36)

In the event there are not sufficient votes present, in person or by proxy, at the Special Meeting to approve the sale of the Tire Recycling Business, our chief executive officer, acting in his capacity as chairperson of the meeting, may propose an adjournment of the Special Meeting to a later date or dates to permit further solicitation of proxies.

Required Shareholder Vote to Approve the Adjournment Proposal (see page 36)

Approval of Proposal No. 2 will require that the number of votes cast in favor of the proposal exceed the number of votes cast against it. Assuming the presence of a quorum, abstentions, broker "non-votes" and shares not represented at the Special Meeting will have no effect on Proposal No. 2: Adjournment.

Recommendation of our Board of Directors (see page 36)

Our Board of Directors unanimously recommends that our shareholders vote "FOR" approval of Proposal No. 2 to adjourn the Special Meeting, if necessary to obtain the requisite number of proxies to approve Proposal No. 1.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND RELATED PROPOSALS

Why am I receiving this Proxy Statement and proxy card?

You are receiving this Proxy Statement and proxy card because you own shares of our common stock. This Proxy Statement describes the proposals on which we would like you, as a shareholder, to vote at the Special Meeting. It also gives you information on the proposals so that you can make an informed decision.

Who can vote at the Special Meeting?

Only shareholders of record at the close of business on October 3, 2008 will be entitled to vote at the Special Meeting.

What is being voted on?

You are being asked to vote on the following matters:

1. To approve the sale of our Tire Recycling Business; and

2. To approve one or more adjournments of the Special Meeting, if deemed necessary to facilitate the approval of Proposal No. 1, including to permit the solicitation of additional proxies if there are not sufficient votes at the time of the Special Meeting to establish a quorum or to approve Proposal No. 1.

What will happen if the proposed sale of the Tire Recycling Business is approved?

If the proposed sale of the Tire Recycling Business is approved, we will complete the sale subject to the satisfaction of the closing conditions set forth in the Asset Purchase Agreement. We anticipate that the transaction will close shortly after the Special Meeting.

What will happen if the proposed sale of the Tire Recycling Business is not approved?

If we are unable to successfully complete the sale of our Tire Recycling Business and if we are unable to restructure the terms and maturity of our obligations under our credit facility with Laurus Master Fund, Ltd., our senior secured lender ("Laurus"), on acceptable terms we: (1) will be unable to meet the increased monthly principal payments due under such credit facility with Laurus scheduled to commence in October 2008 and therefore may be deemed to be in default under the terms of our agreement with Laurus, which has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets; (2) anticipate receiving a "going concern" opinion from our auditors for the fiscal year ended September 30, 2008 which will have a negative impact on our ability to secure additional future financing; and (3) may, under certain circumstances, owe a termination fee to Purchaser.

Does the Board of Directors recommend that I vote on the proposals to be considered and voted upon at the Special Meeting?

Our Board of Directors unanimously recommends that you vote your shares:

- "FOR" the proposed sale of the Tire Recycling Business to the Purchaser; and
- "FOR" the adjournment of the Special Meeting, if necessary to obtain the requisite number of proxies to approve the proposed sale of the Tire Recycling Business to the Purchaser.

How do I vote?

After carefully reading and considering the information contained or referred to in this Proxy Statement, including the Appendices, you may either (i) complete, sign and date your proxy card and voting instructions and return them in the enclosed postage-paid envelope or (ii) vote in person at the Special Meeting. Please vote your shares as soon as possible so that your shares will be represented at the Special Meeting.

If my shares are held in “street name” by my broker, will my broker vote my shares for me?

Your broker will vote your shares only if you provide instructions to your broker on how to vote. Please tell your broker how you would like him or her to vote your shares. If you do not tell your broker how to vote, your shares will not be voted by your broker.

Can I change my vote after I have delivered my proxy?

Yes. You may revoke your proxy at any time before it is voted at the meeting by (i) delivering a written notice of revocation to Charles E. Coppa, our Chief Financial Officer and Corporate Secretary, at GreenMan Technologies, Inc. 12498 Wyoming Avenue South, Savage, Minnesota, 55378 (ii) delivering a later-dated proxy, or (iii) attending the Special Meeting and voting in person. Attendance at the Special Meeting, in and of itself, will not constitute a revocation of a proxy. If your shares are held in an account at a brokerage firm or a bank, you should contact your brokerage firm or bank for instructions on how to change your vote.

How many votes are required to approve the sale of the Tire Recycling Business?

The affirmative vote of holders of a majority of the shares of common stock is required in order to approve the sale of the Tire Recycling Business. Because the affirmative vote of a majority of the votes entitled to be cast at the Special Meeting is required to approve the sale of the Tire Recycling Business, abstentions, broker “non-votes” and shares not represented at the Special Meeting will have the same effect as a vote against the sale of the Tire Recycling Business.

Am I entitled to appraisal rights?

No, our shareholders do not have appraisal rights under the Delaware General Corporation Law in connection with the sale of the Tire Recycling Business.

When do you expect the sale of the Tire Recycling Business to be completed?

It is currently anticipated that the transactions and actions contemplated in the Asset Purchase Agreement will be completed as promptly as practicable following our Special Meeting to be held on November 13, 2008.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We may also engage a professional proxy solicitation firm to assist in the proxy solicitation and, if so, will pay such solicitation firm customary fees plus expenses.

Who should I call if I have any questions about the Special Meeting?

If you have any questions about the Special Meeting, you should contact Charles E. Coppa, our Chief Financial Officer and Corporate Secretary, at (781) 224-2411.

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THE SPECIAL MEETING

Time, Date and Place; Matters to be Considered

The Special Meeting will be held on November 13, 2008, at 10:00 a.m. local time, in the Youngstown Room at the Sleep Inn & Suites, 5850 Morning Star Court, Pleasant Hill, Iowa 50327. At the Special Meeting, shareholders will be asked to consider and vote upon each of the proposals and conduct such other business as may properly come before the Special Meeting and any adjournment thereof.

Voting and Record Date

The Board of Directors has fixed October 3, 2008, as the record date ("Record Date") for determining holders of shares of our common stock that are entitled to receive notice of and to vote at the Special Meeting. Each holder of record of shares of our voting stock on the Record Date is entitled to cast one vote per share, exercisable in person or by a properly executed proxy, with respect to the approval of the proposals and any other matter to be submitted to a vote of our shareholders at the Special Meeting. At October 3, 2008, there were 30,880,435 shares of common stock outstanding.

Approval of Proposal No. 1 will require the affirmative vote of the holders of a majority of our outstanding shares entitled to vote thereon. Therefore, abstentions, broker "non-votes" and shares not represented at the Special Meeting will have the same effect as votes against Proposal No. 1. Approval of Proposal No. 2 requires that the number of votes cast in favor of the proposal exceed the number of votes cast against it. Assuming the presence of a quorum, abstentions, broker "non-votes" and shares not represented at the Special Meeting will have no effect on Proposal 2.

The Board of Directors has unanimously approved each of the proposals and recommends that shareholders vote "FOR" the approval of each of the proposals. We are seeking requisite shareholder approval of each of the proposals.

A complete list of shareholders entitled to vote at the Special Meeting shall be available for examination by any stockholder, for any purpose germane to the Special Meeting, during ordinary business hours at the principal executive offices of the Company. The list will also be available at the Special Meeting.

Quorum

The required quorum for the transaction of business at the Special Meeting is a majority of the shares entitled to vote at such meeting by holders of shares of our common stock outstanding on the Record Date. Broker non-votes and shares that are voted "FOR" or "AGAINST" a proposal or marked "ABSTAIN" are treated as being present at the Special Meeting for purposes of establishing a quorum and are also treated as shares entitled to vote at the Special Meeting with respect to each proposal.

Abstentions and Broker Non-Votes

Broker "non-votes" and the shares of voting stock as to which a shareholder abstains are included for purposes of determining whether a quorum of shares of voting stock is present at a meeting. A broker "non-vote" occurs when a nominee holding shares of voting stock for the beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Proposals 1 and 2 are non-discretionary items, which means that a nominee may not vote on either proposal without instructions from the beneficial owner. Since Proposal 1 requires the affirmative vote of a majority of our outstanding voting stock entitled to vote at the Special Meeting, abstentions and broker "non-votes" have the effect of votes "AGAINST" Proposal 1. Since Proposal 2 requires that the number of votes cast in favor of the proposal

exceed the number of votes cast against it, assuming the presence of a quorum, abstentions and broker “non-votes” will have no effect on Proposal 2.

Brokerage Accounts

If any of your shares are held in the name of a brokerage firm, bank, bank nominee or other institution, only it can vote such shares and only upon receipt of your specific instructions. Accordingly, please contact the person responsible for your account and instruct that person to execute the proxy card representing your shares. In addition, if you hold your shares in a brokerage or bank account, your broker or bank may allow you to provide your voting instructions by telephone or Internet. Please consult the materials you receive from your broker or bank prior to authorizing a proxy by telephone or Internet.

Proxies

Our Board of Directors is asking for your proxy. Giving the Board of Directors your proxy means you authorize the named proxies to vote your shares at the Special Meeting in the manner you direct. You may vote for or against the proposals or abstain from voting. All valid proxies received prior to the Special Meeting will be voted. All shares of common stock that are represented at the Special Meeting by properly executed proxies received prior to or at the Special Meeting, and not duly and timely revoked, will be voted at the Special Meeting in accordance with the choices marked thereon by the shareholders. Unless a contrary choice is marked, the shares represented by each proxy will be voted FOR approval of each of the proposals. At the time this Proxy Statement was mailed to shareholders, we were not aware that any other matters not referred to herein would be presented for action at the Special Meeting. If any other matters properly come before the Special Meeting, the persons designated in the proxy intend to vote the shares represented thereby in accordance with their best judgment.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with our Corporate Secretary at or before the taking of the vote at the Special Meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly executing a later-dated proxy relating to the same shares and delivering it to our Corporate Secretary before the taking of the vote at the Special Meeting or (iii) attending the Special Meeting and voting in person (although attendance at the Special Meeting will not in and of itself constitute a revocation of a proxy).

Attendance at the Special Meeting

Only holders of common stock may attend the Special Meeting. If you wish to attend the Special Meeting in person but you hold your shares through someone else, such as a stockbroker, you must bring proof of your ownership and photo identification at the Special Meeting. For example, you could bring an account statement showing that you beneficially owned shares of our common stock as of the record date as acceptable proof of ownership.

Costs of Solicitation

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We may also engage a professional proxy solicitation firm to assist in the proxy solicitation and, if so, will pay such solicitation firm customary fees plus expenses.

FORWARD LOOKING STATEMENTS

Statements in this Proxy Statement that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. In some cases, forward-looking statements can be identified by terminology such as "may," "should," "potential," "continue," "expects," "anticipates," "intends," "plans," "believes," "es similar expressions. These forward looking statements are based on our current estimates and assumptions and, as such, involve uncertainty and risk. Actual results could differ materially from projected results because of factors such as:

- If our shareholders fail to approve the proposed sale of our Tire Recycling Business, or if we are unable to satisfy the other conditions to closing the proposed transaction, certain of which are not within our control, our liquidity, financial position and business may be harmed.

- We have substantial indebtedness to Laurus Master Fund secured by substantially all of our assets. If an event of default occurs under the secured notes issued to Laurus, Laurus may foreclose on our assets and we may be forced to curtail or cease our operations or sell some or all of our assets to repay the notes.

- Even if we complete the proposed transaction, we may be unable to successfully operate our remaining business.

- We may be unable to identify potential business opportunities or successfully operate such new businesses once identified.

- If we acquire other companies or businesses we will be subject to risks that could harm our business.

- We have been profitable in the most recent quarter and four of the last five consecutive quarters, but we lost money in the previous eighteen consecutive quarters. We may need additional working capital if we do not maintain profitability, which if not received, may force us to curtail operations.

- The delisting of our common stock by the American Stock Exchange has limited our stock's liquidity and could substantially impair our ability to raise capital.

Any of these factors could affect our ability to consummate the transaction described herein and cause our actual results to differ materially from the guidance given at this time. For further information about the risks of the proposed transaction and our Company, we refer you to the section entitled "Risk Factors" beginning on page 15 as well as the documents we file from time to time with the Securities and Exchange Commission, particularly our Form 10-QSB for the fiscal quarter ended June 30, 2008 and our Form 10-KSB for the fiscal year ended September 30, 2007.

There are representations and warranties contained in the Asset Purchase Agreement that is attached as an appendix and described herein which were made by the parties to each other as of specific dates. The assertions embodied in these representations and warranties were made solely for purposes of the Asset Purchase Agreement and may be subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms. Moreover, certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a contractual standard of materiality that is different from certain standards generally applicable to shareholders or were used for the purpose of allocating risk between the parties rather than establishing matters as facts. Therefore, you should not rely on the representations and warranties contained in the Asset Purchase Agreement as statements of factual information.

We do not assume any obligation to update information contained in this document, except as required by federal securities laws. Although this Proxy Statement may remain available on our website or elsewhere, its continued

availability does not indicate that we are reaffirming or confirming any of the information contained herein. Neither our website nor its contents are a part of this Proxy Statement.

RISK FACTORS

You should carefully consider the special risk considerations described below as well as other information provided to you or referenced in this Proxy Statement in deciding how to vote on the proposed sale of the Tire Recycling Business. The special risk considerations described below are not the only ones we face. For a discussion of additional risk considerations, we refer to you the documents we file from time to time with the Securities and Exchange Commission, particularly our Form 10-KSB for the fiscal year ended September 30, 2007 and our Form 10-QSB for the fiscal quarter ended June 30, 2008, which are attached as Appendix C and Appendix D hereto. Additional considerations not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of the following special risk considerations actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline, and you may lose all or part of your investment.

Special Risk Considerations Regarding the Proposed Sale of the Tire Recycling Business:

If we fail to complete the sale of the Tire Recycling Business, our business may be harmed.

We cannot assure you that the sale of the Tire Recycling Business will be completed. As a result of our announcement of the sale of the Tire Recycling Business, third parties may be unwilling to enter into material agreements with respect to our Tire Recycling Business. New or existing customers may prefer to enter into agreements with our competitors who have not expressed an intention to sell their business because customers may perceive that such relationships are likely to be more stable. If we fail to complete the proposed sale of the Tire Recycling Business, the failure to maintain existing business relationships or enter into new ones could adversely affect our business, results of operations and financial condition.

If we fail to complete the sale of the Tire Recycling Business, our liquidity and financial position may be harmed.

If we are unable to close the sale of our Tire Recycling Business, we may owe a termination fee (4% of the purchase price if we or the Purchaser terminates the Asset Purchase Agreement under certain circumstances related to the sale of our Tire Recycling Business to another party on superior terms (although, currently, the Board of Directors has not received a superior offer) or up to $150,000 if we terminate the Asset Purchase Agreement due to our inability to obtain shareholder approval of the transaction) that could exhaust our cash reserves and cause us to be unable to pay our scheduled obligations. In addition, if we are unable to restructure the terms and maturity of our Laurus obligations we (1) will be unable to meet the increased monthly principal payments due Laurus scheduled to commence in October 2008 and therefore may be deemed in default under the terms of our agreement with Laurus who has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets and (2) anticipate receiving a “going concern” opinion from our auditors for the fiscal year ended September 30, 2008 which will have a negative impact on our ability to secure additional future financing.

You will not receive any of the proceeds from the sale of the Tire Recycling Business.

The purchase price for the assets of the Tire Recycling Business will be paid directly to us or our creditors. We intend to pay off our indebtedness with the proceeds of the sale of our Tire Recycling Business and to use the remaining proceeds to pursue new business opportunities. Therefore, no proceeds will be received by our shareholders as a result of the sale.

The Asset Purchase Agreement may expose us to contingent liabilities.

Under the Asset Purchase Agreement, we are required to indemnify the LTS Group for the breach or violation of any representation, warranty or covenant made by us in the Asset Purchase Agreement, subject to certain limitations and up to a maximum of 5% of the total purchase price. Significant indemnification claims by the LTS Group could have a material adverse effect on our financial condition.

We will be prohibited from competing with the Tire Recycling Business on a regional basis for five years from the date of the closing.

The Asset Purchase Agreement provides that for a period of five years after the closing of the transaction, we will not (i) own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be employed or otherwise connected as an agent, security holder, consultant, stockholder, subsidiary, partner or otherwise with any person, firm corporation or business that engages in any activity that is the same as, similar to, or competitive with the business of collection, disposal, shredding, processing, recycling or sale of used tires, including without limitation the production of fuel chips, tire derived mulch, tire shreds, crumb rubber and other tire derived feedstock, anywhere within the states of Iowa, Minnesota, Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin or (ii) sell crumb rubber to any person who is a customer of ours as of the date of the Asset Purchase Agreement.

Even if our stockholders approve the sale of the Tire Recycling Business, we cannot be sure when, or even if, the sale of the Tire Recycling Business will be completed.

The completion of the sale of the Tire Recycling Business is subject to the satisfaction of a number of conditions, including, among others, the requirement that we obtain shareholder approval of the sale and the requirement that the Purchaser obtain funds sufficient to complete the transaction on terms and conditions satisfactory to it. In addition, the Purchaser may terminate the agreement if we do not cure breaches, if any, of a material provision of the Asset Purchase Agreement within five business days of notice of such breach. We cannot guarantee that we will be able to meet the closing conditions of the Asset Purchase Agreement. If we are unable to meet the closing conditions, the Purchaser is not obligated to purchase the Tire Recycling Business. We also cannot be sure that other circumstances, for example, a material adverse event, will not arise that would allow the Purchaser to terminate the Asset Purchase Agreement prior to closing. If the asset sale is not approved or does not close, our Board of Directors will be forced to evaluate other alternatives, which are expected to be less favorable to us than the proposed sale of the Tire Recycling Business. In addition, we would likely not have sufficient capital to repay our Laurus indebtedness when it becomes due and therefore be deemed in default under the terms of our agreement with Laurus who has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets

The Asset Purchase Agreement limits our ability to pursue alternatives to the asset sale.

The Asset Purchase Agreement contains provisions that make it more difficult for us to sell our Tire Recycling Business to a party other than the Purchaser. These provisions include the general prohibition on soliciting any acquisition proposal or offer for a competing transaction and the requirement that we pay a termination fee equal to 4% of the purchase price if the Asset Purchase Agreement is terminated in specified circumstances.

These provisions could discourage a third party that might have an interest in acquiring our Tire Recycling Business or our company from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher value than the consideration to be paid by the Purchaser. Furthermore, the termination fee may result in a potential competing acquirer offering to pay a lower per share price to acquire our company than it might otherwise have offered to pay. The payment of the termination fee could also have an adverse effect on our financial condition.

On October 1, 2008, the monthly principal payments to Laurus under the terms of our Credit Facility which matures on June 30, 2009 were scheduled to increase substantially and if the sale of our Tire Recycling Business is not completed we may default on these notes.

As of June 30, 2008, we owed Laurus approximately $12.8 million under a credit facility which matures on June 30, 2009. On October 1, 2008, our monthly principal payments were scheduled to increase from $100,000 to $400,000 per month until maturity. We will not be able to satisfy these monthly payments through existing cash flow from operations. Therefore, if we fail to make such payments we may be deemed in default under the terms of our agreement with Laurus. We are currently in discussions with Laurus regarding an agreement to extend the term of the credit facility by twelve months and reduce the monthly principal payments to $100,000 for the remainder of the existing term and the potential extension term. We have not reached a formal agreement with Laurus on this matter and we believe such an agreement, if successful, will require us to pay significant fees in addition to the issuance of significant additional warrants to purchase our common stock similar to those previously issued to Laurus. If we are unable to restructure our remaining principal payments and extend the maturity of our outstanding Laurus debt or obtain additional financing we may be deemed in default under the terms of our agreement with Laurus who has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets. In addition, our ability to maintain our current level of operations could be materially and adversely affected and we may be required to adjust our operating plans. Laurus has verbally agreed to defer our October and November 2008 principal payments pending the closing of the sale of our Tire Recycling Business prior to November 30, 2008.

By completing the proposed sale, we will be selling our Tire Recycling Business which has historically generated substantially all our revenue. In order to increase revenue, we will need to achieve sustained profitably of our Welch division and identify and successfully execute new business initiatives.

We will be selling our entire Tire Recycling Business which has historically been the source of substantially all of our revenue. Following the sale of the Tire Recycling Business, we will have minimal long-term debt and more than $5 million of available cash. We intend to invest a portion of the net proceeds of this transaction to grow our Welch Products' business model nationwide and pursue additional recycling, alternative fuel, alternative energy and other “Green” business opportunities through our recently announced subsidiary, GreenMan Renewable Fuel and Alternative Energy, Inc. We believe we will be able to satisfy our cash requirements through at least fiscal 2010. If Welch is unable to achieve sustained profitability during fiscal 2009 and we are unable to obtain additional financing to supplement our cash position, our ability to maintain our current level of operations could be materially and adversely affected. There is no guarantee we will be able to achieve sustained profitability of our Welch Products business or of new business opportunities.

If we acquire other companies or businesses we will be subject to risks that could hurt our business.

A significant part of our business strategy entails future acquisitions or significant investments in businesses that offer complementary products and services. Promising acquisitions are difficult to identify and complete for a number of reasons. Any acquisitions completed by our company may be made at a premium over the fair value of the net assets of the acquired companies and competition may cause us to pay more for an acquired business than its long-term fair market value. There can be no assurance that we will be able to complete future acquisitions on terms favorable to us or at all. In addition, we may not be able to integrate any future acquired businesses, at all or without significant distraction of management into our ongoing business. In order to finance acquisitions, it may be necessary for us to issue shares of our capital stock to the sellers of the acquired businesses and/or to seek additional funds through public or private financings. Any equity or debt financing, if available at all, may be on terms which are not favorable to us and, in the case of an equity financing or the use of our stock to pay for an acquisition, may result in dilution to our existing stockholders.

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PROPOSAL NO. 1

APPROVAL OF THE SALE OF THE TIRE RECYCLING BUSINESS

General

Pursuant to the Asset Purchase Agreement, we will sell to the Purchaser our Tire Recycling Business, which includes all of the assets that relate to each of our tire recycling subsidiaries. Upon consummation of the proposed sale of the Tire Recycling Business, ownership of the assets held by the tire recycling subsidiaries will be transferred to the Purchaser. The sale of the Tire Recycling Business will constitute the sale of substantially all of our assets.

The Parties

GreenMan Technologies, Inc.

We, GreenMan Technologies, Inc. (“GreenMan,” “we,” or “us”), operate two facilities that collect, process and market scrap tires in whole, shredded or granular form. We are headquartered in Savage, Minnesota and currently operate tire processing operations in Iowa and Minnesota. We were originally founded in 1992 and have operated as a Delaware corporation since 1995. Our core businesses is collecting, processing and marketing scrap tires in whole, shredded or granular form (the “Tire Recycling Business”).

Welch Products, which we acquired on October 1, 2007, is headquartered in Carlisle, Iowa and specializes in the design, development, and manufacturing of market-branded, recycled-content products and services that provide schools and municipalities with environmentally responsible products to create safer work and play environments. Welch's patented products and processes include playground safety tiles, roadside anti-vegetation products, construction molds and highway guard-rail rubber spacer blocks. Through its recent acquisition of Playtribe, Inc., Welch Products also provides innovative playground design, equipment and installation. Welch Products had been one of our crumb rubber customers for several years.

GreenMan Renewable Fuel and Alternative Energy, Inc.’s primary objective is to pursue licenses, joint-ventures and long-term contracts with third parties focused on the commercialization of existing and late-stage development products and processes in green-based technologies including renewable fuels, alternative energy and recycled products.

GreenMan Technologies of Minnesota, Inc.

GreenMan Technologies of Minnesota, Inc. is a Minnesota corporation and wholly owned subsidiary of GreenMan. GreenMan Technologies of Minnesota, Inc. operates our tire processing facility located in Savage, Minnesota.

GreenMan Technologies of Iowa, Inc.

GreenMan Technologies of Iowa, Inc. is an Iowa corporation and wholly owned subsidiary of GreenMan. GreenMan Technologies of Iowa, Inc. operates our tire processing facility located in Des Moines, Iowa.

Liberty Tire Services, LLC

Liberty Tire Services, LLC ("LTS") is a Delaware limited liability company based in Pittsburgh, Pennsylvania that currently operates fourteen scrap tire processing facilities in the United States. LTS' principal executive offices are located at 625 Liberty Avenue, Suite 3100, Pittsburgh, PA 15222 and its phone number is (412) 562-0148.

Liberty Tire Services of Ohio, LLC

Liberty Tire Services of Ohio, LLC (the "Purchaser") is a Delaware limited liability company and wholly owned subsidiary of LTS. The Purchaser will be purchasing our Tire Recycling Business.

Reasons for the Sale of the Tire Recycling Business

We believe GreenMan is one of the top five tire recyclers in the United States. Our current tire processing operations manage over 12 million tires annually. We are paid a fee to collect, transport and process scrap tires (i.e., collection/processing revenue) in whole or two inch or smaller rubber chips which are then sold (i.e., product revenue) as tire-derived fuel, tire-derived aggregate, or crumb rubber feedstock for playground, athletic track and field and road surfacing.

Prior to September 30, 2005, we operated tire processing operations in California, Georgia, Iowa, Minnesota and Tennessee and operated under agreements to supply, through our Georgia and Tennessee subsidiaries, whole tires used as alternative fuel to cement kilns located in Alabama, Florida, Georgia, Illinois, Missouri and Tennessee. While our Iowa and Minnesota operations have been historically cash flow positive and performed well, our other operating locations were unable to obtain sustained profitability. We were required to increase our level of long term debt in order to sustain these operations as we implemented cost reduction and revenue enhancing initiatives. These initiatives were unsuccessful. Due to the magnitude of the continuing operating losses incurred by our Georgia and Tennessee subsidiaries, which totaled $5.2 million, and our California subsidiary, which totaled $3.2 million, our Board of Directors determined it to be in the best interest of our company to discontinue all Southeastern and West coast tire recycling operations and dispose of the operating assets of these subsidiaries in fiscal 2005 and 2006. As a result, we reported net losses of approximately $15.2 million and $3.7 million for the fiscal years ended September 30, 2005 and 2006, respectively.

A majority of the operating losses for our Tennessee subsidiary were due to rapid market share growth within the state necessitating us to transport an increasing number of Tennessee scrap tires to our Georgia facility for processing which resulted in significant transportation and processing costs. A majority of the operating losses for our Georgia subsidiary were due to: (1) the negative impact of processing a significant number of Tennessee sourced tires; (2) a change in the specifications of our primary customers, which required a smaller product and resulted in reduced processing capacity and significantly higher operating costs; and (3) the failure of our equipment to perform in a reliable manner due to the fact that our older equipment was required to process an increasing number of scrap tires. A majority of the California operating losses were due to significantly higher operating costs and the failure of our equipment to perform in a reliable manner.

In April 2006, our Board of Directors named Lyle Jensen as President and Chief Executive Officer succeeding Robert H. Davis, who resigned those positions. Mr. Jensen implemented a 5-step turnaround plan designed to: (1) stabilize our business; (2) maximize continuing operations; (3) successfully renegotiate our existing $9 million credit facility in order to obtain additional near term capital and gain time to implement our turnaround plan; (4) finalize the sale of our operations in Tennessee and Georgia; and (5) aggressively pursue strategic business development opportunities intended to leverage our existing operations to maximize shareholder value and position ourselves to retire the significant amount of secured long term debt incurred to fund our historical losses.

In June 2006, we entered into a $16 million amended and restated credit facility with our primary secured lender, Laurus Master Fund, Ltd. (“Laurus”). The new credit facility consists of a $5 million non-convertible secured revolving note and an $11 million secured non-convertible term note which both mature on June 30, 2009. We used approximately $9,972,000 of the term loan proceeds to repay certain existing debt (including approximately $8.5 million due to Laurus) and to pay approximately $888,000 in transaction fees associated with the new credit facility. During the period from July 2006 to June 2007, we only paid interest on our outstanding Laurus term debt which allowed us to implement steps 1 thorough 4 of our turnaround plan. Our monthly principal payments were scheduled to increase from $100,000 to $400,000 per month commencing October 1, 2008. We believe we will be unable to make such monthly payments based on our existing cash flow from operations. If we are unable to make such payments we may be deemed in default under the terms of our agreement with Laurus. We are currently in

discussions with Laurus regarding an agreement to extend the term of the credit facility by twelve months and reduce the monthly principal payments to $100,000 for the remainder of the existing term and the potential extension term. We have not reached a formal agreement with Laurus on this matter and we believe such an agreement, if successful, will require us to pay significant fees in addition to the issuance of significant additional warrants to purchase our common stock similar to those previously issued to Laurus. If we are unable to restructure our remaining principal payments and extend the maturity of our outstanding Laurus debt or obtain additional financing we may be deemed in default under the terms of our agreement with Laurus who has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets. Laurus has verbally agreed to defer our October and November 2008 principal payments pending the closing of the sale of our Tire Recycling Business prior to November 30, 2008.

As part of our turnaround plan, we acquired Welch Products, Inc. on October 1, 2007. Welch Products, headquartered in Carlisle, Iowa, specializes in the design, development, and manufacturing of market-branded, recycled-content products and services that provide schools and municipalities with environmentally responsible products to create safer work and play environments. Welch's patented products and processes include playground safety tiles, roadside anti-vegetation products, construction molds and highway guard-rail rubber spacer blocks. Through its recent acquisition of Playtribe, Inc., Welch Products also provides innovative playground design, equipment and installation. Welch Products had been one of our crumb rubber customers for several years.

Revenues associated with Welch Products since the date of acquisition through June 30, 2008 were $2,093,596 and their net operating loss was $686,780. Welch Products has not yet reached sustained profitability. Since the date of acquisition, we have made a significant investment in sales and marketing initiatives intended to promote the Welch patented products and establish market presence. We estimate Welch will realize revenue growth in excess of 90% this year as compared to the previous year. Our consolidated performance will be negatively impacted unless Welch begins generating positive operating cash flow and achieves profitable status on a sustained basis for all Welch operations.

In addition, in September 2008 we announced the formation of a new subsidiary, GreenMan Renewable Fuel and Alternative Energy, Inc. Our primary objective for this subsidiary is to pursue licenses, joint-ventures and long-term contracts focused on the commercialization of existing and late-stage development products and processes in green-based technologies including renewable fuels, alternative energy and recycled products. To date, GreenMan Renewable Fuel and Alternative Energy has generated no revenues nor incurred any operating expenses.

Background of the Sale of the Tire Recycling Business

In response to the belief we would be unable to meet the increased monthly principal payments to Laurus, which were scheduled to commence on October 1, 2008 and the fact that any material modification to the existing terms and maturity of the debt would be extremely costly, our Board of Directors began to actively explore strategic alternatives during the first quarter of fiscal 2007. Management and members of the Board of Directors have met with over 20 entities since the first quarter of fiscal 2007 to discuss various potential strategic alternatives intended to address the pending June 2009 maturity of the Laurus debt. These entities included various competitors within the scrap tire recycling industry, companies representing vertical and horizontal integration opportunities, as well as entities outside our industry who expressed an interest in a reverse merger with a public entity such as GreenMan. In addition, in July 2007 we retained Institutional Marketing Services (“IMS”), a full service investor relations firm, to assist us in identifying additional potential strategic partners and opportunities.

Throughout this process, we did not receive any interest in a business combination or acquisition of our entire company, but we did receive indications of interest from a third party in selling their molded recycled rubber products business to us as well as an interest by another third party in purchasing our Tire Recycling Business on a stand alone basis.

On October 1, 2007, we acquired Welch Products, Inc. This transaction was structured as a share exchange in which 100 percent of Welch’s common stock was exchanged for 8 million shares of our common stock, valued at $2,800,000 based on the fair market value of the 8 million shares issued in this transaction on the date of issuance. Revenues associated with Welch Products from the date of acquisition through June 30, 2008 were $2,093,596 and net operating loss was $686,780. Our Welch Products division has not yet reached sustained profitability. Since the date of acquisition, we have made a significant investment in sales and marketing initiatives intended to promote the Welch patented products and establish market presence. We estimate that Welch will realize revenue growth in excess of 90% this fiscal year as compared to the previous year.

In early 2008, senior management met on several occasions with representatives of LTS to discuss the potential acquisition of GreenMan's Tire Recycling Business by LTS or an affiliate of LTS. LTS, is a Delaware limited liability company based in Pittsburgh, Pennsylvania. LTS currently operates fourteen scrap tire processing facilities and is the largest tire recycling company in the United States with revenues exceeding $100 million. Based on managements' extensive knowledge of the tire recycling industry and LTS' recent history of significant acquisitions within the Midwest, our Board of Directors believed LTS would be a suitable buyer for our Tire Recycling Business. In April 2008, we received a non-binding proposal from LTS to purchase the Tire Recycling Businesses. In June 2008 senior management of LTS gave a presentation to our Board of Directors regarding a potential transaction.

On July 1, 2008, our Board of Directors met to discuss the status of the potential transaction with LTS and approved the execution of a non-binding letter of intent for the purchase of the Tire Recycling Business by LTS and/or its affiliate. After we executed the letter of intent with LTS, LTS conducted a financial and business due diligence review of our Tire Recycling Business, which included various meetings with us during July and August 2008.

Our Board of Directors believed the terms of the proposed transaction with LTS were in the best interest of GreenMan shareholders. To confirm this belief our Board of Directors decided to obtain independent verification of the fairness of the transaction. Therefore, during July 2008, management interviewed seven potential financial advisors to provide an opinion as to the fairness from a financial perspective ("fairness opinion") of the consideration to be received from LTS by GreenMan for the Tire Recycling Business. On August 1, 2008, the Board of Directors met and approved the hiring of BCC Advisers, a Des Moines, Iowa based firm to provide the fairness opinion.

During August 2008 we received a draft agreement that covered the basic terms of the proposed transaction, including that the purchase price for the Tire Recycling Business would be equal to five (5) times the Tire Recycling Business's EBITDA (earnings before interest, tax, depreciation, and amortization) for the twelve months September 30, 2008, plus assumption of certain liabilities and subject to certain purchase price adjustments. We estimate the gross purchase price will be approximately $26 million. Up to 5% of the total purchase price (estimated to be $1.3 million) may be subject to indemnification claims by LTS or Purchaser.

Throughout the following weeks, we and our advisors negotiated the terms of the Asset Purchase Agreement with LTS and its advisors. The terms of the Asset Purchase Agreement negotiated by the parties were consistent with prior discussions between GreenMan and LTS. On September 9, 2008, we finalized the terms of the Asset Purchase Agreement and LTS indicated that it had received a financing commitment that would provide sufficient funding for payment of the purchase price to us upon the closing of the proposed transaction.

On September 11, 2008, our Board of Directors convened a meeting to review the final Asset Purchase Agreement and the proposed sale of the Tire Recycling Business in accordance with the terms and conditions set forth in the Asset Purchase Agreement. All of our directors participated in this meeting in addition to members of our management team. In accordance with the terms of its engagement letter with us, BCC Advisers, at the request of our Board of Directors delivered an oral opinion (which opinion was subsequently confirmed in writing) to our Board of Directors at a meeting. The opinion stated that, on the basis of its analyses and review and in reliance on the accuracy and completeness of the information furnished to it and subject to the limitations, qualifications and assumptions noted in its opinion, as of September 11, 2008, the estimated $26 million consideration to be received from the sale of the Tire Recycling Business was adequate consideration and that the proposed transaction was fair to GreenMan's shareholders from a financial point of view. Based on this information and after additional discussions, the Board of Directors determined that entry into the Asset Purchase Agreement and completion of the proposed sale of the Tire Recycling Business were in the best interests of the Company and our shareholders. Our Board of Directors then approved (i) the Asset Purchase Agreement, (ii) the related transaction agreements, and (iii) the proposed sale of our Tire Recycling Business to LTS on the terms set forth in those agreements, and authorized management to execute the transaction agreements on our behalf.

On September 12, 2008, we executed the Asset Purchase Agreement with LTS and publicly announced the agreement on September 15, 2008.

Effect of the Sale of the Tire Recycling Business

If our shareholders approve the sale of the Tire Recycling Business, we will seek to complete the sale. We will use the proceeds of the sale of the Tire Recycling Business to repay approximately $19 million of outstanding obligations, including approximately $13 million due Laurus and approximately $6 million of transaction related debt and

payables and other obligations (consisting of $4 million in capital lease obligations and notes payable of the Tire Recycling Subsidiaries, $1.5 million of taxes due as a result of the sale of the Tire Recycling Business and $.5 in notes payable by GreenMan). Approximately $1.3 million of the purchase price will be subject to indemnification claims which may be brought by LTS or the Purchaser. The purchase price will also be subject to adjustment based upon net working capital levels at closing. We estimate our net cash after closing will exceed $5 million. We intend to use such cash to grow our Welch Products' business model nationwide and pursue additional recycling, alternative fuel, alternative energy and other “Green” business opportunities that are intended to increase shareholder value.

We believe that if we are unable to successfully complete the sale of our Tire Recycling Business and are unable to restructure the terms and maturity of our Laurus obligations on acceptable terms we (1) will be unable to meet the increased monthly principal payments due Laurus scheduled to commence in October 2008 and therefore may be deemed to be in default under the terms of our agreement with Laurus, who has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets; (2) anticipate receiving a "going concern" opinion from our auditors for the fiscal year ended September 30, 2008 which will have a negative impact on our ability to secure additional future financing; and (3) may, under certain circumstances, owe a termination fee to Purchaser.

Laurus Financing

On June 30, 2006, we entered into a $16 million amended and restated credit facility with Laurus Master Fund, Ltd. ("Laurus") (the "Credit Facility"). The Credit Facility consists of a $5 million non-convertible secured revolving note and an $11 million secured non-convertible term note.

The revolving note has a term of three years from the closing, and bears interest on any outstanding amounts at the prime rate published in The Wall Street Journal from time to time plus 2%, with a minimum rate of 8%. The amount we may borrow at any time under the revolving note is based on our eligible accounts receivable and our eligible inventory with an advance rate equal to 90% of our eligible accounts receivable (90 days or less) and 50% of finished goods inventory up to a maximum of $5 million less such reserves as Laurus may reasonably in its good faith judgment deem necessary from time to time.

The term note has a maturity date of June 30, 2009 and bears interest at the prime rate published in The Wall Street Journal from time to time plus 2% with a minimum rate of 8%. Interest on the loan is payable monthly commencing August 1, 2006. Principal will be amortized over the term of the loan, commencing on July 2, 2007, with minimum monthly payments of principal as follows: (i) for the period commencing on July 2, 2007 through June 2008, minimum payments of $150,000; (ii) for the period from July 2008 through June 2009, minimum payments of $400,000; and (iii) the balance of the principal shall be payable on the maturity date. In May 2007, Laurus agreed to reduce the monthly principal payments required under Credit Facility during the period of July 2007 to June 2008 from $150,000 to $100,000 per month. Laurus also agreed to reduce the monthly principal payments required during the period of July 2008 to September 2008 from $400,000 to $100,000 per month. Our monthly principal payments are scheduled to increase from $100,000 to $400,000 per month on October 1, 2008. We will not be able to satisfy these monthly payments through existing cash flow from operations and therefore we may be deemed in default under the terms of our agreement with Laurus.

We are currently in discussions with Laurus regarding an agreement to extend the term of the credit facility by twelve months and reduce the monthly principal payments to $100,000 for the remainder of the existing term and the potential extension term. We have not reached a formal agreement with Laurus on this matter and we believe such an agreement, if successful, will require us to pay significant fees in addition to the issuance of significant additional warrants to purchase our common stock similar to those previously issued to Laurus. If we are unable to restructure our remaining principal payments and extend the maturity of our outstanding Laurus debt or obtain additional financing we may be deemed in default under the terms of our agreement with Laurus who has reserved all rights with respect to such default and who may exercise its right to foreclose on our assets. In addition, our ability to maintain our current level of operations could be materially and adversely affected and we may be required to adjust our operating plans. Laurus has verbally agreed to defer our October and November 2008 principal payments pending the closing of the sale of our Tire Recycling Business prior to November 30, 2008.

In connection with the Credit Facility, we also issued to Laurus a warrant to purchase up to 3,586,429 shares of our common stock at an exercise price equal to $.01 per share. Laurus has agreed that it will not, on any trading day, be permitted to sell any common stock acquired upon exercise of this warrant in excess of 10% of the aggregate number

of shares of the common stock traded on such trading day. Previously issued warrants to purchase an aggregate of 1,380,000 shares of our common stock were canceled as part of these transactions. The amount of our common stock Laurus may hold at any given time is limited to no more than 4.99% of our outstanding capital stock. This limitation may be waived by Laurus upon 61 days notice to us and does not apply if an event of default occurs and is continuing under the Credit Facility.

On January 25, 2007, we filed the registration statement under the Securities Act of 1933, as amended, relating to the 3,586,429 shares underlying the June 30, 2006 warrant as well as 553,997 shares issuable to another shareholder upon exercise of a warrant. The registration statement was declared effective on February 6, 2007.

Subject to applicable cure periods, amounts borrowed under the Credit Facility are subject to acceleration upon certain events of default, including: (i) any failure to pay when due any amount we owe under the New Credit Facility; (ii) any material breach by us of any other covenant made to Laurus; (iii) any misrepresentation, in any material respect, made by us to Laurus in the documents governing the New Credit Facility; (iv) the institution of certain bankruptcy and insolvency proceedings by or against us; (v) the entry of certain monetary judgments greater than $50,000 against us that are not paid or vacated for a period of 30 business days; (vi) suspensions of trading of our common stock; (vii) any failure to deliver shares of common stock upon exercise of the warrant; (viii) certain defaults under agreements related to any of our other indebtedness; and (ix) changes of control of our company. Substantial fees and penalties are payable to Laurus in the event of a default.

Our obligations under the Credit Facility are secured by first priority security interests in all of the assets of our company and all of the assets of our GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Iowa, Inc. subsidiaries, as well as by pledges of the capital stock of those subsidiaries. In January 2008, we granted Laurus additional security interests in the assets of Welch Products and its subsidiaries, which increased our borrowing base under the revolving note described above.

Opinion of Financial Advisor to the Board of Directors

Our Board of Directors retained BCC Advisers to provide an opinion as to the fairness (from a financial point of view) of the consideration to be received by GreenMan from the sale to the Purchaser of the Tire Recycling Business (the "Transaction"). As part of its consulting business, BCC Advisers is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions and for other corporate and/or personal purposes.

In accordance with the terms of its engagement letter with us, BCC Advisers, at the request of our Board of Directors delivered an oral opinion (which opinion was subsequently confirmed in writing) to our Board of Directors at a meeting of the Board of Directors on September 11, 2008. The opinion stated that, on the basis of its analyses and review and in reliance on the accuracy and completeness of the information furnished to it and subject to the limitations, qualifications and assumptions noted below and in the full text of its opinion, as of September 11, 2008, the estimated $26 million consideration to be received from the sale of the Tire Recycling Business (the "Transaction Consideration") is adequate consideration and that the proposed transaction is fair to our shareholders from a financial point of view.

Pursuant to BCC Advisers' engagement letter, the opinion does not constitute a recommendation to our Board of Directors as to whether it is advisable to enter into the Asset Purchase Agreement or as to the amount of the Transaction Consideration, which was determined in arm's length negotiations between LTS, the Purchaser and us. We imposed no restrictions or limitations upon BCC Advisers' with respect to the investigations made or the procedures followed by BCC Advisers in rendering its opinion.

The full text of BCC Advisers' opinion, which sets forth, among other things, assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by BCC Advisers in rendering its opinion, is attached as Appendix B to this Proxy Statement and is incorporated herein by reference in its entirety. You are urged to, and you should, read the BCC Advisers opinion carefully and in its entirety. The summary of the BCC Advisers opinion in this Proxy Statement is qualified in its entirety by reference to the full text of the BCC Advisers opinion.

BCC Advisers' opinion was provided for the benefit and use of our Board of Directors in connection with its evaluation of the sale of our Tire Recycling Business. BCC Advisers' opinion addresses only the fairness to our stockholders, from a financial point of view, of the Transaction Consideration. Because BCC Advisers' opinion addresses only the fairness of the Transaction Consideration, it did not express any views on any other terms of the sale of the Tire Recycling Business, including without limitation any possible reduction in the total consideration received by us in the transaction based upon the adjustments provided for in the Asset Purchase Agreement or otherwise. In addition, BCC Advisers did not express any opinion about the fairness of the amount or nature of any compensation to any of our officers, directors or employees or the Tire Recycling Business, or class of such persons, relative to the compensation to us.

BCC Advisers' opinion does not address the merits of our entering into the Asset Purchase Agreement as compared to any alternative business transaction or strategy that might have been available to us or our underlying business decision to effect the sale of the Tire Recycling Business, nor does it address the tax consequences to us arising from the sale of the Tire Recycling Business. BCC Advisers' opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or act on any matter relating to the sale of the Tire Recycling Business. The opinion does not address the value of our company or our viability as a going concern after the consummation of the sale of the Tire Recycling Business. In addition, BCC Advisers did not opine as to the market value or the prices at which any of our securities may trade at any time in the future.

BCC Advisers' opinion spoke only as of the date it was rendered, was based on the economic, market and other conditions as they existed and information with which it was supplied as of such date and was without regard to any market, economic, financial, legal, tax or other circumstances or event of any kind or nature which might exist or occur after such date. Unless otherwise noted, all of BCC Advisers' analyses were performed based on information available as of September 10, 2008.

For purposes of its opinion, BCC Advisers, among other things:

1. Reviewed financial and other information related to GreenMan that was publicly available, including our Annual Reports on Form 10-KSB for the fiscal years ended September 30, 2003 through September 30, 2007 and Quarterly Reports on Form 10-QSB for nine-month periods ended June 30, 2007 and June 30, 2008;

2. Reviewed unaudited financial statements pertaining to our operations prepared by us for the ten months ended July 31, 2008, which we identified as being the most current financial statements available;

3. Considered information provided during discussions with our management;

4. Reviewed the draft Asset Purchase Agreement, dated September 5, 2008;

5. Spoke with certain members of the management of GreenMan and the Purchaser regarding the operations, financial condition, future prospects, and projected operations and performance of the Tire Recycling Subsidiaries;

6. Visited our manufacturing plant in Savage, Minnesota;

7. Reviewed financial forecasts and projections prepared by our management for the years ended September 30, 2009 through September 30, 2012; and

8. Compared certain financial data of GreenMan with various other companies whose securities are traded in public markets, reviewed prices paid in certain other business combinations and conducted such other financial studies, analyses and investigations as BCC Advisers deemed appropriate for purposes of the opinion.

In rendering the opinion, BCC Advisers noted that it relied upon and assumed the accuracy and completeness of all the financial and other information that was available from public sources, that was provided by our management, or that was otherwise reviewed by BCC Advisers. BCC Advisers further noted that it relied on representations that the financial projections supplied by us had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of our management as to the future operating and financial performance of GreenMan. BCC Advisers assumed no responsibility for making an independent evaluation of any assets or liabilities or for making any independent verification of any of the information reviewed by us. BCC Advisers relied upon and assumed, without independent verification, that there have been no material changes in the assets, liabilities, financial condition, results of operations, or prospects of GreenMan since the date of the most recent financial statements provided to BCC

Advisers, and that there was no information nor were there any facts that would make any of the information reviewed by BCC Advisers incomplete or misleading. Furthermore, BCC Advisers undertook no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities to which GreenMan may be subject.

BCC Advisers relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the Asset Purchase Agreement and all other related documents and instruments that are referred to therein are true and correct, (b) each party to all such agreements will fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Transaction will be satisfied without waiver thereof, and (d) the Transaction will be consummated in a timely manner in accordance with the terms described in the Asset Purchase Agreement, without any amendments or modifications thereto. BCC Advisers also relied upon and assumed, without verification, that (i) the Transaction will be consummated in a manner that complies in all respects with all applicable federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Transaction will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would result in the disposition of any material portion of the assets of GreenMan or any subsidiary, or otherwise have an adverse effect on GreenMan or any subsidiary or any expected benefits of the Transaction. In addition, BCC Advisers relied upon and assumed, without independent verification, that the terms of the final form of the Asset Purchase Agreement will not differ in any material respect from those reflected in the draft of the Asset Purchase Agreement identified in item 4 above or otherwise described to BCC Advisers by our representatives.

BCC Advisers did not (a) initiate any discussions with, or solicit any indications from, third parties with respect to the Transaction or any alternatives to the Transaction, (b) negotiate the terms of the Transaction, or (c) advise the Board of Directors or any other party with respect to alternatives to the Transaction.

The opinion provided by BCC Advisers was furnished for the use and benefit of our Board of Directors in connection with its consideration of the Transaction and was not intended to be used, and may not be used, for any other purpose without BCC's prior written consent. The opinion should not be construed as creating any fiduciary duty on BCC's part to any party. The opinion was not intended to be, and does not constitute, a recommendation to the Board of Directors, any security holder or any other person as to whether to enter into the Transaction or how to act or vote with respect to any matter relating to the Transaction.

The opinion provided by BCC Advisers was based on economic, market, financial and other conditions as they exist on, and on the information made available to BCC Advisers, as of the date of the opinion. Although subsequent developments may affect the opinion, BCC Advisers has no obligation to update, revise or reaffirm the opinion. The opinion did not address the relative merits of the Transaction contemplated by the Asset Purchase Agreement and the other business strategies being considered by our Board of Directors, nor did it address the decision to proceed with the Transaction contemplated by the Asset Purchase Agreement. The opinion did not constitute a recommendation to the Board of Directors thereof as to whether it is advisable to enter into the Asset Purchase Agreement or as to the consideration that the Purchaser should pay to acquire the assets of the Tire Recycling Business.

The following is a brief summary of the material analyses performed by BCC Advisers in connection with the preparation of its opinion presented to our Board of Directors at its meeting held on September 11, 2008.

Analysis

BCC Advisers analyzed and performed a valuation of our Tire Recycling Business. BCC Advisers compared the results of their valuation against the expected proceeds to us from the sale of the Tire Recycling Business. BCC concluded that based on their analysis, the expected proceeds to us exceeded the value of the Tire Recycling Business.

BCC Advisers also analyzed and performed a valuation of the operations of our Welch Products business, which we will retain.

BCC Advisers then compared the expected proceeds to us of the sale of the Tire Recycling Business plus the value of our Welch Products business against the current total market value of our outstanding shares. BCC Advisers determined that the purchase price plus the value of our ongoing business exceeded the current market value of our outstanding shares. Based on this analysis, BCC Advisers concluded that the value of our company after the sale of the Tire Recycling Business will exceed the value of our company prior to such sale.

Conclusion

Based upon the analyses described above, and such other factors as it deemed relevant, BCC Advisers was of the opinion that the aggregate consideration to be paid by Purchaser pursuant to the Asset Purchase Agreement is adequate consideration and that the Transaction is fair to the shareholders of GreenMan from a financial point of view.

Pursuant to our engagement letter with BCC Advisers, we paid BCC Advisers a fee of $36,000 upon delivery of its fairness opinion to our Board of Directors. In addition to any fees for professional services, we have agreed to reimburse BCC Advisers, upon request, for certain reasonable out-of-pocket expenses incurred in connection with BCC Advisers carrying out the terms of the engagement letter.

The foregoing summary does not purport to be a complete description of the analyses performed by BCC Advisers or the terms of its engagement by us. The foregoing summary of the analyses performed by BCC Advisers is qualified in its entirety by reference to the opinion of BCC Advisers attached as Appendix B to this Proxy Statement.

The Asset Purchase Agreement

The following is a description of the material terms of the Asset Purchase Agreement. The following description does not purport to describe all of the terms and conditions of the Asset Purchase Agreement. The full text of the Asset Purchase Agreement is attached to this proxy statement as Appendix A and is incorporated by reference. You are urged to read the Asset Purchase Agreement in its entirety because it is the legal document that governs the terms and conditions of the proposed sale of the Tire Recycling Business.

Structure

Our Tire Recycling Business is operated by two of our wholly owned subsidiaries, GreenMan Technologies of Iowa, Inc., and GreenMan Technologies of Minnesota, Inc. (the “Tire Recycling Subsidiaries”). The transaction is structured as the sale of substantially all of the assets of the Tire Recycling Subsidiaries by us to the Purchaser, a subsidiary of LTS. The assets of our Tire Recycling Subsidiaries will be free of liens and encumbrances other than certain assumed liabilities.

Effective Time

The closing of the transaction is anticipated to occur shortly after we obtain shareholder approval and satisfy all other conditions to Closing.

Purchase Price

Pursuant to the Asset Purchase Agreement, Purchaser has agreed to pay an amount equal to five dollars ($5.00) for each dollar of EBITDA for the Tire Recycling Business for the twelve month period commencing on October 1, 2007 and ending on September 30, 2008, minus a reduction to the purchase price of $492,000, plus the assumption of certain assumed liabilities and minus all outstanding indebtedness of the Tire Recycling Business to the extent included in the assumed liabilities (the “Purchase Price”). EBITDA for the Tire Recycling Business means the earnings of the Tire Recycling Business from operations before interest, taxes, depreciation and amortization, determined solely in accordance with generally accepted accounting principles derived from the unaudited segmented income statement for the fiscal year ended September 30, 2008 included in the unaudited segmented financial statements of the Tire Recycling Subsidiaries at September 30, 2008 and for the fiscal year then ended.

The Purchaser will withhold $500,000 of the Purchase Price for a period of one year from the closing (the "Closing") to satisfy potential indemnification obligations owed by us to the LTS Group. One-half of this amount, less any amounts subject to claims by the LTS Group, will be released 180 days after Closing. The Purchase Price is also subject to an adjustment based on the final working capital of the Tire Recycling Subsidiaries at Closing and a true-up based on a review by the Purchaser of the determination of EBITDA used to calculate the Purchase Price. Purchaser will withhold $250,000 of the Purchase Price until the statement of EBITDA for the Tire Recycling Business and the working capital statement as of the Closing have been finalized.

At the closing of the sale of the Tire Recycling Business, approximately $19 million of the purchase price will be used to pay down outstanding obligations, including approximately $13 million due our primary secured lender, Laurus Master Fund, Ltd. ("Laurus") and approximately $6 million of transaction related and other obligations (consisting of $4 million in capital lease obligations and notes payable of the Tire Recycling Subsidiaries, $1.5 million of taxes due as a result of the sale of the Tire Recycling Business and $.5 in notes payable by GreenMan).

Excluded Assets and Retained Liabilities

Certain assets and liabilities related to the Tire Recycling Business are excluded from the sale and include:

- All cash held by the Tire Recycling Subsidiaries and all accounts receivable owed to the Tire Recycling Subsidiaries from GreenMan or any of its affiliates;
- All rights to the names "GreenMan Technologies of Iowa" and "GreenMan Technologies of Minnesota," subject to a license agreement providing the Purchaser with a limited right to use such names;
- Liabilities for claims for breaches of representations or warranties or product liability with respect to any product shipped or manufactured, or any services provided, prior to the Closing;
- Liabilities of the Tire Recycling Subsidiaries to any related party;
- Liabilities related to the transaction;
- Liabilities for any taxes arising as a result of operations prior to the Closing or arising as a result of the sale of the Tire Recycling Business;
- Liabilities attributable to assets retained by us, those incurred by us outside the ordinary course of business or inconsistent with past practice and those not clearly identified in contracts and governmental authorizations to be transferred to the Purchaser;
- Liabilities under employee benefit plans and other liabilities related to employees and former employees of the Tire Recycling Subsidiaries;
- Indebtedness of the Tire Recycling Subsidiaries, except for indebtedness specifically assumed by the Purchaser;
- Liabilities related to legal proceedings that exist as of the Closing; and
- Environmental liabilities related to the period prior to the Closing.

Conduct of Tire Recycling Business Prior to the Closing

We have agreed to customary covenants that from the date of the Asset Purchase Agreement through the effective time of the Closing that require us to, among other things:

- provide Purchaser with access during normal business hours to our properties, books, tax returns, contracts, commitments, records, officers, other personnel and accountants related to the Tire Recycling Business;
- conduct our Tire Recycling Business in the ordinary course and consistent with past practice;

- not accelerate any income or defer any expenses that would increase EBITDA during the period commencing October 1, 2007 and ending September 30, 2008 in any manner inconsistent with historical results or which would cause EBITDA to be unsustainable after such period;

- maintain the purchased assets and assumed liabilities in a manner consistent with past practices;

- use commercially reasonable efforts to comply with the provisions of all contracts, governmental authorizations and legal requirements;

- use our commercially reasonable best efforts to keep the business organization intact, keep available the services of our present employees and preserve the goodwill of our suppliers, customers and other third parties having business relationships with us;

- maintain in full force and effect insurance policies related to our Tire Recycling Business;

- refrain from entering into certain agreements or transactions outside of the ordinary course of business; and

- confer with Purchaser prior to implementing operational decisions of a material nature.

Employee Matters

Immediately after the Closing, or prior to but contingent upon the Closing, the Purchaser shall extend offers of employment to all full-time employees of the Tire Recycling Business, subject to reasonable pre-employment screenings by Purchaser.

In addition, the Purchaser has offered employment to Mark Maust, the current President of both GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Iowa, Inc.

Representations and Warranties

The Asset Purchase Agreement contains customary representations and warranties made by us to the LTS Group and by the LTS Group to us for purposes of allocating the risks associated with the sale of the Tire Recycling Business. The assertions embodied in the representations and warranties made by us are qualified by information set forth in a confidential disclosure schedule that was delivered in connection with the execution of the Asset Purchase Agreement. While we do not believe that the disclosure schedule contains information that securities laws require us to publicly disclose, other than information that is being disclosed in this Proxy Statement, the disclosure schedule may contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Asset Purchase Agreement. Accordingly, you should not rely on any of these representations and warranties as characterizations of the actual state of facts, since they may be modified in important respects by the underlying disclosure schedule. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Asset Purchase Agreement, which subsequent information may or may not be fully reflected in the disclosure schedule we delivered to the LTS Group at signing and which may not be delivered by us until the Closing and the consummation of the sale of the Tire Recycling Business.

The representations and warranties made by the parties must be accurate in all material respects as of the date of the Asset Purchase Agreement and as of the time of the Closing, except for those representations and warranties that relate to a specific date, which must be accurate in all material respects as of such date.

Closing Conditions

Purchaser's Conditions. The Purchaser's obligation to complete the proposed sale of the Tire Recycling Business is subject to certain conditions, including among other things:

- the accuracy in all material respects of all of our representations and warranties in the Asset Purchase Agreement;

- our performance in all material respects of all of our covenants and obligations under the Asset Purchase Agreement to be performed or complied with by us prior to the completion of the proposed sale of the Tire Recycling Business;

- no legal requirement shall be in effect that prohibits the completion of the proposed sale of the Tire Recycling Business, and no legal proceeding shall be pending challenging the lawfulness of the proposed sale of the Tire Recycling Business;

- between the date of the Asset Purchase Agreement and the Closing, no change, event, development or occurrence shall have occurred which has had or would reasonably be expected to have a material adverse effect on the Tire Recycling Business or the assets being purchased, results of operations, liabilities, or condition, financial or otherwise, of the Tire Recycling Subsidiaries, taken together as a whole;

- the affirmative vote of the holders of a majority of the votes represented by the outstanding shares of our common stock approving the sale of our Tire Recycling Business;

- Purchaser shall have received all governmental authorizations necessary to own and operate the purchased assets and the Tire Recycling Business;

- that Mark Maust shall have executed and delivered to Purchaser an employment agreement containing terms acceptable to Purchaser;

- Purchaser has received copies of the payoff letters in form and substance reasonably acceptable to Purchaser, stating that all encumbrances held by such creditors shall be released upon payment at the closing of the transaction;

- Purchaser shall have entered into a lease for each facility currently leased by either Tire Recycling Subsidiary;

- Purchaser shall have obtained on terms and conditions satisfactory to it funds sufficient to complete the transaction;

- Purchaser or GreenMan, as applicable, shall have received (x) a Waste Tire Facility Permit from the Minnesota Pollution Control Agency, (y) a Solid Waste Facility License from Scott County Community Development Division, Environmental Health Department and (z) a Permit for Waste Tire Processing from the State of Iowa, Department of Natural Resources, as required for Purchaser to own and operate the Tire Recycling Business after the closing; and

- all other reasonable and customary consents and approvals as required.

Our Conditions. Our obligation to complete the proposed sale of the Tire Recycling Business is subject to certain conditions, including, among other things:

- the accuracy in all material respects of all of the LTS Group's representations and warranties contained in the Asset Purchase Agreement;

- the LTS Group's performance in all material respects of all of its covenants and obligations under the Asset Purchase Agreement to be performed or complied with by the LTS Group prior to the completion of the proposed sale of the Tire Recycling Business;

- no legal requirement shall be in effect that prohibits the completion of the proposed sale of the Tire Recycling Business, and no legal proceeding shall be pending challenging the lawfulness of the proposed sale of the Tire Recycling Business;

- the affirmative vote of the holders of a majority of the votes represented by the outstanding shares of our common stock approving the sale of our Tire Recycling Business; and

- all other reasonable and customary consents and approvals as required.

No Solicitation of Competitive Proposals and Board Recommendation of Sale of the Tire Recycling Business

Under the terms of the Asset Purchase Agreement, we have agreed to immediately cease any discussions with any third party other than the LTS Group with respect to any sale of our Tire Recycling Business. In addition, we have agreed not to directly or indirectly solicit, initiate or encourage any inquiries or proposals regarding any acquisition proposal or participate in any discussions or negotiations regarding, or furnish to any person any information with respect of, or take any other action to facilitate, any acquisition proposal. An acquisition proposal is any inquiry, offer or proposal by any person, other than the LTS Group, to acquire all or any material portion of our assets or the assets of the Tire Recycling Subsidiaries or any of our capital stock or the capital stock of the Tire Recycling Subsidiaries.

Consistent with the requirements of Rule 14e-2(a) under the Securities Exchange Act of 1934, our Board of Directors may furnish information to or enter into discussions or negotiations with a person who makes an unsolicited bona fide acquisition proposal, but only to the extent that the Board of Directors determines in good faith, after consultation with outside counsel, that failure to take such action would be a breach of its fiduciary duties and that such alternative proposal may lead to a transaction that would, if consummated, result in a transaction more favorable to our shareholders from a financial point of view than the proposed transaction with the Purchaser. We have agreed to notify the Purchaser of any such alternative proposal and to keep the Purchaser informed of any material changes to any such proposal.

Our Board of Directors may not (i) withdraw or modify, or propose to withdraw or modify, in any manner adverse to the Purchaser, its approval or recommendation of the sale of the Tire Recycling Business to the Purchaser, (ii) approve, adopt or recommend, or propose to approve, adopt or recommend, an acquisition proposal, or (iii) approve or recommend, or propose to approve or recommend, or cause or permit any of the Tire Recycling Subsidiaries to enter into any letter of intent, agreement in principle, memorandum of understanding, acquisition agreement or other agreement with respect to an acquisition proposal, provided, however, our Board of Directors may take such actions if:

- Our Board of Directors, after consultation with outside legal counsel, determines in good faith that the failure to take such action would be a breach of its fiduciary duties under applicable law;

- Our Board of Directors determines in good faith that such third party acquisition proposal may lead to a transaction that would, if consummated, result in a transaction more favorable to our shareholders from a financial point of view than the proposed sale of our Tire Recycling Business; and

- Prior to taking such action we provide the Purchaser with four days' prior written notice of our intent to take such action.

Non-Competition and Non-Solicitation

Pursuant to the Asset Purchase Agreement, we have agreed that for a period of five years from the Closing neither we nor any of our affiliates will, directly or indirectly, (i) own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be employed or otherwise connected as an agent, security holder, consultant, stockholder, subsidiary, partner or otherwise with, any person, firm, corporation or business that engages in any activity that is the same as, similar to, or competitive with our business of collection, disposal, shredding, processing, recycling or sale of used tires including without limitation the production of tire derived fuel chips, tire derived mulch, tire shreds, crumb rubber and any other byproducts of used tires (the "Used Tire Business"), anywhere within the states of Iowa, Minnesota, Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin (the "Territory") or (ii) sell crumb rubber to any person who is a customer of the Tire Recycling Business as of the date of the Asset Purchase Agreement; provided, however, that such covenant shall not prohibit us from purchasing tire derived feedstock for manufacturing, marketing, selling and otherwise dealing with end-products (excluding tire derived mulch and crumb rubber for fields) and alternative fuel and energy made from or containing used tires, tire shreds, tire chips, crumb rubber and any other byproducts of used tires.

In addition, for a period of five years from the Closing, we have agreed that neither we nor any of our subsidiaries will, directly or indirectly, (i) solicit the business related to the Used Tire Business within the Territory of any person who is a customer of ours at the Closing; (ii) cause, induce or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant or other business relation of Purchaser to cease doing business related to the Used Tire Business with Purchaser, to deal with any competitor of Purchaser related to the Used Tire

Business or in any way interfere with its relationship with Purchaser related to the Used Tire Business; (iii) cause, induce or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant or other business relation of ours on the Closing or within the year preceding the Closing to cease doing business related to the Used Tire Business with Purchaser, to deal with any competitor of Purchaser related to the Used Tire Business or in any way interfere with its relationship with Purchaser related to the Used Tire Business; or (iv) hire, retain or attempt to hire or retain any employee or independent contractor of Purchaser or its Affiliates related to the Used Tire Business or in any way interfere with the relationship between Purchaser and any of its employees or independent contractors in connection with the Used Tire Business.

Termination

The Asset Purchase Agreement may be terminated at any time prior to the date of the Closing by:

- mutual consent of the parties;
- either party if the other party has failed to satisfy any of the closing conditions required to be satisfied by such party prior to Closing;
- either party if the other party has committed a material breach of any provision of the Asset Purchase Agreement and such breach has not be cured by such party within five business days of receipt of notice of such breach;
- us, if our Board of Directors, in compliance with the requirements of the Asset Purchase Agreement, decides to enter into a binding written agreement concerning an acquisition proposed by a third party is superior to the terms of the proposed sale of the Tire Recycling Business provided that we notify the Purchaser in writing of our intent to enter into such an agreement;
- by Purchaser, if our Board of Directors withdraws or modifies its approval of the proposed sale of the Tire Recycling Business, approves, adopts or recommends another acquisition proposal, or approves or recommends that we enter into any agreement with respect to another acquisition proposal, or proposes to do any of the foregoing, or if we breach any of the material exclusivity provisions of the Asset Purchase Agreement, subject to the right of our Board of Directors to terminate the Asset Purchase Agreement to accept a superior proposal, as described above; or
- either party, if our shareholders have not approved the sale of the Tire Recycling Business.

Termination Fee

Under the terms of the Asset Purchase Agreement, we have agreed to pay Purchaser a termination fee equal to 4% of the purchase price (approximately $1.04 million) if:

- we terminate the Asset Purchase Agreement due to a determination by our Board of Directors to enter into a binding written agreement concerning an acquisition proposal by a third party that is superior to the terms of the proposed sale of the Tire Recycling Business; or
- Purchaser terminates the Asset Purchase Agreement due to a breach by us of our obligations under the Asset Purchase Agreement not to withdraw or modify our approval or recommendation of the sale of the Tire Recycling Business to the Purchaser or approve, adopt, or recommend an acquisition proposal.

Under the terms of the Asset Purchase Agreement, we have agreed to pay LTS' documented legal fees and other out-of-pocket costs incurred in connection with the proposed sale of the Tire Recycling Business, up to a maximum of $150,000, if we do not receive the approval of the holders of at least 50.1% of our outstanding common stock of the sale of the Tire Recycling Business and as a result terminate the Asset Purchase Agreement.

Other Expenses

We and the LTS Group are each responsible for our respective costs and expenses that we or the LTS Group incur in connection with the proposed sale of the Tire Recycling Business. We and the LTS Group have further agreed that we

and the LTS Group will each pay one-half of the fees and expenses of the escrow agent responsible for administering the escrow fund established in connection with our indemnification obligations under the Asset Purchase Agreement.

Indemnification

Under the Asset Purchase Agreement, we have agreed to indemnify LTS and the Purchaser, and their representatives and other related parties against any losses, liabilities, damages or expenses, including reasonable attorneys' fees and expenses, which arise from or in connection with: (a) any breach or inaccuracy of any representation or warranty made by us in the Asset Purchase Agreement or in any exhibits or schedules thereto or in any certificate or document delivered by us at the Closing; (b) any breach or nonperformance of any covenant or obligation made by us in the Asset Purchase Agreement or any other agreement contemplated by the Asset Purchase Agreement; (c) any liabilities of the Tire Recycling Business retained by us; or (d) any obligation under the Warn Act or similar state legal requirement caused by our actions prior to Closing; provided that our liability for such indemnification claims for breaches of representations and warranties shall not exceed an amount equal to 5% of the purchase price, and provided further that we shall not be required to indemnify LTS and the Purchaser for breaches of representations and warranties unless and until the total claims for such indemnification, in the aggregate, equal or exceed $50,000 and only in the amount in excess of $50,000.

Pursuant to the Asset Purchase Agreement, the Purchaser will withhold $500,000 of the Purchase Price for a period of one year from the Closing to satisfy potential indemnification obligations owed by us to the LTS Group. One-half of this amount, minus any amounts subject to claims by the LTS Group, will be released 180 days after Closing. In addition, we are required to maintain approximately $1.3 million (minus any amount held by Purchaser as described in the preceding sentence) in cash or cash equivalents in order to satisfy potential obligations owed by us to the LTS Group.

LTS and Purchaser have agreed to indemnify us for any losses, liability, damages or expenses, including reasonable attorneys' fees and expenses, which arise from or in connection with: (a) any breach or inaccuracy of any representation or warranty made by the LTS Group in the Asset Purchase Agreement or in any exhibits or schedules thereto or in any certificate or document delivered by the LTS Group at the Closing; (b) any breach or nonperformance of any covenant or obligation made by the LTS Group in the Asset Purchase Agreement or any other agreement contemplated by the Asset Purchase Agreement; (c) any liabilities of the Tire Recycling Business assumed by the Purchaser; or (d) any obligation under the Warn Action or similar state legal requirement caused by any action of the Purchaser on or following the Closing; provided that the liability of the LTS Group for such indemnification claims for breaches of representations and warranties shall not exceed an amount equal to 5% of the purchase price, and provided further that the LTS Group shall not be required to indemnify us for breaches of representations and warranties unless and until the total claims for such indemnification, in the aggregate, equal or exceed $50,000 and only in the amount in excess of $50,000.

The Voting Agreement

Simultaneously with the execution and delivery of the Asset Purchase Agreement, the members of our Board of Directors and all of our executive officers entered into the Voting Agreement with LTS, Purchaser and us (the "Voting Agreement"). As of September 12, 2008, the shares covered by the Voting Agreement represented in the aggregate approximately 25% of our outstanding common stock. Pursuant to the Voting Agreement, our directors and executive officers have agreed to vote in favor of the Asset Purchase Agreement and the transactions contemplated thereby.

The above description summarizes select provisions of the Voting Agreement and is qualified in its entirety by reference to the complete text of the Voting Agreement attached as Appendix E to this proxy statement. We urge you to read carefully the entire Voting Agreement.

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Related Party Transactions

Tire Recycling Business Related Party Transactions

We rent several pieces of equipment on a monthly basis from Valley View Farms, Inc. and Maust Asset Management, LLC, two companies co-owned by Mark Maust, President of GreenMan Technologies of Minnesota, Inc. and GreenMan Technologies of Iowa, Inc. In addition, we have entered into several capital lease agreements with Maust Asset Management, LLC which had an outstanding balance of approximately $640,000 at September 30, 2008. Purchaser will assume all remaining obligations under these capital lease agreements as part of the pending transaction, such amounts will be deducted from the net proceeds of the transaction received by us.

In April 2003, GreenMan Technologies of Iowa, Inc. entered into a ten-year lease with Maust Asset Management, LLC for a facility located on approximately 4 acres of land in Des Moines, Iowa. In April 2005, GreenMan Technologies of Iowa, Inc. entered into an eight-year lease with Maust Asset Management, LLC for approximately 3 acres adjacent to the existing Iowa facility. The aggregate current monthly rent payment under both leases is $11,750 plus real estate taxes. These lease arrangements will terminate at the close of the sale of the Tire Recycling Business and we expect that the Purchaser will enter into a new lease arrangement with Maust Asset Management, LLC.

GreenMan Technologies of Minnesota, Inc. leases property located in Savage, Minnesota from Two Oaks, LLC, an entity co-owned by Mark Maust under a 12-year lease agreement. This lease will terminate at the close of the sale of the Tire Recycling Business and we expect that the Purchaser will enter into a new lease arrangement with Two Oaks, LLC.

Other Related Party Transactions

Between June and August 2003, two immediate family members of Maurice Needham, our Chairman of the Board of Directors, loaned us a total of $400,000 under the terms of two-year, unsecured promissory notes which bear interest at the rate of 12% per annum. The two individuals agreed to extend the maturity date of these notes until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2009. The current balance due under these notes is $400,000.

In September 2003, Bob Davis, a former officer of GreenMan, loaned us $400,000 under the terms of an unsecured promissory note which bears interest at the rate of 12% per annum. In July 2006, Mr. Davis assigned the remaining balance due under the note, $99,320, as follows: $79,060 to one of the noteholders described in the preceding paragraph and the remaining balance of $20,260 plus accrued interest of $13,500 to Mr. Needham. All parties agreed to extend the maturity of the remaining balance of this note until the earlier of when all amounts due under the Laurus credit facility have been repaid or June 30, 2009. The current balance due under these notes is $99,320.

Between January and June 2006, Nicholas DeBenedictis, a director, loaned us $155,000 under three unsecured promissory notes which bear interest at the rate of 10% per annum with interest and principal due during the period from June 30, 2006 through September 30, 2006. During the year ended of September 30, 2007 Mr. DeBenedictis agreed to extend the remaining balance due under the notes of $35,000 until the earlier of when all amounts due under the restructured Laurus credit facility have been repaid or June 30, 2009.

We intend to use approximately $665,000 of the net proceeds of the sale of the Tire Recycling Business to repay all principal and accrued interest due these individuals (approximately $535,000 and $130,000, respectively, at September 30, 2008).

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Certain Material Federal and State Income Tax Consequences

This is a summary of the principal material United States federal and state income tax consequences relating to the proposed sale of assets.

The proposed sale of assets will be a transaction taxable to us for United States federal and state income tax purposes. We will recognize taxable income equal to the amount realized on the sale in excess of our tax basis in the assets sold. The amount realized on the sale will consist of the cash we receive in exchange for the assets sold, plus the amount of related liabilities assumed by the Purchaser. Although the sale of the assets will result in a taxable gain to us, substantially all of the taxable gain on a federal tax basis will be offset against our current year losses from operations plus available net operating loss carry forwards, as currently reflected on our consolidated federal income tax returns. We do not have substantial state net operating loss carry forwards and anticipate that a majority of our tax obligations resulting from the contemplated transaction will be on a state income tax level.

The proposed sale of the assets will not be a taxable event for our stockholders under applicable United States federal income tax laws.

This summary does not consider the effect of any applicable foreign, state, local or other tax laws nor does it address tax consequences applicable to stockholders that may be subject to special federal income tax rules. This summary is based on the current provisions of the Internal Revenue Code, existing, temporary, and proposed Treasury regulations thereunder, and current administrative rulings and court decisions. Future legislative, judicial or administrative actions or decisions, which may be retroactive in effect, may affect the accuracy of any statements in this summary with respect to the transactions entered into or contemplated prior to the effective date of those changes.

Accounting Treatment

We will record the sale of the Tire Recycling Business in accordance with generally accepted principles in the United States. Upon completion of the disposition, we will recognize a gain for financial reporting purposes equal to the net proceeds (the sum of purchase price less expenses of the sale) less the book value of the assets and liabilities sold.

Regulatory Approvals

We are not aware of any federal or state regulatory requirements that must be complied with or approvals that must be obtained to complete the sale of the Tire Recycling Business, other than the filing of this proxy statement with the SEC. If any additional approvals or filings are required, we will use our commercially reasonable efforts to obtain those approvals and make any required filings before completing the transactions.

No Changes to the Rights of Shareholders

There will be no change in the rights of our shareholders as a result of the sale of the Tire Recycling Business.

No Appraisal Rights

Our shareholders do not have appraisal rights under the Delaware General Corporation Law in connection with the sale of the Tire Recycling Business.

Required Vote

The affirmative vote of holders of a majority of the shares of common stock is required in order to approve the sale of the Tire Recycling Business. Because the affirmative vote of a majority of the votes entitled to be cast at the Special Meeting is required to approve the sale of the Tire Recycling Business, abstentions, broker “non-votes” and shares not represented at the Special Meeting will have the same effect as a vote “AGAINST” the sale.

Recommendation of Our Board of Directors Regarding the Sale of the Tire Recycling Business

For the reasons described above, our Board of Directors has determined that the proposed sale of the Tire Recycling Business pursuant to the Asset Purchase Agreement is in the best interests of the Company and our shareholders. Accordingly, our Board of Directors has unanimously approved the proposed sale of the Tire Recycling Business and recommends to our shareholders that they vote “FOR” approval of Proposal No. 1.

Our Board of Directors unanimously recommends that you vote “FOR” the approval of the proposed sale of the Tire Recycling Business pursuant to the Asset Purchase Agreement by completing and returning the enclosed proxy or by completing and returning the voting instructions that you receive from the broker or other nominee that holds your shares.

PROPOSAL 2: ADJOURNMENT

Purpose

In the event there are not sufficient votes present, in person or by proxy, at the Special Meeting to approve the sale of the Tire Recycling Business, our chief executive officer or other officer, acting in his capacity as chairperson of the meeting, may propose an adjournment of the Special Meeting to a later date or dates to permit further solicitation of proxies.

Required Shareholder Vote to Approve the Adjournment Proposal

Approval of the adjournment proposal will require that the number of votes cast in favor of the proposal exceed the number of votes cast against it. Assuming the presence of a quorum, abstentions, broker “non-votes” and shares not represented at the Special Meeting will have no effect on the adjournment proposal.

Recommendation of our Board of Directors

Our Board of Directors unanimously recommends that our shareholders vote “FOR” approval of Proposal No. 2 to adjourn the Special Meeting, if necessary to obtain the requisite number of proxies to approve Proposal No. 1.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION
GREENMAN TECHNOLOGIES, INC., AND SUBSIDIARIES

General Information

The following unaudited pro forma consolidated financial information sets forth the pro forma consolidated results of operations of GreenMan Technologies, Inc. (the "Company") for the nine months ended June 30, 2008 and 2007 and the twelve months ended September 30, 2007 and 2006, and the pro forma consolidated financial position of the Company as of June 30, 2008.

The unaudited pro forma consolidated results of operations for the nine months ended June 30, 2008 and 2007 and the twelve months ended September 30, 2007 and 2006 have been derived from the Company's historical consolidated financial information and give effect to the following transaction as if it had occurred on October 1, 2005 (the earliest period presented). In addition, the unaudited pro forma consolidated balance sheet as of June 30, 2008 has been derived from the Company's historical consolidated financial information and gives effect to the following transaction as if it had occurred on October 1, 2007:

- Transaction — The proposed sale of substantially all of the net assets of the Company's Tire Recycling Business to Liberty Tire Services of Ohio, LLC, a wholly-owned subsidiary of Liberty Tire Services, LLC (collectively, "Liberty") in exchange for approximately $26 million in cash. At closing, we estimate $12.8 million will be used to pay-off our Laurus credit facility, $3.7 million will be used to retire certain transaction related obligations, $1.5 million will be due in federal and state income taxes, $1.3 million (5% of gross proceeds) of the cash proceeds will be placed in a restricted account to cover possible indemnification claims, $.95 million will be used to pay down a portion of other debt including approximately $.85 million of related party debt and other transaction related fees to legal and accounting services.

The unaudited pro forma consolidated financial information has been prepared in accordance with Article 11 of Regulation S-X and should be read in conjunction with the Company's historical audited consolidated financial statements and unaudited interim consolidated financial statements included in this Proxy Statement as Appendix C and Appendix D, respectively.

The unaudited pro forma consolidated financial information does not purport to represent what the Company's consolidated results of operations or consolidated financial position would have been if this transaction had occurred on the date indicated and are not intended to project the Company's consolidated results of operations or consolidated financial position for any future period or date.

The unaudited pro forma adjustments are based on estimates and certain assumptions that the Company believes are reasonable. The unaudited consolidated pro forma adjustments and primary assumptions are described in the accompanying notes herein.

GREENMAN TECHNOLOGIES, INC.
Pro Forma Consolidated Balance Sheet
As of June 30, 2008
(Unaudited)

	GreenMan Historical Consolidated	Tire Recycling Businesses	Pro Forma Adjustments		Pro Forma Consolidated
ASSETS					
Cash	$ 543,057	$ 461,820	$ 26,000,000	(1)	$ 6,325,097
			(1,300,000)	(1)	
			(18,917,960)	(2)	
			461,820	(3)	
Restricted cash	--	--	1,300,000	(1)	1,300,000
Accounts receivable, net	3,658,640	2,893,316	--		765,324
Product inventory	1,992,927	927,010	--		1,065,917
Other current assets	1,305,754	856,180	--		449,574
Total current assets	7,500,378	5,138,326	7,543,860		9,905,912
Property, plant and equipment	6,623,658	6,050,985	--		572,673
Other assets	3,799,838	169,088	--		3,630,750
Total assets	$ 17,923,874	$ 11,358,399	$ 7,543,860		$ 14,109,335
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Notes payable, current	$ 10,275,467	$ 381,353	$ 489,176	(4),(6)	$ 383,290
			(9,800,000)	(5)	
			(200,000)	(7)	
Notes payable, line of credit	2,999,662	--	(2,999,662)	(5)	--
Obligations under capital leases, current	337,555	337,555		(6)	--
Accounts payable	2,612,077	1,693,690			918,387
Income taxes payable	--	--	1,500,000	(9)	1,500,000
Accrued expenses and other liabilities	2,598,182	895,720	(112,720)	(7)	1,589,742
Total current liabilities	18,822,943	3,308,318	(11,123,206)		4,391,419
Notes payable, non-current	2,088,087	1,422,559	--	(6)	665,529
Notes payable, related party, non-current	534,320	--	(534,320)	(7)	--
Obligations under capital leases, non-current	1,529,791	1,529,791		(6)	--
Other liabilities, non-current	823,434	242,894	--		580,540
Total liabilities	23,798,575	6,503,562	(11,657,526)		5,637,487
Preferred stock	--	--	--		--
Common stock	308,804	--	--		308,804

Additional paid in capital	38,829,920	--	--		38,829,920
Accumulated deficit	(45,013,425)	4,854,837	(489,176)	(4)	(30,666,876)
			(100,000)	(8)	--
	--	--	(1,500,000)	(9)	--
	--	--	21,290,562	(10)	--
Total stockholders' equity (deficit)	(5,874,701)	8,926,907	19,201,386		8,471,848
Total liabilities and stockholders' equity (deficit)	$ 17,923,874	$ 15,430,469	$ 7,543,860		$ 14,109,335

See the accompanying notes to the unaudited pro forma consolidated financial information.

GREENMAN TECHNOLOGIES, INC.
Pro Forma Consolidated Statement of Operations
Nine Months Ended June 30, 2008
(Unaudited)

	GreenMan Historical Consolidated	Tire Recycling Businesses	Pro Forma Adjustments	Pro Forma Consolidated
Net sales	$ 17,710,424	$ 15,616,828	$ --	$ 2,093,596
Cost of sales	12,410,169	10,939,317	--	1,470,852
Gross profit	5,300,255	4,677,511	--	622,744
Operating expenses:				
Selling, general and administrative	3,996,505	1,693,993	--	2,302,512
Operating income from continuing operations	1,303,750	2,983,518	--	(1,679,768)
Other income (expense):				
Interest and financing costs	(1,489,457)	(406,942)(1)	984,299	(98,216)
Other, net	7,878	(18,103)	--	25,981
Other expense, net	(1,481,579)	(425,045)	984,299	(72,235)
Income (loss) from continuing operations before income taxes	(177,829)	2,558,473	984,299	(1,752,003)
Provision for income taxes	52,438	52,438	--	--
Income (loss) from continuing operations	(230,267)	2,506,035	984,299	(1,752,003)
Discontinued operations:				
Income from discontinued operations	2,360,930	--	--	2,360,930
	2,360,930	--	--	2,360,930
Net income (loss)	$ 2,130,663	$ 2,506,035	$ 984,299	$ 608,927
Income (loss) from continuing operations per share –basic	$ (0.01)	$ 0.08	$ 0.03	$ (0.06)
Income from discontinued operations per share –basic	0.08	--	--	0.08
Net Income (loss) per share –basic	$ 0.07	$ 0.08	$ 0.03	$ 0.02
Net Income (loss) per share –diluted	$ 0.06	$ 0.07	$ 0.03	$ 0.02
Weighted average shares outstanding -basic	30,880,435	30,880,435	30,880,435	30,880,435
Weighted average shares outstanding -diluted	35,558,341	35,558,341	35,558,341	35,558,341

See the accompanying notes to the unaudited pro forma consolidated financial information

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GREENMAN TECHNOLOGIES, INC.
Pro Forma Consolidated Statement of Operations
Fiscal Year Ended September 30, 2007
(Unaudited)

	GreenMan Historical Consolidated	Tire Recycling Businesses	Pro Forma Adjustments	Pro Forma Consolidated
Net sales	$ 20,178,726	$ 20,178,726	$ --	$ --
Cost of sales	14,222,158	14,222,158	--	--
Gross profit	5,956,568	5,956,568	--	--
Operating expenses:				
Selling, general and administrative	3,841,029	2,262,925	--	1,578,104
Operating income from continuing operations	2,115,539	3,693,643	--	(1,578,104)
Other income (expense):				
			(1)	
Interest and financing costs	(2,006,299)	(467,526)	1,538,773	--
Other, net	3,257	37,284	--	(34,027)
Other expense, net	(2,003,042)	(430,242)	1,538,773	(34,027)
Income (loss) from continuing operations before income taxes	112,497	3,263,401	1,538,773	(1,612,131)
Provision for income taxes	115,799	95,735	--	20,064
Income (loss) from continuing operations	(3,302)	3,167,666	1,538,773	(1,632,195)
Discontinued operations:				
Income from discontinued operations	297,196	--	--	297,196
	297,196	--	--	297,196
Net income (loss)	$ 293,894	$ 3,167,666	$ 1,538,773	$ (1,334,999)
Income (loss) from continuing operations per share –basic	$ --	$ 0.15	$ 0.07	$ (0.07)
Income from discontinued operations per share –basic	0.01	--	--	0.01
Net Income (loss) per share –basic	$ 0.01	$ 0.15	$ 0.07	$ (0.06)
Net Income (loss) per share –diluted	$ 0.01	$ 0.12	$ 0.06	$ (0.05)
Weighted average shares outstanding -basic	21,766,013	21,766,013	21,766,013	21,766,013
Weighted average shares outstanding -diluted	26,456,510	26,456,510	26,456,510	26,456,510

See the accompanying notes to the unaudited pro forma consolidated financial information.

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GREENMAN TECHNOLOGIES, INC.
Notes to Unaudited Pro Forma Consolidated Financial Information

I. Adjustments to unaudited pro forma consolidated balance sheet

(a) GREENMAN TECHNOLOGIES, INC.

Represents the historical unaudited consolidated balance sheet as of June 30, 2008 as reported in the Company's Form 10-Q for the quarter ended June 30, 2008.

(b) Tire Recycling Business

Represents the elimination of the Tire Recycling Business' assets and liabilities, as reflected in the historical consolidated balance sheet of the Company as of June 30, 2008.

The Tire Recycling Business' historical financial position is included within the Company's Consolidated Financial statements for financial reporting purposes. In addition the Laurus credit facility (revolving debt and secured term debt) have been transacted through the corporate accounts of the Company and therefore have not historically been reflected in the Tire Recycling Business

(c) Pro Forma Adjustments

1) At the close of the transaction, the Company will receive proceeds of $26 million of which $1.3 million will be placed in a separate account to cover possible indemnification claims that may arise from this transaction.
2) Represents the pay down of all amounts due by the Company to Laurus, certain Tire Recycling Business debt other Company indebtedness and transaction costs, as further described below.
3) The Company will retain the Tire Recycling Business' cash balances at closing.
4) This amount reflects the write off of $489,176 of deferred financing costs as a result of the repayment of all amounts due Laurus.
5) Approximately $12.8 million of the cash proceeds will be used to pay off all amounts due Laurus by the Company at closing including the portion which was allocated to the Tire Recycling Business based on the percentage of total Tire Recycling Business assets to total assets.
6) Approximately $3.7 million of the cash proceeds will be used to extinguish certain Tire Recycling Business notes payable and capital leases at closing.
7) Approximately $.85 million of the cash proceeds will be used to pay certain notes payable and accrued interest due related parties and others at closing.
8) Approximately $.1 million of the cash proceeds will be used to pay transaction costs associated with legal and accounting services.
9) Estimated state and federal income tax expense associated with sale of the Tire Recycling Business.
10) Estimated gain on sale of the Tire Recycling Business before state and federal income taxes.

GREENMAN TECHNOLOGIES, INC.
Notes to Unaudited Pro Forma Consolidated Financial Information

II. Adjustments to unaudited pro forma consolidated statements of operations

a) GREENMAN TECHNOLOGIES, INC.

Represents the historical unaudited consolidated statement of operations for the nine months ended June 30, 2008 and 2007 and the audited consolidated statement of operations for the fiscal years ended September 30, 2007 and 2006 as reported in the Company's Form 10-K for the fiscal years ended September 30, 2007.

b) Tire Recycling Business

Represents the elimination of Tire Recycling Business' revenues and expenses as reflected in the historical consolidated statement of operations of the Company for the nine months ended June 30, 2008 and 2007 and the fiscal years ended September 30, 2007 and 2006.

c) Pro forma adjustments

1) Represents adjustment to reflect interest and loan amortization expense after the payment of approximately $12.8 million of the Company's senior debt due Laurus, approximately $3.7 million of a Tire Recycling Business notes payable and capitalized leases and approximately $.85 million of related party and other notes payable for the periods presented as if the pending transaction had occurred on October 1, 2005.

TIRE RECYCLING BUSINESS
UNAUDITED FINANCIAL STATEMENTS

The Company has prepared the following unaudited financial statements to present the balance sheets and statements of operations of the Tire Recycling Business on a stand-alone basis for the same periods as presented for the Company as a whole set forth in Appendix C and Appendix D, respectively. The unaudited financial statements represent the results of operations and financial position of the Tire Recycling Business as a stand-alone business, which include certain cost allocations.

The following unaudited financial statements of the Tire Recycling Business are presented herein:

- Unaudited balance sheets — as of June 30, 2008, September 30, 2007 and September 30, 2006.
- Unaudited statements of operations — for the nine months ended June 30, 2008 and June 30, 2007 and for the years ended September 30, 2007 and 2006.
- Notes to unaudited financial statements

The unaudited financial statements of the Tire Recycling Business, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with, the audited Company's historical financial statements and notes thereto attached hereto as Appendix C and the Company's unaudited historical financial statements and notes thereto attached hereto as Appendix D.

The unaudited financial statements of the Tire Recycling Business included herein are derived from the Company's consolidated financial statements.

GREENMAN TECHNOLOGIES, INC.
Tire Recycling Business
Balance Sheets
(Unaudited)

	June 30, 2008	September 30, 2007	September 30, 2006
ASSETS			
Cash	$ 461,820	$ 322,069	$ 636,193
Accounts receivable, net	2,893,316	2,462,358	2,056,928
Product inventory	927,010	157,094	113,336
Other current assets	856,180	657,746	610,807
Total current assets	5,138,326	3,599,267	3,417,264
Property, plant and equipment	6,050,985	5,218,706	5,805,246
Other assets	169,088	216,987	173,006
Total assets	$ 11,358,399	$ 9,034,960	$ 9,395,516
LIABILITIES AND STOCKHOLDERS' EQUITY			
Notes payable, current	$ 381,353	$ 339,189	$ 334,293
Obligations under capital leases, current	337,555	185,127	185,940
Accounts payable	1,693,690	1,203,522	1,363,636
Accrued expenses and other liabilities	895,720	1,045,075	626,635
Total current liabilities	3,308,318	2,772,913	2,510,504
Notes payable, non-current	1,422,559	1,132,456	1,615,692
Obligations under capital leases, non-current	1,529,791	1,272,527	910,456
Other liabilities, non-current	242,894	270,298	343,188
Total liabilities	6,503,562	5,448,194	5,379,840
Common stock	--	--	--
Additional paid in capital	--	--	--
Accumulated earnings	4,854,837	3,586,766	4,015,676
Total stockholders' equity	4,854,837	3,586,766	4,015,676
Total liabilities and stockholders' equity	$ 11,358,399	$ 9,034,960	$ 9,395,516

The accompanying notes are an integral part of these financial statements.

GREENMAN TECHNOLOGIES, INC.
Tire Recycling Business
Statements of Operations
(Unaudited)

	Nine Months Ended June 30, 2008	Nine Months Ended June 30, 2007
Net sales	$ 15,616,828	$ 13,671,561
Cost of sales	10,939,317	9,670,433
Gross profit	4,677,511	4,001,128
Operating expenses:		
Selling, general and administrative	1,693,993	1,649,057
Operating income from continuing operations	2,983,518	2,352,071
Other income (expense):		
Interest and financing costs	(406,942)	(441,522)
Other, net	(18,103)	21,014
Other expense, net	(425,045)	(420,508)
Income from continuing operations before income taxes	2,558,473	1,931,563
Provision for income taxes	52,438	30,613
Net income	$ 2,506,035	$ 1,990,950

	Year Ended September 30, 2007	Year Ended September 30, 2006
Net sales	$ 20,178,726	$ 17,607,812
Cost of sales	14,222,158	12,953,753
Gross profit	5,956,568	4,654,059
Operating expenses:		
Selling, general and administrative	2,262,925	1,826,781
Operating income from continuing operations	3,693,643	2,827,278
Other income (expense):		
Interest and financing costs	(467,526)	(612,213)
Other, net	37,284	(11,559)
Other expense, net	(430,242)	(623,772)
Income from continuing operations before income taxes	3,263,401	2,203,506
Provision for income taxes	95,735	61,815
Net income	$ 3,167,666	$ 2,141,691

The accompanying notes are an integral part of these financial statements.

TIRE RECYCLING BUSINESS
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2008 and 2007
THE YEARS ENDED SEPTEMBER 30, 2007 and 2006

The Tire Recycling Business historical financial position and financial results are reported as part of GREENMAN TECHNOLOGIES, INC. consolidated results.

1. Summary of Significant Accounting Policies

Business

The tire recycling operations located in Savage, Minnesota and Des Moines, Iowa collect, process and market scrap tires in whole, shredded or granular form. We are paid a fee to collect, transport and process scrap tires (i.e., collection/processing revenue) in whole or into two inch or smaller rubber chips which are then sold (i.e., product revenue).

Basis of Presentation

The financial statements contained herein follow the principles and policies more fully described in the Company's audited consolidated financial statements for the year ended September 30, 2007 and 2006 attached hereto as Appendix C, and the Company's unaudited consolidated financial statements for the three and nine month periods ended June 30, 2008 attached hereto as Appendix D, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The unaudited financial statements are derived from the Company's historical consolidated financial statements and are designed to present the Tire Recycling Business as if it was not part of the consolidated operations of the Company for the periods presented. Management believes that the unaudited financial statements presented herein have been prepared in accordance with generally accepted accounting principles and meet Regulation S-X requirements.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recorded during the reporting period. Actual results could differ from those estimates. Such estimates relate primarily to the estimated lives of property and equipment other intangible assets, the valuation reserve on deferred taxes, the value of our lease settlement obligation and the value of equity instruments issued. The amount that may be ultimately realized from assets and liabilities could differ materially from the values recorded in the accompanying financial statements for the periods presented.

In particular, discontinued operations included management's best estimate of the amounts to be realized and liabilities to be incurred in connection with the discontinuing of our Georgia operation. The amounts we may ultimately realize could differ materially from the amounts estimated in arriving at the loss on disposal of the discontinued operations.

Cash Equivalents

Cash equivalents include short-term investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts. Management determines the allowance for doubtful accounts by regularly evaluating past due individual customer receivables and considering a customer's financial condition, credit history, and the current economic conditions. Individual accounts receivable are written off when deemed uncollectible, with any future recoveries recorded as income when received.

Product Inventory

Inventory consists primarily of crumb rubber and is valued at the lower of cost or market on the first-in first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation and amortization expense is provided on the straight-line method. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Significant improvements and major renewals that extend the useful life of equipment are capitalized.

Revenue Recognition

We have two sources of revenue: processing revenue which is earned from the collection, transportation and processing of scrap tires and product revenue which is earned from the sale of tire chips, crumb rubber and steel. Revenues from product sales are recognized when the products are shipped and collectability is reasonably assured. Revenues derived from the collection, transporting and processing of tires are recognized when processing of the tires has been completed.

Income Taxes

Deferred tax assets and liabilities are recorded for temporary differences between the financial statement and tax bases of assets and liabilities using the currently enacted income tax rates expected to be in effect when the taxes are actually paid or recovered. A deferred tax asset is also recorded for net operating loss and tax credit carry forwards to the extent their realization is more likely than not. The deferred tax expense for the period represents the change in the net deferred tax asset or liability from the beginning to the end of the period.

Intangible Assets

In accordance with SFAS No. 142, “Goodwill and Other Intangible Assets” we review intangibles for impairment annually, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of our intangible assets below their carrying value.

Intangible assets include customer relationships acquired in current or past business acquisitions which are being amortized on a straight-line basis over a period of ten to twenty years, commencing on the date of the acquisition. The impairment test for customer relationships requires us to review original relations for continued retention.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144, long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. SFAS No. 144 “Accounting for The Impairment or Disposal of Long Lived Assets”, relates to assets that can be amortized and the life can be determinable. We evaluate at each balance sheet date whether events and circumstances have occurred that indicate possible impairment. If there are indications of impairment, we use future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are fully recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less the cost to sell.

New Accounting Pronouncements

SFAS No. 155 – In February 2006, FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments” as an amendment to SFAS No. 133 and 140. This Statement:

a. Permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation;

b. Clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133;

c. Establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation;

d. Clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and

e. Amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

This Statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS 155 has not had a material effect on our consolidated or Tire Recycling Business financial position or results of operations.

SFAS No. 157 – In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurement" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 17, 2007 and interim periods within those fiscal years. We are evaluating the impact of adopting SFAS 157 on our consolidated financial position, results of operations and cash flows.

FIN No. 48 – In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertain Tax Positions"; an Interpretation of SFAS No. 109 ("FIN 48"), which clarifies the criteria for recognition and measurement of benefits from uncertain tax positions. Under FIN 48, an entity should recognize a tax benefit when it is "more-likely-than-not", based on the technical merits, that the position would be sustained upon examination by a taxing authority. The amount to be recognized, given the "more likely than not" threshold was passed, should be measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. Furthermore, any change in the recognition, derecognition or measurement of a tax position should be recognized in the interim period in which the change occurs. The adoption of FIN 48 has not had a material effect on our consolidated or Tire Recycling Business financial position or results of operations.

2. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	June 30, 2008	September 30, 2007	Estimated Useful Lives
Buildings and improvements	$ 1,710,073	$ 1,384,028	10 - 20 years
Machinery and equipment	7,803,610	7,379,405	5 - 10 years
Furniture and fixtures	15,793	15,147	3 - 5 years
Motor vehicles	4,604,682	3,928,089	3 - 10 years
	14,134,158	12,706,669	
Less accumulated depreciation and amortization	(8,083,173)	(7,487,963)	
Property, plant and equipment, net	$ 6,050,985	$ 5,218,706	

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of September 30, 2008 including options and warrants exercisable within sixty days thereof, with respect to (i) each person (including any "group" as used in Section 13(d) of the Securities Exchange Act of 1934) known to us to be the beneficial owner of more than 5% of our outstanding common stock; (ii) each director; (iii) each executive officer who was identified in our proxy statement filed with the Securities and Exchange Commission on February 20, 2008 and (iv) all of our directors and executive officers as a group.

Unless otherwise indicated below, to the best of our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. As of September 30, 2008, 30,880,435 shares of our common stock were issued and outstanding.

Security Ownership of Management and Directors

Name (1)	Number of Shares Beneficially Owned (2)	Percentage of Class (2)
Dr. Allen Kahn (3)	4,371,931	14.15%
Maurice E. Needham (4)	1,672,301	5.36%
Lyle Jensen (5)	1,013,522	3.24%
Charles E. Coppa (6)	688,228	2.21%
Nicholas DeBenedictis (7)	815,454	2.64%
Lew F. Boyd (8)	293,678	.95%
All officers and directors as a group (6 persons)	8,855,114	27.68%

Security Ownership of Certain Beneficial Owners

Name (1)	Number of Shares Beneficially Owned (2)	Percentage of Class (2)
Laurus Master Fund, Ltd. (9)	1,540,934	4.99%

(1) Except as noted, each person's address is care of GreenMan Technologies, Inc., 12498 Wyoming Avenue South, Savage, Minnesota 55378.

(2) Pursuant to the rules of the Securities and Exchange Commission, shares of common stock that an individual or group has a right to acquire within 60 days pursuant to the exercise of options or warrants are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

(3) Includes 23,500 shares of common stock issuable pursuant to immediately exercisable stock options.

(4) Includes 343,962 shares of common stock issuable pursuant to immediately exercisable stock options. Also includes 59,556 shares of common stock owned by Mr. Needham's wife.

(5) Includes 378,500 shares of common stock issuable pursuant to immediately exercisable stock options.

(6) Includes 301,300 shares of common stock issuable pursuant to immediately exercisable stock options.

(7) Includes 371,000 shares of common stock owned by Mr. DeBenedictis's wife and 47,000 shares of common stock issuable pursuant to immediately exercisable stock options.

(8) Includes 17,500 shares of common stock issuable pursuant to immediately exercisable stock options.

(9) Laurus Master Fund, Ltd. holds warrants to purchase up to 6,000,000 shares of common stock that are exercisable (subject to the following sentence) at an exercise price of $.01 per share. The warrants are not exercisable, however, to the extent that (a) the number of shares of our common stock held by Laurus and (b) the number of shares of our common stock issuable upon exercise of the warrant would result in beneficial ownership by Laurus of more than 4.99% of our outstanding shares of common stock. Laurus may waive these provisions, or increase or decrease that percentage, with respect to the warrant on 61 days' prior notice to us, or without notice if we are in default under our credit facility. Unless and until Laurus waives these provisions, then Laurus beneficially owns 1,540,934 shares of our common stock issuable pursuant to underlying warrant. Laurus's address is 335 Madison Avenue, New York, New York 10017.

OTHER MATTERS

Our Board of Directors is not aware of any other business that may come before the Special Meeting. However, if additional matters properly come before the Special Meeting, shares represented by all proxies received by our Board of Directors will be voted with respect thereto at the discretion and in accordance with the judgment of the proxy holders.

STOCKHOLDER PROPOSALS

Proposals of stockholders intended for inclusion in the proxy statement to be mailed to all stockholders entitled to vote at our next annual meeting of stockholders must be received at our principal executive offices not later than November 4, 2008. In order to curtail controversy as to the date on which a proposal was received by us, it is suggested that proponents submit their proposals by Certified Mail Return Receipt Requested.

WHERE YOU CAN FIND MORE INFORMATION

We file reports, proxy statements and other information with the Securities and Exchange Commission as required by the Exchange Act of 1934, as amended. To read or obtain copies of our filings with the Securities and Exchange Commission, you may visit the Securities and Exchange Commission in person, request the documents in writing at prescribed rates or view our filings on the Securities and Exchange Commission website at:

Securities and Exchange Commission Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549
(800) SEC-0330
www.sec.gov

If you would like additional copies of this proxy statement, or if you have questions about any of the proposals to be voted on at the Special Meeting, you should contact:

GREENMAN TECHNOLOGIES, INC.
Attn: Charles E. Coppa
Chief Financial Officer, Treasurer and Secretary
(781) 224-2411

You can also find additional information about us at our website at www.greenman.biz. Information contained on our website does not constitute part of this document.

REQUEST TO SIGN, DATE AND RETURN PROXIES

If you do not intend to be present at the Special Meeting on November 13, 2008, please sign, date and return the enclosed proxy card at your earliest convenience.

BY ORDER OF THE BOARD OF DIRECTORS,

Charles E. Coppa
Chief Financial Officer, Treasurer and Secretary

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APPENDIX A

ASSET PURCHASE AGREEMENT

BY AND AMONG

GREENMAN TECHNOLOGIES, INC.,

GREENMAN TECHNOLOGIES OF IOWA, INC.,

GREENMAN TECHNOLOGIES OF MINNESOTA, INC.,

LIBERTY TIRE SERVICES, LLC, AND

LIBERTY TIRE SERVICES OF OHIO, LLC

DATED SEPTEMBER 12, 2008

GreenMan Technologies

Execution Version

GreenMan Technologies of Iowa, Inc.
GreenMan Technologies of Minnesota, Inc.
Asset Purchase Agreement

This Asset Purchase Agreement (this "Agreement"), dated as of September 12, 2008, is by and among Liberty Tire Services, LLC, a Delaware limited liability company ("LTS"); Liberty Tire Services of Ohio, LLC, a Delaware limited liability company and wholly owned subsidiary of LTS ("Purchaser"); GreenMan Technologies, Inc., a Delaware corporation ("GTI"); GreenMan Technologies of Iowa, Inc., an Iowa corporation and wholly owned subsidiary of GTI ("GTIA"); and GreenMan Technologies of Minnesota, Inc., a Minnesota corporation and wholly owned subsidiary of GTI ("GTMN" and, together with GTIA, "Sellers").

Sellers operate their businesses of tire collection, disposal, shredding, processing, recycling and sale of used tires, including without limitation the production of tire derived fuel chips, tire derived mulch, tire shreds, crumb rubber and other tire derived feedstock, located primarily in Iowa and Minnesota, although they also conduct business in Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin (collectively, the "Business"), utilizing (i) GTIA's leased facility located at 1914 E. Euclid Avenue, Des Moines, Iowa (such real property together with all improvements and equipment located thereon, the "Des Moines Facility"); and (ii) GTMN's leased facility located at 12498 Wyoming Avenue, Savage, Minnesota (such real property together with all improvements and equipment located thereon, the "Savage Facility").

The foregoing named plants and facilities are referred to herein collectively as, the "Business Facilities." Further, as used in this Agreement, the "LTS Group Members" means LTS and Purchaser, and the "GTI Group Members" means GTI, GTIA and GTMN. Certain additional terms used in this Agreement are separately defined in the Addendum attached hereto and are integral to this Agreement.

Sellers desire to sell and assign to Purchaser substantially all assets related to or used in connection with the Business, including, without limitation, their leasehold rights to the Business Facilities, and Purchaser desires to purchase such assets from Sellers, each in separate transactions below.

The parties to this Agreement agree as follows:

ARTICLE I
The Sale and Purchase Transactions

1.1 The GTIA Transaction. The transactions set forth in this Section 1.1 are referred to herein collectively as the "GTIA Transaction."

(a) Purchase of GTIA Purchased Assets. Effective at the Effective Time (as defined in Section 2.1), Purchaser shall purchase from GTIA, and GTIA shall sell to Purchaser, free and clear of all Indebtedness and Encumbrances, except for Indebtedness expressly identified on Schedule 1.1(c) and Permitted Encumbrances, all of GTIA's right, title and interest in and to all of its assets, properties, rights and business as a going concern of every kind, nature and description, wherever located and whether real, personal or mixed, tangible or intangible, in electronic form or otherwise, and whether or not having any value for accounting purposes or carried or reflected on or specifically referred to in its books or financial statements, related to or used in its operation of the Business (other than the GTIA Retained Assets, as defined in Section 1.1(b)), including those identified in this Section 1.1(a) below (collectively, the "GTIA Purchased Assets"):

(i) all of GTIA's right, title and interest in the leaseholds, leasehold improvements and fixtures for all Leased Real Property (as defined in Section 4.14) leased by GTIA as lessee, which is more particularly described on Schedule 4.14, including the Des Moines Facility, and including any security deposits for Leased Real Property leased by GTIA as lessee;

(ii) all of the parts and supplies inventory, machinery, equipment, shop tools and equipment, shredders, processing equipment, support equipment, tippers, magnetic equipment, peripherals, parts, tooling, fork lifts, tractors, trucks, bulldozers, graders, loaders, unloaders, back hoes, dump trucks, containers, trailers, cabs, other vehicles (whether titled or untitled), radios, motors, furniture, office equipment and supplies, fixtures, and other tangible personal property, owned by GTIA and related to or used in the Business, including those identified on Schedule 1.1(a)(ii);

(iii) all inventory of tires, tire shreds, tire chips, crumb rubber and other finished rubber products located at the Leased Real Property on the Closing Date;

(iv) all of GTIA's computer equipment and related software and licenses related to or used in the Business, including those identified on Schedule 1.1(a)(iv);

(v) all other tangible assets located at the Leased Real Property leased by GTIA as lessee, including the Des Moines Facility;

(vi) all of GTIA's books, records, files, manuals, sales and credit reports, customer lists, customer records, billing information, routing sheets, warranty records and similar documents and other information related to or used in the operation of the Business, whether inscribed on tangible medium or stored in electronic or other medium, and other assets related to or used in the Business;

(vii) all of GTIA's rights under all Contracts related to or used in the Business, including those identified on Schedule 1.1(a)(vii), including, without limitation, all Contracts related to GTIA's acquisition of its businesses;

(viii) all of GTIA's rights under all Governmental Authorizations held by it in connection with the Business, including those Governmental Authorizations identified on Schedule 1.1(a)(viii);

(ix) all of GTIA's claims, choses in action, causes of action and judgments related to the Business and all warranties in favor of GTIA related to the Business or the other assets described in this Section 1.1(a);

(x) all of GTIA's right, title and interest in all leases for personal property, including equipment and rolling stock, entered into in connection with the Business, including those identified on Schedule 1.1(a)(x), and including security deposits relating thereto;

(xi) all notes and accounts receivable and other rights to payment due from customers of GTIA and the full benefit of any security for such accounts or rights to payment, other than those notes and accounts receivable and other rights to payment due from the GTI Group Members or their Affiliates;

(xii) all of GTIA's pre-paid expenses (including software license fees, annual license fees for vehicles, and insurance premiums) related to the Business;

(xiii) all of GTIA's intangible rights and property, including goodwill and rights in and to any trade name, trademark, fictitious name or service mark, or any variant of any of them, and any applications therefor or registrations thereof (other than rights in the name "GreenMan Technologies of Iowa," which shall be the subject of the license described in Section 2.2(c), below), and any other forms of intellectual property, and all research related to the Business conducted by GTIA, all rights to GTIA's telephone numbers, facsimile numbers, e-mail addresses, Internet sites, Internet addresses and domain names thereof and other listings;

(xiv) all of GTIA's customer relationships, outstanding customer orders and goodwill and right to own and operate its Business; and

(xv) all assets not otherwise identified above that are owned or leased and used or employed by GTIA in connection with the Business.

This Section 1.1(a) and the Schedules referred to herein identify all of the GTIA Purchased Assets that will be conveyed herein by GTIA. If and to the extent that GTI has any interest in any of the GTIA Purchased Assets, then at the Effective Time (as defined in Section 2.1), GTI shall be deemed to have sold, transferred and assigned all such interests to Purchaser for no additional consideration.

(b) GTIA Retained Assets. GTIA shall retain and the GTIA Purchased Assets shall not include all of its other assets, including the following (collectively, the "GTIA Retained Assets"):

(i) any of GTIA's cash and cash equivalents, including bank accounts and mutual fund accounts;

(ii) any cash securing any Governmental Authorization held by GTIA;

(iii) any deposits under closure bonds in the name of GTIA;

(iv) any Seller Plans (as defined in Section 4.15) (including any Seller Plans listed on Schedule 4.15);

(v) any Tax Returns and Tax records of GTIA and any business records required by law to be retained by GTIA; provided, that such records shall be available to Purchaser to the extent reasonably necessary for its Tax purposes;

(vi) all of GTIA's minute and stock book records;

(vii) any accounts receivable owed to GTIA by any other GTI Group Member or their Affiliates;

(viii) any of GTIA's agreements, Contracts, understandings or business relationships with GTI or any of its Affiliates (other than the other Seller), except for those listed and identified as such on Schedule 1.1(a)(vii));

(ix) shares of stock, equity interests or ownership or debt securities in any other Person;

(x) all rights in the name "GreenMan Technologies of Iowa," subject to the license described in Section 2.2(c), below; and

(xi) all of GTIA's rights under the Asset Purchase Agreement, dated March 1, 2006, by and among MTR of Georgia, Inc., GreenMan Technologies of Georgia, Inc., and GreenMan Technologies, Inc. (the "MTR Purchase Agreement").

(c) GTIA Assumed Liabilities. Effective at the Effective Time, Purchaser shall assume only (i) the obligations of GTIA existing as of the Effective Time expressly set forth in the Contracts identified on Schedule 1.1(a)(vii), the Governmental Authorizations identified on Schedule 1.1(a)(viii), the payment obligations for GTIA's trade payables reflected on the Closing Working Capital Statement (as defined in Section 1.4(d)), and any Indebtedness expressly identified on Schedule 1.1(c), none of which will be repaid at Closing, other than (with respect to any of the preceding in this clause (i)) for Liabilities arising out of any violation, breach or non-performance of the terms or obligations thereunder or expenses, costs or payments owing as of the Effective Time or applicable prior to the Effective Time; and (ii) other short term accruals of GTIA expressly identified on the Closing Date Certificate Example (as defined below) to the extent included in Current Liabilities as provided in Section 1.4(c) (collectively, the "GTIA Assumed Liabilities").

(d) GTIA Retained Liabilities. Except for the GTIA Assumed Liabilities, Purchaser does not hereby and shall not assume or in any way undertake to pay, perform, satisfy or discharge any Liabilities of any kind or nature whatsoever of GTIA, GTI or GTMN (except as provided in Section 1.2(c)), existing before, on or after the Effective Time or arising out of any transactions entered into, or any state of facts existing before, on or after the Effective Time, and whether or not related to or arising out of any of the GTIA Purchased Assets (the "GTIA Retained Liabilities"). Without limiting the foregoing, except as set forth on the Closing Working Capital Statement in the amounts set forth therein, the term "GTIA Retained Liabilities" shall include:

(i) Liabilities arising out of or relating to claims for breaches of warranties or products liability with respect to any product shipped or manufactured by, or any services provided by, GTIA in whole or in part, prior to the Closing Date;

(ii) Liabilities of GTIA to any Related Party;

(iii) Liabilities the existence of which constitute a breach of the representations, warranties or covenants of GTIA contained in this Agreement; or for expenses, taxes or fees incident to or arising out of the negotiation, preparation, approval or authorization of this Agreement and the consummation of the Contemplated Transactions, including all legal and accounting fees and all brokers or finders fees or commissions payable by GTIA;

(iv) Liabilities for any Taxes of GTIA, whether or not by reason of, or in connection with, the Contemplated Transactions, including (A) any Taxes arising as a result of GTIA's operation of its business or ownership of the GTIA Purchased Assets prior to the Closing Date, (B) any liability of GTIA for Taxes of any person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise, and (C) any Taxes that will arise as a result of the sale of the GTIA Purchased Assets pursuant to this Agreement;

(v) Liabilities attributable to the GTIA Retained Assets; that are incurred outside the ordinary course of business or not consistent with past practice; or that are not clearly included in the express terms of the Contracts and Governmental Authorizations identified in clause (i) of Section 1.1(c);

(vi) Liabilities to, under or with respect to any Seller Plan or other Benefit Plan and the administration of any Seller Plan, or relating to payroll, vacation, sick leave, workers' compensation, unemployment benefits, disability and occupational diseases of or with respect to employees or former employees of GTIA, under any employment, severance, retention or termination agreement with any employee of GTIA or any of its Related Parties, or arising out of or relating to any employee grievance whether or not the affected employees are hired by Purchaser;

(vii) Except for Indebtedness identified on Schedule 1.1(c), Liabilities of GTIA for or arising out of any Indebtedness, including any Contract giving rise to any Indebtedness;

(viii) Liabilities relating to Legal Proceedings that exist on the Closing Date and any Legal Proceedings that arise after the Closing Date that arise out of transactions entered into, or any state of facts existing, on or before the Closing Date;

(ix) Environmental Liabilities of GTIA arising out of or relating to:

(A) the GTIA Retained Assets or any properties previously owned, leased or operated by GTIA;

(B) any violation of Environmental Laws existing prior to or as of the Closing Date arising from or related to (1) the ownership, use or operation of the Business, any Facility, or any GTIA Purchased Assets; (2) the design, configuration or condition of any equipment or Facilities; (3) the failure to have or to comply with any Governmental Authorization required by Environmental Laws prior to or as of the Closing Date; or (4) the failure to have, maintain or properly operate programs and equipment for monitoring of, or the failure to report in an accurate and timely manner any discharges, emissions, Releases, employee exposures, incidents, or occupational health and safety conditions;

(C) Existing Environmental Conditions, including any such Environmental Liabilities for (1) Environmental Remedial Actions to address Existing Environmental Conditions; (2) claims asserted by any third party (including any employee of GTIA or Purchaser) for bodily injury, death, or property damage allegedly caused by, or arising from exposure to, any Existing Environmental Condition; (3) any natural resource damages arising from any Existing Environmental Condition, and (4) any Liabilities relating to any off-site transportation, treatment, disposal or Release of any Regulated Materials resulting from any Environmental Remedial Action to address Existing Environmental Conditions, whether such Environmental Remedial Action is taken before or after the Closing Date;

(D) the storage, transportation, treatment, disposal, discharge, recycling or Release of any Regulated Material at any Off-Site Location by GTIA on or before the Closing Date, or the arrangement by GTIA for any storage, transportation, treatment, disposal, discharge, recycling, or Release of any Regulated Material at any Off-Site Location on or before the Closing Date; and

(E) any contractual indemnity obligations relating to requirements of Environmental Law or Environmental Liabilities that GTIA has undertaken in connection with the Business or any Facilities;

(x) Liabilities, including penalties, fines, levies and assessments, arising out of any violation or breach of, or noncompliance with, any Contracts, Governmental Authorizations or Legal Requirements by GTIA or any other person acting as agent for or on behalf of any of GTIA; and

(xi) Liabilities of GTIA under the MTR Purchase Agreement.

(e) GTIA Purchase Price. The purchase price for the GTIA Purchased Assets shall be the proportion of the Purchase Price (as defined in Section 1.3(a)) allocated to the GTIA Purchased Assets as provided in Section 1.3(c) plus the assumption of the GTIA Assumed Liabilities (the “GTIA Purchase Price”), as adjusted and payable in accordance with Section 1.3(c) and Section 1.4.

(f) Allocation of the GTIA Purchase Price. The GTIA Purchase Price shall be allocated among the GTIA Purchased Assets in accordance with the allocation set forth on Schedule 1.1(f). GTIA and Purchaser shall report the federal, state and local income and other Tax consequences of the purchase and sale of the GTIA Purchased Assets contemplated hereby in a manner consistent with such allocation and shall not take any position inconsistent therewith upon examination of any Tax Return, in any refund claim, in any litigation, or otherwise unless otherwise required by applicable Legal Requirements. Any Working Capital Adjustment (as defined in Section 1.4(a)) or EBITDA True-Up Amount (as defined in Section 1.4(f)) allocated to the GTIA Purchase Price shall be allocated among the GTIA Purchased Assets consistent with the allocation set forth on Schedule 1.1(f) and shall be binding upon GTIA and Purchaser.

1.2 The GTMN Transaction. The transactions set forth in this Section 1.2 are referred to herein collectively as the "GTMN Transaction."

(a) Purchase of GTMN Purchased Assets. Effective at the Effective Time, Purchaser shall purchase from GTMN, and GTMN shall sell to Purchaser, free and clear of all Indebtedness and Encumbrances, except for Indebtedness expressly identified on Schedule 1.2(c) and Permitted Encumbrances, all of GTMN's right, title and interest in and to all of its assets, properties, rights and business as a going concern of every kind, nature and description, wherever located and whether real, personal or mixed, tangible or intangible, in electronic form or otherwise, and whether or not having any value for accounting purposes or carried or reflected on or specifically referred to in its books or financial statements, related to or used in its operation of the Business (other than the GTMN Retained Assets, as defined in Section 1.2(b)), including those identified in this Section 1.2(a) below (collectively, the "GTMN Purchased Assets" and, together with the GTIA Purchased Assets, the "Purchased Assets"):

(i) all of GTMN's right, title and interest in the leaseholds, leasehold improvements and fixtures for all Leased Real Property (as defined in Section 4.14) leased by GTMN as lessee, which is more particularly described on Schedule 4.14, including the Savage Facility, and including any security deposits for Leased Real Property leased by GTMN as lessee;

(ii) all of the parts and supplies inventory, machinery, equipment, shop tools and equipment, shredders, processing equipment, support equipment, tippers, magnetic equipment, peripherals, parts, tooling, fork lifts, tractors, trucks, bulldozers, graders, loaders, unloaders, back hoes, dump trucks, containers, trailers, cabs, other vehicles (whether titled or untitled), radios, motors, furniture, office equipment and supplies, fixtures, and other tangible personal property, owned by GTMN and related to or used in the Business, including those identified on Schedule 1.2(a)(ii);

(iii) all inventory of tires, tire shreds, tire chips, crumb rubber and other finished rubber products located at the Leased Real Property on the Closing Date;

(iv) all of GTMN's computer equipment and related software and licenses related to or used in the Business, including those identified on Schedule 1.2(a)(iv);

(v) all other tangible assets located at the Leased Real Property leased by GTMN as lessee, including the Savage Facility;

(vi) all of GTMN's books, records, files, manuals, sales and credit reports, customer lists, customer records, billing information, routing sheets, warranty records and similar documents and other information related to or used in the operation of the Business, whether inscribed on tangible medium or stored in electronic or other medium, and other assets related to or used in the Business;

(vii) all of GTMN's rights under all Contracts related to or used in the Business, including those identified on Schedule 1.2(a)(vii), including, without limitation, all Contracts related to GTMN's acquisition of its businesses;

(viii) all of GTMN's rights under all Governmental Authorizations held by it in connection with the Business, including those Governmental Authorizations identified on Schedule 1.2(a)(viii);

(ix) all of GTMN's claims, choses in action, causes of action and judgments related to the Business and all warranties in favor of GTMN related to the Business or the other assets described in this Section 1.2(a);

(x) all of GTMN's right, title and interest in all leases for personal property, including equipment and rolling stock, entered into in connection with the Business, including those identified on Schedule 1.2(a)(x), and including security deposits relating thereto;

(xi) all notes and accounts receivable and other rights to payment due from customers of GTMN and the full benefit of any security for such accounts or rights to payment, other than those notes and accounts receivable and other rights to payment due from the GTI Group Members or their Affiliates;

(xii) all of GTMN's pre-paid expenses (including software license fees, annual license fees for vehicles, and insurance premiums) related to the Business;

(xiii) all of GTMN's intangible rights and property, including goodwill and rights in and to any trade name, trademark, fictitious name or service mark, or any variant of any of them, and any applications therefor or registrations thereof (other than rights in the name "GreenMan Technologies of Minnesota," which shall be the subject of the license described in Section 2.2(c), below), and any other forms of intellectual property, and all research related to the Business conducted by GTMN, all rights to GTMN's telephone numbers, facsimile numbers, e-mail addresses, Internet sites, Internet addresses and domain names thereof and other listings;

(xiv) all of GTMN's customer relationships, outstanding customer orders and goodwill and right to own and operate its Business; and

(xv) all assets not otherwise identified above that are owned or leased and used or employed by GTMN in connection with the Business.

This Section 1.2(a) and the Schedules referred to herein identify all of the GTMN Purchased Assets that will be conveyed herein by GTMN. If and to the extent that GTI has any interest in any of the GTMN Purchased Assets, then at the Effective Time, GTI shall be deemed to have sold, transferred and assigned all such interests to Purchaser for no additional consideration.

(b) GTMN Retained Assets. GTMN shall retain and the GTMN Purchased Assets shall not include all of its other assets, including the following (collectively, the "GTMN Retained Assets"):

(i) any of GTMN's cash and cash equivalents, including bank accounts and mutual fund accounts;

(ii) any cash securing any Governmental Authorization held by GTMN;

(iii) any deposits under closure bonds in the name of GTMN;

(iv) any Seller Plans (as defined in Section 4.15) (including any Seller Plans listed on Schedule 4.15);

(v) any Tax Returns and Tax records of GTMN and any business records required by law to be retained by GTMN; provided, that such records shall be available to Purchaser to the extent reasonably necessary for its Tax purposes;

(vi) all of GTMN's minute and stock book records;

(vii) any accounts receivable owed to GTMN by any other GTI Group Member or their Affiliates;

(viii) any of GTMN's agreements, Contracts, understandings or business relationships with GTI or any of its Affiliates (other than the other Seller), except for those listed and identified as such on Schedule 1.2(a)(vii));

(ix) shares of stock, equity interests or ownership or debt securities in any other Person;

(x) all rights in the name "GreenMan Technologies of Minnesota," subject to the license described in Section 2.2(c), below; and

(xi) all of GTMN's rights under the MTR Purchase Agreement.

(c) GTMN Assumed Liabilities. Effective at the Effective Time, Purchaser shall assume only (i) the obligations of GTMN existing as of the Effective Time expressly set forth in the Contracts identified on Schedule 1.2(a)(vii), the Governmental Authorizations identified on Schedule 1.2(a)(viii), and the payment obligations for GTMN's trade payables reflected on the Closing Working Capital Statement (as defined in Section 1.4(d)), and any Indebtedness expressly identified on Schedule 1.2(c), none of which will be repaid at Closing, other than (with respect to any of the preceding in this clause (i)) for Liabilities arising out of any violation, breach or non-performance of the terms or obligations thereunder or expenses, costs or payments owing as of the Effective Time or applicable prior to the Effective Time; and (ii) other short term accruals of GTMN expressly identified on the Closing Date Certificate Example to the extent included in Current Liabilities as provided in Section 0 (collectively, the "GTMN Assumed Liabilities" and, together with the GTIA Assumed Liabilities, the "Assumed Liabilities").

(d) GTMN Retained Liabilities. Except for the GTMN Assumed Liabilities, Purchaser does not hereby and shall not assume or in any way undertake to pay, perform, satisfy or discharge any Liabilities of any kind or nature whatsoever of GTMN, GTI or GTIA (except as provided in Section 1.1(c)), existing before, on or after the Effective Time or arising out of any transactions entered into, or any state of facts existing before, on or after the Effective Time, and whether or not related to or arising out of any of the GTMN Purchased Assets (the "GTMN Retained Liabilities"). Without limiting the foregoing, except as set forth on the Closing Working Capital Statement in the amounts set forth therein, the term "GTMN Retained Liabilities" shall include:

(i) Liabilities arising out of or relating to any product shipped or manufactured by, or any services provided by, GTMN in whole or in part, prior to the Closing Date;

(ii) Liabilities of GTMN to any Related Party;

(iii) Liabilities the existence of which constitute a breach of the representations, warranties or covenants of GTMN contained in this Agreement; or for expenses, taxes or fees incident to or arising out of the negotiation, preparation, approval or authorization of this Agreement and the consummation of the Contemplated Transactions, including all legal and accounting fees and all brokers or finders fees or commissions payable by GTMN;

(iv) Liabilities for any Taxes of GTMN, whether or not by reason of, or in connection with, the Contemplated Transactions, including (A) any Taxes arising as a result of GTMN's operation of its business or ownership of the GTMN Purchased Assets prior to the Closing Date, (B) any liability of GTMN for Taxes of any person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise, and (C) any Taxes that will arise as a result of the sale of the GTMN Purchased Assets pursuant to this Agreement;

(v) Liabilities attributable to GTMN Retained Assets; that are incurred outside the ordinary course of business or not consistent with past practice; or that are contingent in nature and not clearly included in the express terms of the Contracts and Governmental Authorizations identified in clause (i) of Section 1.2(c);

(vi) Liabilities to, under or with respect to any Seller Plan or other Benefit Plan and the administration of any Seller Plan, or relating to payroll, vacation, sick leave, workers' compensation, unemployment benefits, disability and occupational diseases of or with respect to employees or former employees of GTMN, under any employment, severance, retention or termination agreement with any employee of GTMN or any of its Related Parties, or arising out of or relating to any employee grievance whether or not the affected employees are hired by Purchaser;

(vii) Except for Indebtedness identified on Schedule 1.2(c), Liabilities of GTMN for or arising out of any Indebtedness, including any Contract giving rise to any Indebtedness;

(viii) Liabilities relating to Legal Proceedings that exist on the Closing Date and any Legal Proceedings that arise after the Closing Date that arise out of transactions entered into, or any state of facts existing, on or before the Closing Date;

(ix) Environmental Liabilities of GTMN arising out of or relating to;

(A) the GTMN Retained Assets or any properties previously owned, leased or operated by GTMN;

(B) any violation of Environmental Laws existing prior to or as of the Closing Date arising from or related to (1) the ownership, use or operation of the Business, any Facility, or any GTMN Purchased Assets; (2) the design, configuration or condition of any equipment or Facilities; (3) the failure to have or to comply with any Governmental Authorization required by Environmental Laws prior to or as of the Closing Date; or (4) the failure to have, maintain or properly operate programs and equipment for monitoring of, or the failure to report in an accurate and timely manner any discharges, emissions, Releases, employee exposures, incidents, or occupational health and safety conditions;

(C) Existing Environmental Conditions, including any such Environmental Liabilities for (1) Environmental Remedial Actions to address Existing Environmental Conditions; (2) claims asserted by any third party (including any employee of GTMN or Purchaser) for bodily injury, death, or property damage allegedly caused by, or arising from exposure to, any Existing Environmental Condition; (3) any natural resource damages arising from any Existing Environmental Condition, and (4) any Liabilities relating to any off-site transportation, treatment, disposal or Release of any Regulated Materials resulting from any Environmental Remedial Action to address Existing Environmental Conditions, whether such Environmental Remedial Action is taken before or after the Closing Date;

(D) the storage, transportation, treatment, disposal, discharge, recycling or Release of any Regulated Material at any Off-Site Location by GTMN on or before the Closing Date, or the arrangement by GTMN for any storage, transportation, treatment, disposal, discharge, recycling, or Release of any Regulated Material at any Off-Site Location on or before the Closing Date; and

(E) any contractual indemnity obligations relating to requirements of Environmental Law or Environmental Liabilities that GTMN has undertaken in connection with the Business or any Facilities;

(x) Liabilities, including penalties, fines, levies and assessments, arising out of any violation or breach of, or noncompliance with, any Contracts, Governmental Authorizations or Legal Requirements by GTMN or any other person acting as agent for or on behalf of GTMN;

(xi) Liabilities of GTMN under the MTR Purchase Agreement.

(e) GTMN Purchase Price. The purchase price for the GTMN Purchased Assets shall be the proportion of the Purchase Price (as defined in Section 1.3(a)) allocated to the GTMN Purchased Assets as provided in Section 1.3(c) plus the assumption of the GTMN Assumed Liabilities (the “GTMN Purchase Price”), as adjusted and payable in accordance with Section 1.3(c) and Section 1.4.

(f) Allocation of the GTMN Purchase Price. The GTMN Purchase Price shall be allocated among the GTMN Purchased Assets in accordance with the allocation set forth on Schedule 1.2(f). GTMN and Purchaser shall report the federal, state and local income and other Tax consequences of the purchase and sale of the GTMN Purchased Assets contemplated hereby in a manner consistent with such allocation and shall not take any position inconsistent therewith upon examination of any Tax Return, in any refund claim, in any litigation, or otherwise unless otherwise required by applicable Legal Requirement. Any Working Capital Adjustment (as defined in Section 1.4(a)) or EBITDA True-Up Amount (as defined in Section 1.4(f)) allocated to the GTMN Purchase Price shall be allocated among the GTMN Purchased Assets consistent with the allocation set forth on Schedule 1.2(f) and shall be binding upon GTMN and Purchaser.

1.3 Purchase Price.

(a) Purchase Price. The aggregate consideration for the Purchased Assets shall be an amount equal to (i) five dollars ($5.00) for each dollar of EBITDA for the Business (as defined in and determined pursuant to Section 1.3(b)) for the twelve (12) month period commencing on October 1, 2007 and ending on September 30, 2008 (the "Measurement Period") (such aggregate amount, the "EBITDA Amount") minus (ii) $492,000 minus (iii) all outstanding Indebtedness identified on Schedules 1.1(c) and 1.2(c) (which will be assumed by Purchaser and not paid at Closing) (the "Assumed Indebtedness"), plus (iv) the assumption of the Assumed Liabilities (such net amount, the "Purchase Price"), adjusted by the Working Capital Adjustment and subject to the EBITDA True-Up in accordance with Section 1.4. The Purchase Price shall be allocated among the Purchased Assets as follows: 41.81% of the Purchase Price shall be allocated to the GTIA Purchased Assets and 58.19% of the Purchase Price shall be allocated to the GTMN Purchased Assets; provided, however, that any Working Capital Adjustment (as defined below) or EBITDA True-Up Amount (as defined below) shall be allocated according to each Seller's proportionate contribution to such Working Capital Adjustment or EBITDA True-Up Amount.

(b) EBITDA. "EBITDA" for the Business means the earnings of the Business from operations before interest, taxes, depreciation and amortization, determined solely in accordance with generally accepted accounting principles ("GAAP") derived from the unaudited segmented income statement for the fiscal year ended September 30, 2008 included in the unaudited segmented financial statements of Sellers at September 30, 2008 and for the fiscal year then ended (the "2008 Segmented Financial Statements"), which GTI shall deliver to Purchaser by October 24, 2008. GTI shall reconcile the 2008 Segmented Financial Statements (in a manner consistent with the reconciliations included in Exhibit J) to the audited consolidated financial statements of GTI and its subsidiaries at September 30, 2008 and for the fiscal year then ended (the "2008 Audited Financial Statements"), which reconciliation GTI shall deliver to Purchaser together with the 2008 Audited Financial Statements by December 12, 2008. EBITDA shall be determined solely and exclusively for the Business as a stand-alone business enterprise. No extraordinary gains or losses under GAAP shall be included in determining EBITDA. EBITDA shall be determined in the ordinary course, consistent with past practice, through the end of the Measurement Period, except that no items of accelerated or prepaid income shall be included, no income from Affiliates of or Related Parties to any GTI Group Member shall be included, no gain or loss on the sale of assets shall be included, no overhead expense allocation of GTI shall be included, and no income outside the ordinary course of Business or not consistent with past practice shall be included. EBITDA shall include the burden of a full year's Gainshare (GTI's bonus program) compensation.

(c) Payment of the Purchase Price. Subject to the terms and conditions herein, the Purchase Price shall be paid as follows:

(i) Deposit. On July 9, 2008, LTS delivered to BNY Mellon, National Association (the "Escrow Agent"), a deposit of Fifty Thousand Dollars ($50,000) (the "Initial Deposit"). At the date of this Agreement, LTS is delivering to the Escrow Agent an additional deposit of Two Hundred and Fifty Thousand Dollars ($250,000) (the "Second Deposit" and, together with the Initial Deposit and all earnings thereon, the "Deposit"). At the Closing, the Deposit shall be applied against payment of the Purchase Price as provided in Section 1.3(c)(ii) below. In the event there is no Closing due to a Seller Fault (as defined below), the parties shall direct the Escrow Agent to deliver the Deposit to LTS. In the event there is no Closing for any reason other than a Seller Fault, the parties shall direct the Escrow Agent to deliver the Deposit to GTI. For the purposes of this Section 1.3(c)(i) the term "Seller Fault" shall mean (A) any misrepresentation by a GTI Group Member the effect of which would have a material adverse effect on the value of the Business or the Purchased Assets, (B) any failure by a GTI Group Member to deliver at any time prior to the Closing any requested documentation or information that would materially adversely affect the value of the Business or the Purchased Assets, (C) a material breach by a GTI Group Member of this Agreement, (D) any failure by a GTI Group Member to cooperate fully and in good faith with the LTS Group Members in connection with their due diligence efforts related to the Contemplated Transactions, (E) any condition or state of facts identified by an LTS Group Member in connection with its due diligence efforts reasonably expected to have a material adverse effect on the value of the Business or the Purchased Assets, (F) failure of a GTI Group Member to obtain all necessary approvals to close or (G) the failure of Purchaser or the GTI Group Members, as applicable, to obtain (x) a Waste Tire Facility Permit from the Minnesota Pollution Control Agency, (y) a Solid Waste Facility License from Scott County Community Development Division, Environmental Health Department and (z) a Permit for Waste Tire Processing from the State of Iowa, Department of Natural Resources, as required for Purchaser to own and operate the Purchased Assets and the Business after the Closing; provided, however, there shall be no "Seller Fault" unless and until LTS notifies GTI of its intent to terminate the transaction due to a Seller Fault, and the applicable GTI Group Member fails to cure (or the parties agree that such GTI Group Member is unable to cure) the Seller Fault to LTS's reasonable satisfaction within five (5) business days following such notice (or as extended by LTS at its sole discretion).

(ii) Closing Payment. At Closing, Purchaser (x) shall direct the Escrow Agent to deliver the Deposit to GTI and (y) shall deliver to GTI (on behalf of Sellers) an amount equal to (A) the EBITDA Amount, minus (B) $492,000, minus (C) Assumed Indebtedness, minus (D) any Indebtedness that will be repaid at Closing by Purchaser on behalf of the GTI Group Members (which excludes Assumed Indebtedness), plus or minus, as applicable, (E) an amount equal to a good faith estimate of the Working Capital Adjustment (unless such estimate is zero), minus (F) each of the Purchase Price True-Up Holdback (as defined below) and the Indemnification Holdback (as defined below), and minus (G) the Deposit (such net amount, the "Closing Payment"), by wire transfer of federal funds to an account specified in writing by GTI at least two (2) business days prior to the Closing. The parties agree to use the Initial EBITDA Statement and the Initial Working Capital Statement for the purposes of determining the Closing Payment, as provided in Section 1.3(vi) below.

(iii) Indebtedness. At Closing, LTS shall repay the Closing Date Repayment Indebtedness on behalf of the GTI Group Members as provided in the payoff letters delivered pursuant to Section 2.2(a)(vii).

(iv) Indemnification Holdback. At Closing, Purchaser shall withhold from delivery of the Purchase Price an amount equal to Five Hundred Thousand Dollars ($500,000) (the "Indemnification Holdback"). Purchaser may setoff and recoup against the Indemnification Holdback any amounts due by GTI Group Members to Purchaser hereunder with respect to any GTI Group Member's indemnification obligations under Article VI. Purchaser shall deliver one-half (1/2) of the Indemnification Holdback, less any Purchaser claims for setoff or recoupment under this Agreement, on the date that is 180 days after the Closing Date (or the next business day if such date is not a business day) by wire transfer of federal funds to accounts to be designated by GTI within three (3) business days prior to payment. The remainder of the Indemnification Holdback not distributed to Purchaser pursuant to this Agreement shall be delivered to GTI (on behalf of Sellers) on the date that is 365 days after the Closing Date (or the next business day if such date is not a business day) by wire transfer of federal funds to accounts to be designated by GTI within three (3) business days prior to payment.

(v) Purchase Price True-Up Holdback. At Closing, Purchaser shall withhold from delivery of the Purchase Price an amount equal to Two Hundred Fifty Thousand Dollars ($250,000) (the "Purchase Price True-Up Holdback" and, together with the Indemnification Holdback, the "Holdback") until the Closing Statements shall have been finalized and the last of the Purchase Price True-Up Amount (as such term is defined in Section 1.4(f)(iii)) is payable. Purchaser may setoff and recoup against the Purchase Price True-Up Holdback any unpaid Purchase Price True-Up Amount then owing by Sellers. Purchaser shall deliver the Purchase Price True-Up Holdback, less any Purchase Price True-Up Amount owing by Sellers under this Agreement, on the date that is three (3) business days following the date that the last of the Closing Statements are finalized by wire transfer of federal funds to accounts to be designated by GTI within three (3) business days prior to payment.

(vi) Initial EBITDA Statement and Initial Working Capital Statement. At least five (5) business days prior to the Closing Date, GTI shall deliver to Purchaser a certificate certified by GTI's Chief Financial Officer in a form consistent with the Closing Date Certificate Example (as defined below) setting forth:

(A) GTI's good faith calculation of EBITDA for the Business (as defined in and determined pursuant to Section 1.3(b)) based on actual results for the Measurement Period, along with a copy of Sellers' proposed Closing EBITDA Statement (the "Initial EBITDA Statement"), and all relevant information and support used in preparing the Initial EBITDA Statement, to be used to determine the Closing Payment, and

(B) GTI's good faith calculation of Working Capital of the Business (as defined and determined pursuant to Section 1.4(c)) as of the Effective Time, along with a copy of Sellers' proposed Closing Working Capital Statement (the "Initial Working Capital Statement"), and all relevant information and support used in preparing the Initial Working Capital Statement, to be used to calculate the estimate of the Working Capital Adjustment and to determine the Closing Payment.

If within two (2) business days following receipt thereof, Purchaser has not given GTI notice of any disagreement with the Initial EBITDA Statement or the Initial Working Capital Statement, they shall be used to determine the Closing Payment. If Purchaser gives notice of such disagreement, the parties will use commercially reasonable good faith efforts to resolve the issues in dispute. If all disputed issues are resolved, the EBITDA and estimated Working Capital Adjustment agreed to by the parties shall be used to determine the Closing Payment. If the parties are unable to resolve all disputed issues within three (3) business days following Purchaser's receipt thereof, the Initial EBITDA Statement and the Initial Working Capital Statement shall be as determined by Purchaser.

(vii) Closing Date Certificate Example. The Closing Date Certificate Example which is Exhibit A to this Agreement (the "Closing Date Certificate Example") contains the parties' agreed upon form of Closing Statements and methodologies for determining EBITDA of the Business and the Closing Date Working Capital based on the Interim Balance Sheet and actual EBITDA results from October 1, 2007 through the Interim Balance Sheet Date. The Initial EBITDA Statement, the Initial Working Capital Statement and the Closing Statements shall be estimated or prepared (as the case may be) in a manner consistent with the Closing Date Certificate Example.

(viii) Delivery of Purchase Price True-Up Amounts. Purchaser or GTI (on behalf of Sellers), as the case may be, shall deliver (or refund, as the case may be) the applicable Purchase Price True-Up Amount by wire transfer of federal funds to an account designated by the other within three (3) business days after such Purchase Price True-Up Amount is finally determined. Purchaser, however, may offset, setoff or recoup from the Purchase Price True-Up Holdback either Purchase Price True-Up Amount that is owed by Sellers to Purchaser. Notwithstanding the foregoing, if one Purchase Price True-Up Amount in favor of Purchaser is due and the other Purchase Price True-Up Amount has not been finally determined at that time, then GTI (on behalf of Sellers) shall pay directly to Purchaser the Purchase Price True-Up Amount that is then due, and the full amount of the Purchase Price True-Up Holdback shall continue to be held by Purchaser to secure the other Purchase Price True-Up Amount.

(d) Withholding. Purchaser will be entitled to deduct and withhold from the Purchase Price any withholding Taxes or other amounts required under the Code or any applicable Legal Requirements to be deducted and withheld. To the extent that any such amounts are so deducted and withheld, such amounts will be treated for all purposes of this Agreement as having been paid to the person or entity in respect of which such deduction and withholding was made.

1.4 Working Capital Adjustment and EBITDA True-Up.

(a) Working Capital Adjustment. The Purchase Price was determined on the basis that Working Capital for the Business as of the Effective Time, derived solely from the Closing Working Capital Statement ("Closing Date Working Capital"), would equal $1,500,000 ("Target Working Capital"). If Closing Date Working Capital (x) is less than Target Working Capital, then the Purchase Price shall be decreased dollar-for-dollar by the amount of such deficiency, or (y) exceeds Target Working Capital, then the Purchase Price shall be increased dollar-for-dollar by the amount of such excess (such adjustment, the "Working Capital Adjustment"). The Working Capital Adjustment shall be without prejudice to the LTS Group Members' rights of indemnification under Section 6.1(b) for any breach by any GTI Group Member of the representations and warranties contained in Article IV (without any right to duplicate damages).

(b) EBITDA True-Up. Simultaneously with determination of the Working Capital Adjustment, Purchaser shall have the right to review and verify the determination of EBITDA used to calculate the Purchase Price through review of the Initial EBITDA Statement, subject to the provisions of this Section 1.4. If as a result of such review process it is determined that the EBITDA amount used to calculate the Purchase Price was incorrect, then the Purchase Price shall be corrected to reflect the proper EBITDA amount as reflected on the Closing EBITDA Statement (the "EBITDA True-Up").

(c) Working Capital. "Working Capital" for the Business shall mean Current Assets minus Current Liabilities as of the Closing Date. "Current Assets" for the Business, shall include only (A) accounts receivable that are less than 90 days old, (B) inventory included in the Purchased Assets, and (C) the unamortized portion of pre-paid expenses (including software license fees (to the extent that Purchaser elects to use such software), annual license fees for vehicles, and insurance premiums) to the extent that they provide commensurate value to Purchaser after the Closing. "Current Liabilities" for the Business, shall include only (A) trade accounts payable, (B) the Transferred Employees' (as defined in Section 3.5) earned and unused vacation that was accrued during such Transferred Employees' employment with Sellers, (C) all severance obligations and change of control payments that may become payable after the Closing as a result of the consummation of the Contemplated Transactions, (D) the estimated cost of processing all unprocessed tires included in the Purchased Assets, and (E) other accrued current liabilities of the Business. "Working Capital" for the Business shall include all items without regard to materiality and shall not include the GTIA Retained Assets or the GTMN Retained Assets (collectively, the "Retained Assets") or the GTIA Retained Liabilities or the GTMN Retained Liabilities (collectively, the "Retained Liabilities"). As an example, if the effective date of the transaction would have been the Interim Balance Sheet Date, then the Closing Working Capital Statement would have been as set forth on the Closing Date Certificate Example.

(d) Preparation of the Closing EBITDA Statement and Closing Working Capital Statement. Within sixty (60) days following the Effective Time, Purchaser shall prepare and deliver to GTI (i) a statement of EBITDA for the Business for the Measurement Period (the "Closing EBITDA Statement"), and (ii) a statement of Working Capital for the Business as of the Effective Time (the "Closing Working Capital Statement" and, together, the "Closing Statements"). The Closing Statements shall be derived solely from the 2008 Segmented Financial Statements and the Interim Balance Sheet, modified in each case to the extent required to be consistent with the definitions of EBITDA and Working Capital. Each Closing Statement shall be prepared and determined in a manner consistent with the classifications, judgments and estimation and calculation methodologies used in the preparation of the Closing Date Certificate Example, and any conflict or ambiguity between this Agreement, the 2008 Segmented Financial Statements and the Closing Date Certificate Example shall be resolved in favor of the Closing Date Certificate Example.

(e) Inventory Observation. The parties shall conduct a physical count and inspection of the inventory of Sellers within five (5) business days before or after the Closing Date. Both parties and their accountants may observe the inventory count, which shall be used as the basis in determining the inventory in the Closing Working Capital Statement.

(f) Closing Payments True-Up Amounts.

(i) EBITDA True-Up Amount. If EBITDA for the Business set forth on the Closing EBITDA Statement after it is finally determined is in excess of or less than the EBITDA for the Business used to calculate the Purchase Price and the Closing Payment set forth in the Initial EBITDA Statement (such difference, the "EBITDA True-Up Amount"), then Purchaser shall pay to GTI the amount of such excess times five dollars ($5.00), or GTI shall pay to Purchaser (or Purchaser may offset, setoff or recoup from the Purchase Price True-Up Holdback the amount that is owed by Sellers to Purchaser) the amount of such deficiency times five dollars ($5.00), as the case may be, in accordance with Section 1.3(c)(viii).

(ii) Working Capital True-Up. If the Working Capital for the Business set forth on the Closing Working Capital Statement after it is finally determined results in a Working Capital Adjustment in excess of or less than the estimated Working Capital Adjustment used to calculate the Closing Payment as set forth in the Initial Working Capital Statement, then Purchaser shall pay to GTI, or GTI shall pay to Purchaser (or Purchaser may offset, setoff or recoup from the Purchase Price True-Up Holdback the amount that is owed by Sellers to Purchaser), as the case may be, that amount necessary to properly reflect a net payment by GTI of the full final Working Capital Adjustment as set forth in the Closing Working Capital Statement (the "Working Capital True-Up Amount"), in accordance with Section 1.3(c)(viii).

(iii) Purchase Price True-Up Amounts. The EBITDA True-Up Amount and the Working Capital True-Up Amount are sometimes referred to herein together as the "Purchase Price True-Up Amounts."

(g) Allocation of the Working Capital Adjustment and EBITDA True-Up Amount. The Working Capital Adjustment and EBITDA True-Up Amount shall be allocated among the GTIA Purchase Price and the GTMN Purchase Price by reference to the source of any Working Capital Adjustment or EBITDA True-Up Amount in the Closing Statements.

(h) Disputes Regarding Working Capital Adjustment or EBITDA True-Up Amount. Purchaser and GTI shall each provide the other with access to all relevant information used in preparing the Closing Statements. GTI shall have sixty (60) days after its receipt of the Closing Statements to dispute the Closing Statements and Working Capital Adjustment and EBITDA True-Up Amount or the Closing Statements and Working Capital Adjustment and EBITDA True-Up Amount shall be deemed to be accepted and final. Any objection notice to any such Closing Statements must state with reasonable specificity the amounts and reasons for disagreement. GTI and Purchaser shall thereafter use commercially reasonable efforts to agree on the disputed amounts and if they are unable to do so within thirty (30) days of receipt by Purchaser of GTI's objection notice, GTI and Purchaser shall promptly engage a mutually agreed upon firm of independent accountants to resolve their dispute. In the absence of prompt agreement on the identity of the independent accountants, the parties shall engage the accounting firm of PricewaterhouseCoopers LLP of Minneapolis, Minnesota to resolve the dispute as soon as practicable. The independent accountants' decisions shall be final, binding and conclusive upon the parties and shall be the parties' sole and exclusive remedy regarding any dispute concerning the Closing Statements and the Working Capital Adjustment and EBITDA True-Up Amount. Purchaser and GTI shall share equally the fees and expenses of the independent accountants.

(i) Interpretation. Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 1.4, together with the provisions of this Agreement giving effect to the Working Capital Adjustment and EBITDA True-Up Amount, shall not be interpreted or construed in any manner that would result in duplication of benefits or obligations.

1.5 Separate Transactions. Each of the GTIA Transaction and the GTMN Transaction (individually, a "Transaction", and collectively, the "Transactions") is independent, separate and discrete from each other Transaction for Tax and accounting purposes and asset conveyance documentation. Notwithstanding such separate treatment, neither Transaction may close without both Transactions closing at the same time.

1.6 Certain Consents. Nothing in this Agreement shall be construed as an attempt to assign any Contract or Governmental Authorization included in the Purchased Assets and as to which all the remedies for the enforcement thereof enjoyed by Sellers would not, as a matter of law, pass to Purchaser as an incident of the assignments provided for by this Agreement, without an applicable Legal Approval or Consent. If any such Legal Approvals or Consents are not obtained prior to Closing, Purchaser shall have the option to forego any one or more of such assignments and not assume the obligations and liabilities under any one or more of such Contracts or Governmental Authorizations (in which case the rights and obligations under such specified Contracts or Governmental Authorizations shall be Retained Assets and Retained Liabilities, respectively), and Sellers shall, at the request and under the direction of Purchaser, in the name of Sellers or otherwise as Purchaser shall specify, take all commercially reasonable action (including the appointment of Purchaser as attorney-in-fact for Sellers) and do or cause to be done all such commercially reasonable things as shall in the reasonable opinion of Purchaser or its counsel be necessary or proper (i) to assure that the rights of Sellers under such Contracts or Governmental Authorizations shall be preserved for the benefit of Purchaser, and (ii) to facilitate receipt of the consideration to be received by Sellers in and under every such Contract or Governmental Authorization, which consideration shall be held for the exclusive benefit of, and shall be delivered to, Purchaser, and Sellers shall continue to use their commercially reasonable efforts to obtain such Legal Approvals and Consents as soon as reasonably possible after Closing. Nothing in this Section 1.6 shall in any way diminish Sellers' obligations hereunder to obtain all Consents or Legal Approvals and to take all such other actions prior to or at Closing as are necessary to enable Sellers to convey or assign valid title to all Contracts and Governmental Authorizations to Purchaser.

ARTICLE II
Closing; Conditions to Closing; Termination

2.1 Closing; Effective Time. The parties to this Agreement shall consummate the purchase and sale of the Purchased Assets, the assumption of the Assumed Liabilities, and the other Contemplated Transactions ("Closing") at the offices of K&L Gates LLP, Henry W. Oliver Building, 535 Smithfield Street, Pittsburgh, PA 15222-6501 on the date that is five (5) business days after satisfaction of the conditions set forth in Sections 2.2(a) and 2.2(b) below or such other date as the parties mutually agree (the "Closing Date"). Closing shall be deemed to take place effective as of 11:59 p.m. on the Closing Date (the "Effective Time"). Title to all Purchased Assets shall pass from Sellers, respectively, to Purchaser at the Effective Time, subject to the terms and conditions of this Agreement. Purchaser assumes no risk of loss to the Purchased Assets prior to the Effective Time.

2.2 Certain Conditions to Close; Closing Deliveries.

(a) Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to proceed with the Closing is subject to the fulfillment prior to or at Closing of the conditions set forth in this Section 2.2(a). Any one or more of these conditions may be waived in whole, or in part, by Purchaser at Purchaser's sole option.

(i) The representations and warranties of the GTI Group Members contained in Article IV shall be accurate and complete, individually and collectively, in all material respects (a) as of the date of this Agreement and (b) as of the Closing Date as if made on the Closing Date (except for those representations and warranties contained in Article IV that relate to a specific date, which representations and warranties shall be accurate and complete in all material respects as of such date). The representations and warranties of the GTI Group Members contained in Article IV that contain an express materiality qualifier shall be accurate and complete, individually and collectively, in all respects (x) as of the date of this Agreement and (y) as of the Closing Date as if made on the Closing Date (except for those representations and warranties contained in Article IV that relate to a specific date, which representations and warranties shall be accurate and complete in all respects as of such date). Each GTI Group Member shall have performed all of the covenants and agreements and complied with all of the provisions required by this Agreement to be performed or complied with, individually and collectively, in all material respects, by such party at or before the Closing Date.

(ii) No Legal Requirement shall be in effect that prohibits or threatens to prohibit the Contemplated Transactions or that would limit or adversely affect Purchaser's ownership of the Purchased Assets or control of the Assumed Liabilities. No Legal Proceeding shall be pending or threatened challenging the lawfulness of the Contemplated Transactions or seeking to prevent or delay any of the Contemplated Transactions, or seeking relief by reason of the Contemplated Transactions. Neither the GTI Group Members nor LTS Group Members shall have received any claim by any Person (written or oral) asserting that any Person other than Sellers (A) is the legal or beneficial owner of the Purchased Assets, (B) has any Encumbrance (other than Permitted Encumbrances) on or Security Rights in the Purchased Assets, or (C) is entitled to all or any portion of the Purchase Price.

(iii) Between the date of this Agreement and the Closing Date, there shall have been no change, event, development or occurrence that has had or would reasonably be expected to have a material adverse effect, regardless of insurance coverage, on the Business or the Purchased Assets, results of operations, Liabilities, or condition, financial or otherwise, of Sellers, taken together as a whole (a "Material Adverse Effect").

(iv) The GTI Group Members shall have delivered a certificate, dated as of the Closing Date, in a form and substance reasonably satisfactory to Purchaser, certifying to the fulfillment of the conditions set forth in Sections 2.2(a)(i) through (a)(iii). The contents of that certificate shall constitute a representation and warranty of the GTI Group Members as of the Closing Date and shall be deemed relied upon by Purchaser and fully incorporated in this Agreement.

(v) Each party shall have received all Legal Approvals necessary or advisable to consummate the Contemplated Transactions. Without limiting the foregoing, Sellers shall have received the Legal Approvals identified on Schedule 4.3. Sellers shall have received all Consents identified on Schedule 2.2(a)(v). Purchaser shall have received all Governmental Authorizations necessary to own and operate the Purchased Assets and the Business, in form and substance reasonably satisfactory to Purchaser.

(vi) Mark Maust shall have executed and delivered to Purchaser the Employment Agreement substantially in the form of Exhibit B to this Agreement.

(vii) Purchaser shall have received copies of the payoff letters received by Sellers from their creditors for all Closing Date Repayment Indebtedness as of the Closing Date, in form and substance reasonably acceptable to Purchaser, stating that all Encumbrances held by such creditors on any Purchased Assets shall be released upon payment of the Closing Date Repayment Indebtedness as provided therein. All other Encumbrances, other than Permitted Encumbrances, on any Purchased Assets shall have been released.

(viii) Purchaser shall have received an estoppel certificate from each lessor of Leased Real Property included in the Purchased Assets, in form and substance reasonably satisfactory to Purchaser, and Purchaser shall have entered into an amended lease with respect to each Business Facility on terms and conditions reasonably satisfactory to Purchaser (including, without limitation, environmental indemnification for all preexisting conditions).

(ix) Each Seller shall provide Purchaser with a certificate, duly executed and acknowledged by an officer of such Seller under penalties of perjury, in the form prescribed by Treasury Regulation Section 1.1445-(2)(b)(2) and reasonably satisfactory to Purchaser, certifying that such Seller is not a “foreign person.”

(x) The stockholders of GTI shall have approved the Contemplated Transactions.

(xi) GTI shall have received the opinion of BCC Advisers, of Des Moines, Iowa as to the fairness of the Purchase Price.

(xii) Purchaser shall have received (A) from Chicago Title Insurance Company (I) leasehold title insurance policies issued to Purchaser with respect to the Leased Real Property being conveyed to Purchaser with such endorsements as may be requested by Purchaser and containing only such exceptions that are acceptable to Purchaser, in its sole and absolute discretion, and (II) lender’s policies issued to Purchaser’s lenders with such endorsements as may be requested by such lenders and containing only such exceptions that are acceptable to such lenders, in their sole and absolute discretion, and (B) an ALTA/ACSM as built survey of each parcel for such Leased Real Property in a form and showing such matters as are acceptable to Purchaser, in its sole and absolute discretion.

(xiii) Purchaser shall have obtained on terms and conditions satisfactory to it funds sufficient to consummate the Contemplated Transactions.

(xiv) Purchaser shall also have received the deliveries referred to in Section 2.2(c). All certificates, opinions and other documents delivered by the GTI Group Members to Purchaser under this Agreement shall be reasonably satisfactory to Purchaser in form and substance.

(xv) Purchaser or the GTI Group Members, as applicable, shall have received (x) a Waste Tire Facility Permit from the Minnesota Pollution Control Agency, (y) a Solid Waste Facility License from Scott County Community Development Division, Environmental Health Department and (z) a Permit for Waste Tire Processing from the State of Iowa, Department of Natural Resources, as required for Purchaser to own and operate the Purchased Assets and the Business after the Closing.

(xvi) Purchaser shall have received (x) the Sublease Agreement for Iowa Parcel I, the form of which is attached hereto as Exhibit C, duly executed by Maust Asset Management Co., LLC, (y) the Real Property Lease for Iowa Parcels G & H, the form of which is attached hereto as Exhibit D, duly executed by Maust Asset Management Co., LLC and (z) the Real Property Lease for Minnesota Location, the form of which is attached hereto as Exhibit E, duly executed by Two Oaks, LLC.

(b) Conditions Precedent to Obligations of the GTI Group Members. The obligation of the GTI Group Members to proceed with the Closing is subject to the fulfillment prior to or at Closing of the conditions set forth in this Section 2.2(b). Any one or more of these conditions may be waived in whole, or in part, by Sellers at Sellers' sole option.

(i) The representations and warranties of the LTS Group Members contained in Article V shall be accurate and complete, individually and collectively, in all material respects (a) as of the date of this Agreement and (b) as of the Closing Date as if made on the Closing Date (except for those representations and warranties contained in Article V that relate to a specific date, which representations and warranties shall be accurate and complete in all material respects as of such date). The representations and warranties of the LTS Group Members contained in Article V that contain an express materiality qualifier shall be accurate and complete, individually and collectively, in all respects (x) as of the date of this Agreement and (y) as of the Closing Date as if made on the Closing Date (except for those representations and warranties contained in Article V that relate to a specific date, which representations and warranties shall be accurate and complete in all respects as of such date). Each LTS Group Member shall have performed all of the covenants and agreements and complied with all of the provisions required by this Agreement to be performed or complied with, individually and collectively, in all material respects, by such party at or before the Closing Date.

(ii) No Legal Requirement shall be in effect that prohibits or threatens to prohibit the Contemplated Transactions. No Legal Proceeding shall be pending or threatened challenging the lawfulness of the Contemplated Transactions, seeking to prevent or delay any of the Contemplated Transactions or seeking relief by reason of the Contemplated Transactions.

(iii) The LTS Group Members shall have delivered a certificate, dated as of the Closing Date, in a form and substance reasonably satisfactory to Sellers, certifying to the fulfillment of the conditions set forth in Sections 2.2(b)(i) and (ii). The contents of that certificate shall constitute a representation and warranty of the LTS Group Members as of the Closing Date and shall be deemed relied upon by Sellers and fully incorporated in this Agreement.

(iv) The Contemplated Transactions shall have been duly authorized by the directors and stockholders of each of the GTI Group Members in compliance with their respective governing documents and applicable Legal Requirements. Without limiting the foregoing, the stockholders of GTI shall have approved the Contemplated Transactions.

(v) The Contemplated Transactions shall have been duly authorized by the managers of LTS.

(vi) Purchaser shall have obtained on terms and conditions satisfactory to it funds sufficient to consummate the Contemplated Transactions.

(vii) Sellers shall also have received the deliveries referred to in Section 2.2(d). All certificates, opinions and other documents delivered by the LTS Group Members to Sellers under this Agreement shall be reasonably satisfactory to Sellers in form and substance.

(viii) Each of the GTIA Transaction and the GTMN Transaction shall close simultaneously on the Closing Date.

(c) Deliveries by Sellers. Sellers shall deliver to Purchaser at Closing: (i) general warranty bills of sale and instruments of assignment to the Purchased Assets, duly executed by each Seller; (ii) assumption agreements, duly executed by each Seller; (iii) assignments of lease to each parcel of Leased Real Property that is subject to a written lease, and title certificates (properly assigned or endorsed) to any motor vehicles and licensed trailers included in the Purchased Assets; (iv) assignments of all transferable or assignable licenses, Governmental Authorizations and warranties relating to the Purchased Assets and of any trademarks, trade names, patents and other intellectual property which are included in the Purchased Assets, duly executed by each Seller; (v) a raw material feedstock Supply Agreement, in the form of Exhibit F to this Agreement, duly executed by Sellers; (vi) a Transition Services Agreement, in the form of Exhibit G to this Agreement, duly executed by each Seller; (vii) licenses, in the form of Exhibit H, duly executed by each Seller, granting the Purchaser the right to use the trade names and trademarks “GreenMan Technologies of Iowa” and “GreenMan Technologies of Minnesota” in connection with the Business in the States of Iowa, Minnesota, Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin; (viii) a good standing certificate for each GTI Group Member from its respective state of incorporation, all relevant documents reasonably requested by the LTS Group Members relating to the authorization by the GTI Group Members to enter into and consummate this Agreement, and legal opinions with respect to such matters (and subject to such qualifications) as are customary in transactions similar to the Contemplated Transactions, from counsel to the GTI Group Members, as may be reasonably requested by the LTS Group Members; (ix) a secretary’s and incumbency certificate of each GTI Group Member, attaching certified copies of their organic documents, and all resolutions of the Board of Directors of each GTI Group Member authorizing the execution and delivery of this Agreement and the performance by it of the Contemplated Transactions; and (x) such other agreements and documents as Purchaser may reasonably request.

(d) Deliveries by Purchaser. Purchaser shall deliver or cause to be delivered to Sellers at the Closing: (i) wire transfers of federal funds equal (in the aggregate) to the Closing Payment (and shall direct the Escrow Agent to deliver the Deposit to GTI pursuant to Section 1.3(c)(ii); (ii) assumption agreements, duly executed by Purchaser; (iii) a raw material feedstock Supply Agreement, in the form of Exhibit F to this Agreement, duly executed by Purchaser; (iv) a Transition Services Agreement, in the form of Exhibit G to this Agreement, duly executed by Purchaser; (v) the licenses described in Section 2.2(c), duly executed by Purchaser; (vi) a good standing certificate for each LTS Group Member from its respective state of organization, all relevant documents reasonably requested by the GTI Group Members relating to the authorization by the LTS Group Members to enter into and consummate this Agreement, and legal opinions with respect to such matters (and subject to such qualifications) as are customary in transactions similar to the Contemplated Transactions, from counsel to the LTS Group Members, as may be reasonably requested by the GTI Group Members; (vii) a secretary's and incumbency certificate of each LTS Group Member, attaching certified copies of their organic documents, and all resolutions of the Board of Managers of each LTS Group Member authorizing the execution and delivery of this Agreement and the performance by it of the Contemplated Transactions; and (viii) such other agreements and documents as Sellers may reasonably request.

2.3 Termination Prior to the Effective Time.

(a) Events of Termination. Subject to Section 1.3(c)(i), this Agreement may be terminated in writing at any time prior to the Effective Time by:

(i) the mutual consent of the parties;

(ii) Purchaser, if any of the conditions specified in Section 2.2(a) shall not have been fulfilled (or if satisfaction becomes impossible) on or before December 31, 2008, and shall not have been waived by Purchaser;

(iii) Sellers, if any of the conditions specified in Section 2.2(b) shall not have been fulfilled (or if satisfaction becomes impossible) on or before December 31, 2008, and shall not have been waived by Sellers;

(iv) Purchaser, if a material breach of any provision of this Agreement has been committed by a GTI Group Member and such breach has not been waived by Purchaser or cured by such GTI Group Member within five (5) business days after receipt of written notice of such breach from Purchaser;

(v) Sellers, if a material breach of any provision of this Agreement has been committed by an LTS Group Member and such breach has not been waived by Sellers or cured by such LTS Group Member within five (5) business days after receipt of written notice of such breach from Sellers;

(vi) the GTI Group Members, subject to complying with the terms of this Agreement, upon the decision by the Board of Directors of any GTI Group Member to enter into a binding written agreement concerning a transaction that constitutes a Superior Proposal, if GTI notifies Purchaser in writing that it intends to enter into such an agreement; provided, however, that the GTI Group Members may not effect such termination unless contemporaneously therewith they pay to Purchaser, by wire transfer of immediately available federal funds to an account designated by Purchaser, the Termination Fee;

(vii) Purchaser, if the Board of Directors of any GTI Group Member shall have taken any of the actions described in the first sentence of Section 3.7(b), or any GTI Group Member has breached or is deemed to have breached any of the material provisions of Section 3.7, in which event the GTI Group Members shall pay to Purchaser, by wire transfer of immediately available federal funds to an account designated by Purchaser, the Termination Fee; and

(viii) Purchaser or GTI, if GTI's shareholders do not approve the Contemplated Transactions at the GTI Shareholders' Meeting; provided, however, that GTI may not effect such termination unless GTI pays to Purchaser, by wire transfer of immediately available federal funds to an account designated by Purchaser, within three (3) business days following the later of such termination and the receipt of LTS's demand, the documented legal fees and other out-of-pocket costs actually incurred by the LTS Group Members with respect to the Contemplated Transactions, up to a maximum of $150,000.

Subject to Section 1.3(c)(i), if either party terminates this Agreement for any reason other than described in clauses (i), (vi), (vii) and (viii) of the preceding sentence, Purchaser and Sellers shall be liable to the other for any material breach of this Agreement by such party which breach led to such termination. Subject to Section 1.3(c)(i) and clauses (vi), (vii) and (viii) of the second preceding sentence, if the closing hereunder does not occur on or before December 31, 2008, and neither party's material breach of this Agreement was the cause of the failure to close by that date, then neither party shall have any liability to the other party under this Agreement, and this Agreement shall terminate.

(b) Exception. As provided above, if (i) any GTI Group Member terminates this Agreement under Section 2.3(a)(vi), or (ii) Purchaser terminates this Agreement under Section 2.3(a)(vii), then, in the case of any such termination described in clause (i) or clause (ii) of this sentence, within three (3) business days following such termination, the GTI Group Members shall pay to Purchaser in cash by wire transfer in immediately available funds to an account designated by Purchaser a termination fee in an amount equal to four percent (4%) of the Purchase Price (the "Termination Fee"). The Termination Fee constitutes liquidated damages, because calculation of actual damages would be speculative, and the Termination Fee represents the parties' reasonable estimate of actual damages.

ARTICLE III
Certain Covenants

3.1 Restrictive Covenants.

(a) Noncompetition Covenant. The GTI Group Members acknowledge that Sellers have sold substantially all of the operating assets together with the goodwill of the Business to Purchaser. For a period of five (5) years from and after the Effective Time, provided, that Purchaser (or Purchaser's successor) continues to operate the Business in the specified geographic area identified below for such five (5) year period, no GTI Group Member or their Affiliates shall directly or indirectly (i) own, manage, operate, join, control or participate in the ownership, management, operation or control of, or be employed or otherwise connected as an agent, security holder, consultant, stockholder, subsidiary, partner or otherwise with, any person, firm, corporation or business that engages in any activity that is the same as, similar to, or competitive with the Used Tire Business, anywhere within the states of Iowa, Minnesota, Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin (the "Territory") or (ii) sell crumb rubber to any Person who is a customer of the Business as of the date of this Agreement; provided, however, that such covenant shall not prohibit the GTI Group Members or any of their Affiliates from purchasing tire derived feedstock for manufacturing, marketing, selling and otherwise dealing with end-products (excluding tire derived mulch and crumb rubber for fields) and alternative fuel and energy made from or containing used tires, tire shreds, tire chips, crumb rubber and any other byproducts of used tires. "Used Tire Business" means the collection, disposal, shredding, processing, recycling or sale of used tires including without limitation the production of tire derived fuel chips, tire derived mulch, tire shreds, crumb rubber and other tire derived feedstock.

(b) Nonsolicitation Covenants. For a period of five (5) years from and after the Effective Time, no GTI Group Member shall, directly or indirectly: (i) solicit the business related to the Used Tire Business within the Territory of any Person who is a customer of Sellers at the Closing Date; (ii) cause, induce or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant or other business relation of Purchaser to cease doing business related to the Used Tire Business with Purchaser, to deal with any competitor of Purchaser related to the Used Tire Business or in any way interfere with its relationship with Purchaser related to the Used Tire Business; (iii) cause, induce or attempt to cause or induce any customer, supplier, licensee, licensor, franchisee, employee, consultant or other business relation of Sellers on the Closing Date or within the year preceding the Closing Date to cease doing business related to the Used Tire Business with Purchaser, to deal with any competitor of Purchaser related to the Used Tire Business or in any way interfere with its relationship with Purchaser related to the Used Tire Business; or (iv) hire, retain or attempt to hire or retain any employee or independent contractor of Purchaser or its Affiliates related to the Used Tire Business or in any way interfere with the relationship between Purchaser and any of its employees or independent contractors in connection with the Used Tire Business. Notwithstanding the foregoing, nothing in this Section 3.1(b) shall prohibit any GTI Group Member (x) from causing or inducing any customer, supplier, licensee, licensor, franchisee, consultant or other business relation of Purchaser to conduct business with such GTI Group Member outside of the Territory; or, (y) from placing employment advertisements in newspapers of general circulation or posting such advertisements on Web sites accessible to the general public, subject to the restriction set forth in clause (iv) above.

(c) Tax Clearance Certificate. Upon request of Purchaser, Sellers shall take all actions necessary to comply with any applicable tax clearance certificate procedures in connection with the Contemplated Transactions.

(d) Enforcement. The restrictive covenants contained in this Section 3.1 are covenants independent of any other provision of this Agreement and the existence of any claim that any GTI Group Member may allege against any LTS Group Member, whether based on this Agreement or otherwise, shall not prevent the enforcement of these covenants. Each GTI Group Member agrees that Purchaser's remedies at law for any breach or threat of breach by any GTI Group Member of the provisions of this Section 3.1 will be inadequate, and Purchaser shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Section 3.1 and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which Purchaser may be entitled at law or equity. In the event of litigation regarding the covenant not to compete contained in Section 3.1(a), the prevailing party in such litigation shall, in addition to any other remedies the prevailing party may obtain in such litigation, be entitled to recover from the other party its reasonable legal fees and out of pocket costs incurred by such party in enforcing or defending its rights hereunder. The length of time for which such covenant not to compete shall be in force shall not include any period of violation or any other period required for litigation during which Purchaser seeks to enforce such covenant. Should any provision of this Section 3.1 be adjudged to any extent invalid by any competent tribunal, such provision shall be deemed modified to the minimum extent necessary to make it enforceable.

3.2 Certain Tax and Other Matters.

(a) Tax Indemnification. Each GTI Group Member shall jointly and severally indemnify Purchaser and its Affiliates and hold them harmless from and against any loss, claim, liability, expense, or other damage attributable to: (i) all Taxes of Sellers (including, without limitation, all Taxes of Sellers resulting from the Contemplated Transactions); and (ii) all Taxes of any member of an affiliated, combined or unitary group of which any Seller is or was a member including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar provision of state, local or foreign law (including, without limitation, any such Taxes resulting from the Contemplated Transactions). Each LTS Group Member shall jointly and severally indemnify Sellers and their Affiliates and hold them harmless from and against any loss, claim, liability, expense, or other damage attributable to all Taxes of Purchaser (including, without limitation, all Taxes of Purchaser resulting from the Contemplated Transactions).

(b) Straddle Period. The portion of real and personal property Taxes attributable to any of the Purchased Assets ("Property Taxes") for any taxable period which includes, but does not end on, the Closing Date (a "Straddle Period") shall be apportioned between the portion of such taxable period through the end of the Closing Date (the "Pre-Closing Period") and the portion of such taxable period beginning on the day after the Closing Date (the "Post-Closing Period") as provided in this Section 3.2(b). The portion of any such Straddle Period Property Tax attributable to the Pre-Closing Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the taxable period ending on the Closing Date and the denominator of which is the total number of days in the relevant Straddle Period. The GTI Group Members shall be jointly and severally liable for and shall hold Purchaser and its Affiliates harmless against the portion of any such Straddle Period Property Taxes apportioned to the Pre-Closing Period in accordance with this Section 3.2(b). The LTS Group Members shall be jointly and severally liable for and shall hold the Sellers and their Affiliates harmless against the portion of any such Straddle Period Property Taxes apportioned to the Post-Closing Period in accordance with this Section 3.2(b). The GTI Group Members shall pay to Purchaser or the LTS Group Members shall pay to the Sellers, as the case may be, any portion of Straddle Period Property Taxes for which they are liable pursuant to this Section 3.2(b) within five (5) days of their receipt of written notice of the amount of such Straddle Period Property Taxes attributable to the relevant period.

(c) Transfer Taxes. The sales, use or transfer Tax Returns required by reason of the transfer of the Purchased Assets shall be timely prepared and filed by the party primarily or customarily responsible under applicable law for filing such sales, use or transfer Tax Returns. The parties agree to cooperate in good faith with each other in connection with the preparation and filing of such Tax Returns, in obtaining all available exemptions from such sales, use and transfer Taxes and in timely providing each other with resale certificates and any other documents necessary to satisfy any such exemptions. All such sales, use or transfer Taxes required to be paid by reason of the transfer of Purchased Assets hereunder shall be paid one-half by Purchaser and one-half by GTI, and Purchaser or GTI, as the case may be, shall indemnify and hold harmless the other party from any loss, claim, liability, expense, or other damage attributable to the failure of Purchaser or GTI, as the case may be, to pay one-half of such Taxes.

(d) Mutual Cooperation. Purchaser and Sellers shall each assist the other, as may reasonably be requested by either of them, with the preparation of any Tax Return, any Tax audit, or any judicial or administrative proceedings relating to any Tax. In addition, each party shall retain and provide the other with any records or information that may be relevant to such Tax Return, Tax audit, proceeding or determination. The party requesting assistance under this Section 3.2(d) shall reimburse the party providing assistance for direct expenses incurred in providing such assistance.

3.3 Covenants Prior to the Effective Time.

(a) Conduct of Business. Between the date of this Agreement and the Effective Time, unless Purchaser otherwise consents in writing, the GTI Group Members shall conduct the affairs of Sellers and the Business as follows:

(i) Ordinary Course; Compliance. The Business shall be conducted only in the ordinary course and consistent with past practice. Without limiting the foregoing, Sellers shall not accelerate any income or defer any expenses that would increase EBITDA during the remainder of the Measurement Period in any manner inconsistent with historical results or that would in any way cause EBITDA to be unsustainable after the Measurement Period. Sellers shall maintain the Purchased Assets and Assumed Liabilities consistent with past practice and shall use commercially reasonable efforts to comply in a timely fashion with the provisions of all Contracts, Governmental Authorizations and Legal Requirements applicable to Sellers and the Business. Sellers shall use commercially reasonable efforts to keep the Business organization intact, keep available the services of their present employees and preserve the goodwill of their suppliers, customers and others having business relations with Sellers. Sellers shall maintain in full force and effect the policies of insurance disclosed on Schedule 4.17, subject only to variations required by the ordinary operations of the Business. In the alternative, Sellers shall obtain prior to the lapse of any such policy substantially similar coverage with insurers of recognized standing.

(ii) Transactions. Sellers shall not: (A) enter into or amend any Contract or Governmental Authorization, the performance of which may extend beyond the Closing, except in the ordinary course of business consistent with past practice; (B) enter into or amend any employment or consulting contract with any employee of a Seller that is not terminable at will and without penalty or continuing obligation; (C) knowingly fail to pay any Tax or any other Liability or charge when due, other than charges contested in good faith by appropriate proceedings and brought to the attention of Purchaser; (D) intentionally take any action or omit to take any action that will cause a breach or termination of any Contract or Governmental Authorization, other than termination by fulfillment of its terms in the ordinary course of business; (E) allow the levels of inventory or raw materials, supplies or other materials included in the inventories to vary materially from the levels customarily maintained; (F) enter into any compromise or settlement of any material litigation, proceeding or governmental investigation relating to the Business; or (G) take any action that is likely to result in the occurrence of any event described in Section 4.8 or cause the breach or inaccuracy of any other representation and warranty in Article IV as of the date of this Agreement or on the Closing Date. Sellers shall confer with Purchaser prior to implementing operational decisions of the Business of a material nature.

(iii) Access, Information and Documents. Sellers shall give to Purchaser and to Purchaser's employees, representatives and agents (including accountants, actuaries, financial advisors, attorneys, environmental consultants and engineers) access during normal business hours to all of the properties, books, Tax Returns, Contracts, commitments, records, officers, other personnel and accountants (including independent public accountants and their audit workpapers concerning Sellers) of the Business. Sellers shall furnish to Purchaser all such documents and copies of documents and all information with respect to the properties, Liabilities, financial position and performance and affairs of Sellers and the Business as Purchaser may reasonably request. To the extent required by the LTS Group Members' lenders, Purchaser shall have the right to have the Leased Real Property and tangible personal property included in the Purchased Assets inspected by Purchaser, at Purchaser's sole cost and expense, for purposes of determining the physical condition and legal characteristics of the Leased Real Property and tangible personal property. In the event subsurface or other invasive testing is recommended by any representatives of Purchaser, Purchaser shall be permitted to have the same performed.

3.4 Fulfillment of Conditions and Agreements Prior to Closing; Legal Approvals; Consents. Each party shall cooperate with the others and use commercially reasonable efforts to take, or cause to be taken, all action and do, or cause to be done, all things necessary, proper or advisable, including making or obtaining any and all Legal Approvals or Consents, to consummate and make effective the Contemplated Transactions, including making all filings under applicable Legal Requirements. Without limiting the foregoing, prior to the Closing, each of the GTI Group Members shall take all actions and do all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Contemplated Transactions and to cooperate with others in connection with the foregoing, including using its reasonable commercial efforts to: (a) secure all Legal Approvals and Consents from Governmental Bodies or third parties as may be required in order to enable Sellers and Purchaser to effect the Contemplated Transactions and to enable Purchaser to conduct the Business in substantially the same manner as it was conducted prior to the Closing Date; (b) lift or rescind any injunction or restraining order against the Contemplated Transactions; (c) effect any necessary registrations and filings; and (d) fulfill the conditions to Closing within the reasonable control of the parties.

(b) Publicity. No party or any of its respective Affiliates shall issue any press release or otherwise make any announcements to the public regarding this Agreement or the Contemplated Transactions without the prior written consent of GTI and LTS, which consent shall not be unreasonably withheld or delayed, except as required by any applicable Legal Requirements or in connection with GTI's Shareholders' Meeting. Unless required by applicable Legal Requirements, each party and its respective Affiliates shall keep this Agreement and its contents strictly confidential. The GTI Group Members and Purchaser shall consult concerning the means by which the employees, customers, suppliers and others having dealings with Sellers will be informed of the transactions contemplated hereby, and the GTI Group Members shall use their commercially reasonable efforts to permit Purchaser to be present for and to speak at information meetings with the employees of Sellers.

(c) Confidentiality; Privilege. From and after the date hereof and prior to Closing, each party shall maintain in confidence, and each party shall cause its agents, representatives and Affiliates to maintain in confidence, and no party shall use to the detriment or competitive disadvantage of another party or Affiliate, any and all Confidential Information exchanged in connection with this Agreement or the Contemplated Transactions. The foregoing covenants shall not apply to the extent necessary or appropriate in making any filing or obtaining any Consent or Legal Approval required for the consummation of the Contemplated Transactions. After Closing, (i) the GTI Group Members shall maintain in confidence, and shall not use to the competitive disadvantage of Purchaser or its Affiliates, any Confidential Information related to or arising out of the Business and (ii) the LTS Group Members shall maintain in confidence, and shall not use to the competitive disadvantage of GTI or its Affiliates, any Confidential Information of GTI and its Affiliates that is not related to or arising out of the Business, the Purchased Assets or the Assumed Liabilities.

3.5 Transferred Employees. Sellers shall terminate all of their employees effective as of the Closing. Immediately after the Closing (or prior to, but contingent upon the Closing), Purchaser shall extend offers of employment to all such full-time employees of Sellers on such terms and conditions that are, in the aggregate, substantially similar to the terms and conditions of their positions prior to the Closing, such that the notice requirements of the WARN Act are not triggered by the Contemplated Transactions, subject to reasonable and customary pre-employment screenings, which screenings may commence prior to Closing in order to facilitate employment by the Purchaser upon Closing. All such employees that actually accept Purchaser's offer of employment shall be referred to herein as the "Transferred Employees." Except for those Liabilities and obligations with respect to the Transferred Employees specifically included in the Assumed Liabilities, Purchaser shall not assume any Liability for any employment or benefit related obligations for any employees of Sellers (including the Transferred Employees) other than COBRA obligations for which Purchaser is liable pursuant to Code Section 4980B and ERISA Section 602 and the applicable regulations. The parties agree to utilize, or cause their respective Affiliates to utilize, the standard procedure set forth in Rev. Proc. 2004-53 with respect to wage reporting. Purchaser shall comply with all provisions of the WARN Act, if applicable, in the event of a plant closing or mass layoff after the Closing.

3.6 Further Assurances. Purchaser and the GTI Group Members agree that, from time to time, at or after Closing, each of them will execute and deliver such further instruments of conveyance and transfer and take such other action as may be reasonably necessary to carry out the purpose and intent of this Agreement and to put Purchaser in actual possession and control of the Purchased Assets. Without limiting the foregoing, if and to the extent that any Governmental Authorizations of Sellers may not be assigned to Purchaser hereunder, then Sellers would make commercially reasonable efforts (but at the expense of Purchaser) to assist Purchaser in obtaining alternative Governmental Authorizations. Upon transfer of the Governmental Authorizations or receipt of new Governmental Authorizations, any cash deposits held to secure such Governmental Authorizations (or related closure bonds) would be released to Sellers.

3.7 Exclusivity.

(a) Exclusivity; Superior Proposal. The GTI Group Members shall not and shall cause their representatives not to, directly or indirectly, and shall use their respective best efforts to cause their officers, directors, employees, legal counsel, investment bankers and financial or other advisers not to (i) solicit, initiate, or encourage any inquiries or proposals regarding any Acquisition Proposal or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information in respect of, or take any other action to facilitate, any Acquisition Proposal or any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Acquisition Proposal; provided, however, that nothing contained in this Section 3.7(a) shall prohibit the Board of Directors of the GTI Group Members from complying with the requirements of Rule 14e-2(a) under the Exchange Act, if applicable, with respect to an Acquisition Proposal or any other applicable Legal Requirement or furnishing any information to, or entering into discussions or negotiations with, any person that makes an unsolicited bona fide Acquisition Proposal if, and only to the extent that, (A) the Board of Directors of each GTI Member, after consultation with outside legal counsel, determines in good faith that the failure to take such action would be a breach of its fiduciary duties under applicable law and (B) the Board of Directors of the GTI Group Members determine in good faith that such Acquisition Proposal may lead to a transaction that would, if consummated, result in a transaction more favorable to the GTI Group Members' shareholders from a financial point of view than the Contemplated Transactions (any such more favorable Acquisition Proposal, a "Superior Proposal"). GTI shall notify Purchaser of any Acquisition Proposal (including the material terms and conditions thereof and the identity of the person making it) as promptly as practicable after its receipt thereof. GTI shall keep Purchaser informed of any material changes (including material amendments) to any such Acquisition Proposal. The GTI Group Members shall immediately cease and terminate, and shall immediately cause its Affiliates and their respective officers, directors, employees, legal counsel, investment bankers and financial or other advisers to cease and terminate, any existing activities, discussions or negotiations with any parties conducted heretofore in respect of any possible Acquisition Proposal and shall demand the immediate return of all confidential information previously provided to such third parties. Without limiting the foregoing, the GTI Members understand and agree that any violation of the restrictions set forth in this Section 3.7(a) by any director or officer of the GTI Members, or their respective Affiliates, or any financial advisor, attorney or other representative of any of the foregoing, shall be deemed a breach of this Section 3.7(a) by the GTI Members.

(b) No Right to Withdraw. The Boards of Directors of the GTI Group Members shall not (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Purchaser, the approval or recommendation by such Boards of Directors of the Contemplated Transactions, (ii) approve, adopt or recommend, or propose to approve, adopt or recommend, an Acquisition Proposal, or (iii) approve or recommend, or propose to approve or recommend, or cause or permit any the GTI Group Members to enter into, any letter of intent, agreement in principle, memorandum of understanding, acquisition agreement or other agreement with respect to an Acquisition Proposal; provided, however, that the Board of Directors of the GTI Group Members may take such actions if (A) the Board of Directors of the GTI Group Members, after consultation with outside legal counsel, determines in good faith that the failure to take any such action would be a breach of its fiduciary duties under applicable law, (B) the Board of Directors of the GTI Group Members determine in good faith that the applicable Acquisition Proposal is a Superior Proposal and (C) prior to taking any such action, GTI provides four days' prior written notice to Purchaser of its intent to take any such action.

3.8 GTI's Stockholders' Meeting; Proxy Statement.

(a) Stockholders' Meeting. As soon as practicable following the execution of this Agreement, GTI shall duly call, give notice of, convene and hold a meeting of GTI's stockholders for the purpose of considering resolutions authorizing the Contemplated Transactions (the "GTI Stockholders' Meeting"). Unless this Agreement has been terminated pursuant to Section 2.3, GTI shall hold the GTI Stockholders' Meeting regardless of whether there is a Superior Proposal. Subject to Section 3.7, GTI shall, through its Board of Directors, in the Proxy Statement (as defined below) state that GTI's Board of Directors has approved this Agreement and the Contemplated Transactions and recommend that all of its stockholders vote in favor of adopting resolutions authorizing this Agreement and the Contemplated Transactions. Subject to Section 3.7, GTI will use commercially reasonable efforts to solicit from its stockholders proxies in favor of the adoption of resolutions authorizing this Agreement and the Contemplated Transactions and will take all other action necessary or advisable to secure the vote or consent of its stockholders in accordance with applicable Legal Requirements.

(b) Proxy Statement. As promptly as practicable following the date of this Agreement (but in any event within twenty (20) business days thereafter unless the parties shall otherwise agree), GTI shall prepare (in consultation with LTS) and file with the SEC the preliminary proxy statement relating to the adoption of resolutions authorizing the Contemplated Transactions by GTI's stockholders (as amended or supplemented from time to time, the "Proxy Statement"). GTI shall use commercially reasonable efforts to cause the Proxy Statement to comply with all applicable Legal Requirements. Each of the GTI Group Members shall use its respective commercially reasonable efforts to respond as promptly as practicable to any comments of the SEC with respect to the Proxy Statement, and GTI shall use its commercially reasonable efforts to cause the definitive Proxy Statement to be mailed to GTI's shareholders as promptly as reasonably practicable after the date of this Agreement. Purchaser makes no representation or warranty with respect to, and assumes no responsibility for, the Proxy Statement.

3.9 Internet Sites. Within thirty (30) days after Closing, the GTI Group Members shall remove all information from Internet sites owned or used by them relating to Sellers, except that for a period of one (1) year, GTI shall include in its Internet sites a link to the Purchaser's sites in respect of such names.

3.10 Voting Agreement. On the date hereof, Sellers shall deliver to Purchaser a Voting Agreement, in the form of Exhibit I to this Agreement, duly executed by GTI and each director and officer of GTI, pursuant to which such directors and officers shall covenant and agree to vote all of the capital stock of GTI held by them in favor of the approval of this Agreement and of the Contemplated Transactions.

ARTICLE IV
Representations and Warranties of
The GTI Group Members

The GTI Group Members, jointly and severally, represent and warrant to the LTS Group Members as of the date of this Agreement and as of the Effective Time, the matters set forth in this Article IV.

4.1 Organization; Qualification. GTI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. GTIA is a corporation duly organized, validly existing and in good standing under the laws of the State of Iowa. GTMN is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota. Each GTI Group Member has the corporate power and authority to operate, own and lease its properties, perform its obligations under the Contracts to which it is a party and its Governmental Authorizations, and to operate the Business. Except as would not reasonably be expected to have a Material Adverse Effect, each Seller is duly qualified and in good standing as a foreign corporation and is duly authorized to transact business in each jurisdiction where the character of the properties owned or leased by it or the nature of the activities conducted by it make such qualification and good standing necessary. All such jurisdictions are identified on Schedule 4.1. Each of GTIA and GTMN is a wholly owned subsidiary of GTI.

4.2 Enforceability. This Agreement has been duly executed and delivered by the GTI Group Members, and, assuming the due authorization, execution and delivery hereof by the LTS Group Members, constitutes the legal, valid and binding obligation of such GTI Group Members, and each other agreement contemplated hereby to be executed by any GTI Group Member, when so executed and delivered, will be duly executed and delivered by such GTI Group Members that are parties thereto, and, assuming the due authorization, execution and delivery thereof by the LTS Group Members, will constitute the legal, valid and binding obligations of such GTI Group Members, enforceable in each case against them in accordance with their respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by general principles of equity.

4.3 No Violation of Laws or Agreements; Legal Approvals; Consents. Except for the Consents identified on Schedule 4.3, the execution and delivery of this Agreement and each other agreement contemplated hereby to be executed by any GTI Group Member and the consummation and compliance with the Contemplated Transactions by any GTI Group Member shall not, directly or indirectly (with or without notice or the lapse of time or both), (a) contravene, conflict with, result in a breach of, constitute a default or an event of default under any Contract or Governmental Authorization to which any GTI Group Member is a party or by which any of their respective assets may be bound or affected; or (b) violate, or give any Person the right to obtain any relief or exercise any remedy under, any Legal Requirement to which any GTI Group Member is subject, or by which any of their respective assets may be bound or affected, or give any Person the right to challenge any of the Contemplated Transactions. Except for the approval of the Contemplated Transactions by GTI's stockholders at the Stockholders' Meeting (including, without limitation, the filing with the United States Securities and Exchange Commission (the "SEC") of preliminary and definitive forms of the Proxy Statement, the filing of one or more Current Reports on Form 8-K with the SEC and such filings as may be required pursuant to the rules and regulations of the Over-The-Counter-Bulletin-Board (the "OTC")) or as described on Schedule 4.3, no GTI Group Member is required to make, give or obtain any Legal Approvals or Consents in connection with the execution, delivery or performance by any GTI Group Member of this Agreement and such other agreements contemplated hereby or the consummation by any GTI Group Member of the Contemplated Transactions.

4.4 Business; Assets.

(a) Business. GTIA leases and operates the Des Moines Facility. GTIA has never conducted any business of any kind or nature whatsoever other than the Business at the Des Moines Facility. GTMN leases and operates the Savage Facility. GTMN has never conducted any business of any kind or nature whatsoever other than the Business at the Savage Facility. All of the factual information contained in the second paragraph of the recitals beginning on page one of this Agreement is incorporated herein by reference and is true and correct in all respects.

(b) Assets. All of the material tangible personal assets used in the Business are owned by Sellers and are comprised of the assets identified in Sections 1.1(a)(ii) through 1.1(a)(v) and Sections 1.2(a)(ii) through 1.2(a)(v) or are subject to lease agreements identified on Schedule 4.9, are in good operating condition and repair, normal wear and tear excepted, are adequate for the uses to which they are being put and will be, as of the Effective Time, sufficient for the continued conduct of the Business after the Effective Time in substantially the same manner as conducted prior to the Effective Time. Neither GTI nor its Affiliates (other than GTIA and GTMN) owns, uses or leases any tangible or intangible assets used in the Business. Neither GTI nor its Affiliates (other than GTIA and GTMN) owns or possesses any books and records, Governmental Authorizations, or Contracts related to the Business necessary for the continued conduct of the Business after the Effective Time in substantially the same manner as conducted prior to the Effective Time. None of the Purchased Assets is subject to any Encumbrances of any kind or nature whatsoever, other than Permitted Encumbrances and the Encumbrances identified on Schedule 4.4(b). All of the Purchased Assets are located at the locations identified on Schedule 4.14.

(c) Title. Sellers have good, marketable and exclusive title to, or a valid leasehold or licensee interest in, all of the Purchased Assets, free and clear of all Encumbrances and Liabilities other than Permitted Encumbrances and the Encumbrances identified on Schedule 4.4(b).

(d) Inventory; Receivables. All of Sellers' inventory of crumb rubber included in the Purchased Assets is properly packaged and saleable at normal profit margins as crumb rubber in the ordinary course of business. All of Sellers' inventory of crumb rubber, tire-derived feedstock, leachate, rims and tubes, scrap steel, scrap wire and culled tires included in the Purchased Assets can reasonably be expected to be consumed in the ordinary course of business. All of Sellers' accounts receivable arose from bona fide sales by Sellers, are not subject to any counterclaims, defenses or set-offs, or are otherwise in dispute, and, except to the extent of the recorded reserve for doubtful accounts specified in the Financial Statements, all of the accounts receivables are collectible in the ordinary course of business and will be fully collected without setoff within ninety (90) days after having been created using commercially reasonable efforts (excluding litigation and assignment to a collection agency).

(e) Services and Transition Matters. Schedule 4.4(e) identifies all of the services provided by GTI and its other Affiliates to Sellers or the Business. Provided that Purchaser operates the Business with services similar to those services described on Schedule 4.4(e), there are no transitional services of GTI and its other Affiliates that will be necessary for Purchaser to continue to operate the Business immediately after the Closing Date in the same manner as it is currently operating.

4.5 Records; Financial Statements; Indebtedness; EBITDA; Solvency; Public Filings.

(a) Records. The books of account and related records of Sellers reflect accurately and in reasonable detail the Purchased Assets and Assumed Liabilities. The books of account of Sellers represent actual, bona fide transactions and have been maintained in accordance with sound business practices, including the maintenance of adequate internal controls. The minute books of each Seller for the past three (3) years contain reasonably complete records of all meetings held of, and corporate action taken by, the Stockholders, the Board of Directors of such Seller, and committees of the Board of Directors of such Seller.

(b) Financial Statements. Exhibit J to this Agreement are the audited consolidated balance sheets, income statements, and statements of cash flows for GTI and its subsidiaries at September 30, 2005, September 30, 2006 and September 30, 2007, and for the fiscal years then ended, together with the footnotes and the reports thereon of Wolf & Company, P.C. (with respect to the financial statements as of and for the fiscal years ended September 30, 2005 and September 30, 2006) or Schechter, Dokken, Kanter, Andrews & Selcer, Ltd. (with respect to the financial statements as of and for the fiscal year ended September 30, 2007), and the unaudited segmented financial statements for Sellers for the same dates and periods reconciled to the audited reports (such reconciliations being separately disclosed in Exhibit J) (the "Segmented Financial Statements"), and the unaudited interim balance sheet, income statement, and statement of cash flows for Sellers at June 30, 2008, and for the period then ended (collectively, the "Financial Statements"). The Segmented Financial Statements: (i) are correct and complete in accordance with the books of account and records of Sellers; (ii) have been prepared in accordance with GAAP on a consistent basis throughout the indicated periods, except that the Segmented Financial Statements contain no footnotes (that, if presented, would not materially differ from those included in the audited year-end financial statements referred to above or in the Interim Balance Sheet, as the case may be) or year-end adjustments (the effect of which will not, individually or in the aggregate, be materially adverse); and (iii) present fairly the financial condition, assets and Liabilities and results of operations, and cash flows of the Business at the dates and for the relevant periods indicated in accordance with GAAP on a basis consistently applied (except for the

absence of such footnotes). The 2008 Segmented Financial Statements, when delivered to LTS will: (i) be correct and complete in accordance with the books of account and records of Sellers; (ii) have been prepared in accordance with GAAP on a consistent basis throughout the indicated period (except that the 2008 Segmented Financial Statements will contain no footnotes that, if presented, would not materially differ from those included in the 2008 Audited Financial Statements); and (iii) present fairly the financial condition, assets and Liabilities and results of operations, and cash flows of the Business at the date and for the relevant period indicated in accordance with GAAP on a basis consistently applied (except for the absence of such footnotes). Sellers have also delivered to Purchaser copies of all letters from GTI's auditors to the Board of Directors of GTI or the audit committee thereof applicable to the Business during the thirty-six (36) months preceding the execution of this Agreement, together with copies of all responses thereto. All references in this Agreement to the "Interim Balance Sheet Date" mean June 30, 2008, and to the "Interim Balance Sheet" mean balance sheet for the Business dated June 30, 2008 which is Exhibit K to this Agreement. The Working Capital of Seller at June 30, 2008, as determined by reference to the Interim Balance Sheet was $2,183,040. The accounting controls of the GTI Group Members are sufficient to provide reasonable assurances that (i) all transactions are executed in accordance with the GTI Group Members' management's general or specific authorization and (ii) all transactions are recorded as necessary to permit the accurate preparation of financial statements in accordance with GAAP.

(c) Guarantees; Indebtedness. Schedule 4.5(c) identifies all outstanding guarantees, letters of comfort, letters of assurance, letters of credit, performance bonds, assurance bonds, surety agreements, indemnity agreements and any other legally binding forms of assurance or guaranty in connection with the Business; whether or not issued by GTI, Sellers, a Related Party or other person ("Third-Party Guaranty Arrangements"). Schedule 4.5(c) separately discloses all Indebtedness of Sellers as of June 30, 2008.

(d) Solvency. Neither Seller is now insolvent and neither Seller will be rendered insolvent by any of the Contemplated Transactions. As used in this section, "insolvent" means that the sum of the debts and other probable Liabilities of such Seller exceed the present fair saleable value of such Seller's assets. Immediately after giving effect to the consummation of the Contemplated Transactions: (i) the GTI Group Members will be able to pay their Liabilities as they become due in the usual course of their business; (ii) the GTI Group Members will not have unreasonably small capital with which to conduct their present or proposed business; and (iii) the GTI Group Members will have assets (calculated at fair market value) that exceed their Liabilities. The cash available to the GTI Group Members, immediately after giving effect to the consummation of the Contemplated Transactions and after taking into account all uses of such cash currently anticipated by the GTI Group Members, will be sufficient to pay all obligations of and judgments against the GTI Group Members promptly in accordance with their terms.

(e) Public Filings. GTI has filed all registration statements, prospectuses, reports, schedules, forms, statements and other documents required to be filed by it with the SEC and any other Governmental Body by the Securities Act, the Exchange Act, the rules of the OTC, and all other applicable securities laws, rules and regulations. All such filings (including, without limitation, any financial statements or schedules included therein) (i) were prepared in compliance in all material respects with the requirements of the Securities Act, the Exchange Act or other applicable laws, rules and regulations, as the case may be, and (ii) did not at any relevant time contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.6 EBITDA. EBITDA for the Business for the period commencing on October 1, 2007 through June 30, 2008 is equal to $3,952,870, and Exhibit L to this Agreement is a true and correct detailed calculation thereof reconciled with the applicable monthly Financial Statements. Such EBITDA does not include any prepaid revenues or omit any deferred expenses. Schedule 4.6 discloses any components of EBITDA attributable to any transactions between any Seller and any Related Party or allocated to Sellers from GTI or any other Affiliate.

4.7 Undisclosed Liabilities. Sellers have no Liabilities except: (a) those reflected or reserved against on the Interim Balance Sheet in the amounts identified on the Interim Balance Sheet; (b) those not required under GAAP to be reflected or reserved against on the Interim Balance Sheet that are expressly quantified and set forth in the Contracts and Governmental Authorizations (other than for breach or non-performance); (c) those disclosed on Schedule 4.7; and (d) those of the same nature as those set forth on the Interim Balance Sheet that have arisen in the ordinary course of business of Sellers after the Interim Balance Sheet Date, none of which is materially different in amount than those reflected in the Financial Statements ("Post-Balance Sheet Liabilities"). All Post-Balance Sheet Liabilities are consistent in amount and character with past practice and experience.

4.8 No Changes. Since the Interim Balance Sheet Date, Sellers have conducted the Business only in the ordinary course, consistent with past practice. Since May 31, 2008, except as expressly disclosed on Schedule 4.8, there has been no:

(a) Material Adverse Effect;

(b) damage to or destruction of any material Purchased Asset, whether or not covered by insurance;

(c) strike, labor union organizing attempts involving Sellers' employees or the Business Facilities;

(d) declaration or payment of any non-cash dividends, other distributions or redemptions;

(e) change in any Governing Document of Sellers or in any Seller Plan;

(f) transfer or assignment of any assets of the Business to any Affiliate of Sellers, transfer of any assets or Liabilities of any Affiliate of Sellers to the Business or engagement in any transaction outside the ordinary course of business or not consistent with past practices;

(g) increase in the salary, wage or bonus of any employee of a Seller (other than ordinary course anniversary date raises), or payment of any bonuses to any employee of a Seller (other than pursuant to Sellers' Gain Share Plan consistent with past practice);

(h) asset acquisition or expenditure, including capital expenditure in excess of $10,000 in the aggregate, other than the purchase of inventory in the ordinary course of business;

(i) change in any method of accounting;

(j) payment to or transaction with any Related Party, which payment or transaction is not specifically disclosed on Schedule 4.11;

(k) disposition or transfer of any asset (other than inventory in the ordinary course of business) for more than $10,000 in the aggregate or for less than fair market value;

(l) payment, prepayment or discharge of any Liability other than in the ordinary course of business, or failure to pay any Liability of more than $10,000 when due;

(m) write-offs or write-downs of any assets of Sellers in excess of $10,000 in the aggregate;

(n) creation or incurrence of any Indebtedness or Encumbrance other than Permitted Encumbrances;

(o) termination or amendment of, or waiver of any material right under, any Contract; or

(p) agreement or commitment to do any of the foregoing.

4.9 Contracts; Compliance.

(a) Contracts. Disclosed on Schedule 4.9 is a list of each Contract (including all amendments thereto) that: (i) is material to Sellers, the Business, the other Purchased Assets or Assumed Liabilities; (ii) involves the purchase, sale or lease of any assets, materials, supplies, inventory, services or goods in excess of $50,000; (iii) has an unexpired term of more than six (6) months from the date of this Agreement, taking into account the effect of any renewal options; (iv) relates to the borrowing or lending of any money (including conditional sales agreements), or otherwise evidences Indebtedness; (v) limits the right of Sellers to compete in any line of business, restricts the payment of dividends or otherwise restricts any right Seller may have; (vi) is an employment Contract; (vii) is a contract with a labor union or other employee representative of a group of employees relating to wages, hours or other conditions of employment; (viii) is a contract providing for payments to or by any person based on sales, purchases or profits, other than direct payments for goods; (ix) is a contract not denominated in U.S. dollars; (x) is a lease, license, rental, occupancy or conditional sales agreement; (xi) is a joint venture, partnership or other agreement involving the sharing of profits, losses, costs or liabilities; (xii) is a barter or similar agreement; (xiii) is a power of attorney; (xiv) is an agreement that expressly provides for the undertaking by either Seller for consequential damages; (xv) is an agreement pursuant to which a Seller has agreed to indemnify or exonerate any person, including any officer, director or employee of such Seller with respect to any matter; (xvi) if terminated would have a Material Adverse Effect; (xvii) is an agreement for the disposition of any business or product line, or substantial assets of Sellers; (xviii) is a sales or manufacturer's representative agreement or distributor agreement; (xix) is with a Governmental Body (all such Contracts being separately identified on Schedule 4.9); or (xx) was not entered into in the ordinary course. True and complete copies of all Contracts (that are in writing) have been delivered to Purchaser. Except as described on Schedule 4.3, no Legal Approval or Consent is needed in order for the Contracts to continue in full force and effect under the same terms and conditions currently in effect following consummation of the Contemplated Transactions.

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(b) Compliance. Each Contract is a legal, valid and binding obligation of the Seller party thereto and is in full force and effect. To the Knowledge of Sellers, each Contract is a legal, valid and binding obligation of each other party to each Contract. To the Knowledge of Sellers, no Contract will upon completion or performance thereof have a Material Adverse Effect. Sellers and, to the Knowledge of Sellers, each other party to each Contract have performed all obligations required to be performed by them under each Contract. Sellers are not in breach or default, and are, to the Knowledge of Sellers, not alleged to be in breach or default, in any material respect under any Contract. No event has occurred and no condition or state of facts exists (or would exist upon the giving of notice or lapse of time or both) that would become or cause a material breach, default or event of default under any Contract, would give to any person the right to cause such a termination or would cause an acceleration of any Liability under any Contract or create an Encumbrance under any Contract. Neither Seller is currently renegotiating any Contract. Neither Seller has received any notice of actual, alleged, possible or potential default, violation, cancellation, non-renewal or price increase or sales or production allocation with respect to any Contract. No Contract has been reported, or is required to be reported under GAAP, in the Financial Statements using the percentage of completion method of accounting.

4.10 Legal Proceedings; Compliance with Legal Requirements; Environmental Matters. Except as disclosed on Schedule 4.10:

(a) Legal Proceedings. No Legal Proceeding is pending or, to the Knowledge of any GTI Group Member, threatened against any GTI Group Member related to the Business or the transactions contemplated by this Agreement and, to the Knowledge of any GTI Group Member, there is no basis for any of the foregoing. During the past three (3) years, no GTI Group Member has been a party to any Legal Proceeding related to the Business. To the Knowledge of any GTI Group Member, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any Legal Proceeding against any GTI Group Member related to the Business.

(b) Compliance with Legal Requirements. Each Seller is and for the five (5) years prior to the Effective Time has been in compliance in all material respects with all Legal Requirements applicable to the Business. During the past five (5) years, neither Sellers nor any director, officer, agent, or employee of either Seller, or any other Person associated with or acting for or on behalf of Sellers, has directly or indirectly: (a) made any unlawful contribution, gift (other than isolated and customary gifts of nominal value), bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of a Seller or any Affiliate of Sellers, or (iv) in material violation of any applicable Legal Requirements; or (b) established or maintained any fund or asset that has not been recorded in the books and records of Sellers.

(c) Environmental Matters. As of the date of this Agreement:

(i) Each Seller has operated the Business, including its Leased Real Property (as defined in Section 4.14), in compliance in all material respects with all applicable Environmental Laws;

(ii) Sellers are not subject to any Environmental Liability arising from or in connection with (A) the operation of the Business by Sellers on or prior to the Closing, (B) the Sellers' ownership, operation or use of any Leased Real Property, or conditions caused by Sellers or, to the Sellers' Knowledge, conditions caused by third parties, on or at of any Leased Real Property, or (C) to Sellers' Knowledge, any other real property now or formerly owned, operated or used in connection with the Business by Sellers, in each instance, based on any facts, circumstances or conditions existing on or prior to the Effective Time;

(iii) After the Effective Time no LTS Group Member will suffer or incur any Environmental Liability as a result of (A) the operation of the Business by Sellers on or prior to the Closing, (B) the environmental condition of any Leased Real Property or, to Sellers' Knowledge, any other real property now or formerly owned, operated or used in connection with the Business by Sellers, or (C) the violation by Sellers of any Environmental Laws on or prior to the Closing, in each such instance, based on any facts, circumstances or conditions known to Sellers existing on or prior to the Effective Time;

(iv) Sellers do not own, lease, use or operate, nor has either Seller ever owned, leased, used or operated any real property, leasehold, or other real property interest other than the Leased Real Property;

(v) Sellers have not treated, stored, recycled or disposed of any Regulated Material on any part of any of the Leased Real Property except as permitted by and in compliance with applicable Environmental Laws and permitted by the Governmental Authorizations disclosed on Schedule 4.12;

(vi) Except as disclosed on Schedule 4.10, (A) there are no underground or aboveground storage tanks located on the Leased Real Property, (B) all such storage tanks and associated piping owned or operated by Sellers on the Leased Real Property have been maintained, inspected and tested in compliance with applicable Environmental Laws, (C) all aboveground storage tanks owned or operated by Sellers on the Leased Real Property are in sound condition and are not leaking and have not leaked, and (D) to Sellers' Knowledge, all underground storage tanks owned or operated by Sellers on the Leased Real Property are in sound condition and are not leaking and have not leaked;

(vii) Schedule 4.10 discloses all Off-Site Locations at which either Seller has in the past two (2) years arranged for the transportation, recycling, treatment, disposal, or other handling of any Regulated Material;

(viii) There is no Regulated Material (A) present at, on or under any Leased Real Property or in the Environment related to any Leased Real Property which would require Environmental Remedial Action if known by applicable regulators, or (B) to Sellers' Knowledge, present at any other real property or facility in connection with or as a result of Sellers' operation of the Business on or prior to Closing which would require an Environmental Remedial Action or give rise to an Environmental Liability;

(ix) There has been no Release of any Regulated Material by Sellers at, on or under the Leased Real Property or in the Environment related to any Leased Real Property, except as permitted under and conducted in compliance with applicable Environmental Laws or the Governmental Authorizations disclosed in Schedule 4.12;

(x) None of Sellers, or, to Sellers' Knowledge, any Predecessor of Sellers or the Business has engaged in any Asbestos Activity or engaged, directed or instructed any Person to engage in any Asbestos Activity. None of Sellers, or, to Sellers' Knowledge, any Predecessor of Sellers or the Business has ever exposed or permitted any Person to become exposed to asbestos or any products, assets, materials, supplies or other property containing asbestos; and

(xi) Sellers have not received in writing any request for information, notice of claim, demand or other notification or communication that it is or may be potentially responsible with respect to any Environmental Liability, Environmental Remedial Action or any threatened or actual Release of any Regulated Material.

4.11 Transactions With Related Parties. Schedule 4.11 describes all assets owned, leased or used by one or both the Sellers on the one hand, and any Related Party, on the other hand, applicable to the Business. Except as otherwise disclosed on Schedule 4.11, Sellers are not, nor has either Seller, since June 30, 2008 been a party to any other material transaction, Contract, agreement or understanding with any Related Party (other than cash distributions) applicable to the Business and Schedule 4.11 separately identifies any such transaction that was not at arms' length. Schedule 4.11 separately describes (a) all intercompany accounts between Sellers and any Related Party applicable to the Business as of September 30, 2007 and the Interim Balance Sheet Date, (b) the crumb rubber supply arrangements between Sellers and any Related Party during the fiscal year ended September 30, 2007 and the nine-month period ended June 30, 2008, and (c) the revenue and expense impact of transactions between Sellers and each such Related Party related to the Business during such periods.

4.12 Governmental Authorizations. Schedule 4.12 identifies all Governmental Authorizations that are necessary to allow the Sellers to conduct and operate the Business in accordance with all applicable Legal Requirements. Except for (x) the Waste Tire Facility Permit from the Minnesota Pollution Control Agency, (y) the Solid Waste Facility License from Scott County Community Development Division, Environmental Health Department and (z) the Permit for Waste Tire Processing from the State of Iowa, Department of Natural Resources (the receipt of each being a condition to Purchaser's obligation to proceed with the Closing), each Governmental Authorization is valid, subsisting and in full force and effect with respect to each party to which such Governmental Authorization pertains. Except as disclosed on Schedule 4.12, each Seller is and has been during the past two (2) years in compliance with all applicable Governmental Authorizations. Except as disclosed on Schedule 4.12, no Seller has ever received any written notice of violations from any Governmental Body in respect of the Business, and none is currently outstanding.

4.13 Taxes. GTI and each Seller have filed on a timely basis all Tax Returns that are or were required to be filed by it under applicable Legal Requirements. All such Tax Returns were correct and complete in accordance with applicable Legal Requirements. GTI and each Seller has paid all Taxes that were required to be paid under applicable Legal Requirements, including those shown due on the Tax Returns filed by it or under any assessment received as an adjustment to such Tax Returns. No claim has ever been made by a Taxing authority of a jurisdiction where GTI or either Seller does not file Tax Returns subject to such claim that GTI and either Seller or either Seller is or may be subject to Tax in that jurisdiction. GTI and each Seller has withheld and paid all Taxes required under applicable Legal Requirements to have been withheld and paid in connection with amounts paid, owing or allocable to any employee, independent contractor, creditor, stockholder or other Person. There is no dispute or claim concerning any Tax liability of GTI or either Seller claimed or raised by any Governmental Body in writing that has not been resolved. None of GTI or either Seller has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency that currently remains in effect. The unpaid Taxes of GTI and Sellers (i) did not, as of the date of the most-recent Financial Statements, exceed the reserve for Taxes (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet included in such most-recent the Financial Statements, and (ii) apart from the proposed Transactions, do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of GTI and Sellers in filing their Tax Returns. Neither GTI nor either Seller has been a member of an affiliated group filing a consolidated federal income Tax Return (other than the group for which GTI is the common parent); or has any liability for Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise (other than the group for which GTI is the common parent).

4.14 Leased Real Property. Schedule 4.14 identifies all real property currently occupied, used or leased by Sellers in connection with the operation of the Business (such real properties, including buildings, structures, fixtures, improvements, leaseholds, privileges, rights, easements, hereditaments, appurtenances and related rights of every nature, collectively, the “Leased Real Property”). Sellers lease no real property in connection with the operation of the Business, other than the Leased Real Property. Sellers own no real property used in connection with the operation of the Business. Schedule 4.14 separately identifies all real property previously owned, used or leased by either Seller or in which either Seller previously had an interest in connection with the operation of the Business, within ten (10) years prior to the date of this Agreement. Schedule 4.14 identifies each lease agreement, and all amendments and supplements thereto, for each parcel of Leased Real Property shown as currently leased by Seller on Schedule 4.14 (the “Facility Leases”). The use and operation of all Leased Real Property by Sellers conform in all material respects to all applicable building, zoning, safety and subdivision laws and other Legal Requirements (other than Environmental Laws) and, to Sellers’ Knowledge, all restrictive covenants and restrictions and conditions affecting title. Seller has not received any written or, to Sellers’ Knowledge, oral notice of assessments for public improvements against any Leased Real Property or any written or, to Sellers’ Knowledge, oral notice or Order by any Governmental Body, insurance company or board of fire underwriters or other body exercising similar functions that: (i) relates to violations of building, safety or fire ordinances or regulations at the Leased Real Property; (ii) claims any material defect or deficiency with respect to any Leased Real Property; or (iii) requests the performance of any material repairs, alterations or other work to or in any Leased Real Property or in any streets bounding the Leased Real Property. No Seller has received a written notice of any pending condemnation, expropriation, eminent domain or similar proceeding affecting all or any portion of any parcel of Leased Real Property. There are no leases, subleases, licenses or agreements (including any amendments or modification thereto) granting any other party the right of use or occupancy of any portion of the Leased Real Property, and no Seller has granted or entered into any lease, sublease, license, option, right of first refusal or other contractual right or similar agreement to purchase, assign or dispose of the Facility Leases or to allow or grant to any third party the right to use or occupy the Leased Real Property. Sellers have all certificates of occupancy and Governmental Authorizations necessary for the current and continued use of the Leased Real Property and operation of the Business Facilities.

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4.15 Employee Benefit Plans. Schedule 4.15 discloses all written and unwritten material Benefit Plans (grouped by Seller), whether or not funded and whether or not terminated, (a) maintained or sponsored by either Seller for the benefit of either Seller, (b) with respect to which either Seller has or may reasonably be expected to have Liability which could reasonably be expected to result in a material Liability of Purchaser or is obligated to contribute which Liability could reasonably be expected to result in a material Liability of Purchaser, (c) that otherwise covers any of the current or former employees of either Seller or their beneficiaries, or (d) as to which any current or former employees of either Seller or their beneficiaries participated or were entitled to participate or accrue or have accrued any rights (each, a "Seller Plan"). Each Seller Plan and all related trusts, insurance contracts and funds have been created, maintained, funded and administered in material compliance with all applicable Legal Requirements and in material compliance with the underlying or applicable plan document, trust agreement, insurance policy or other writing.

4.16 Labor Relations. No employee of either Seller is represented by a union or other labor organization, and no GTI Group Member has Knowledge of any union organizing activities. Schedule 4.16 discloses all written employment agreements with any employees of either Seller (grouped by Seller). Schedule 4.16 contains a complete and accurate list of the following for each employee or director of each Seller (grouped by Seller), including each employee on leave of absence or layoff status: employer; name; job title; current compensation paid or payable and any change in compensation since January 1, 2008; vacation accrued through a date no more than fifteen (15) days prior to the date of this Agreement; and service credited for purposes of vesting and eligibility to participate under any Seller Plan. To Sellers' Knowledge, no employee of either Seller is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, noncompetition, or proprietary rights agreement with any other Person that in any way adversely affects or will adversely affect (a) the performance of his or her duties as an employee of either Seller, or (b) the ability of either Seller to conduct the Business as it is presently conducted. All severance expenses or liabilities that may become payable to any Transferred Employee as a result of the Contemplated Transactions or the transfer of such Transferred Employee from either Seller to LTS or Purchaser are disclosed on Schedule 4.16.

4.17 Insurance. Schedule 4.17 discloses all insurance policies (grouped by Seller) with respect to which either Seller is the owner, insured or beneficiary. Each Seller has paid all premiums due under each such insurance policy in accordance with its existing payment terms and will not have any Liability after the Effective Time for retrospective or retroactive premium adjustments or other experienced-based liability, other than for normal policy year-end audits. Schedule 4.17 contains a summary of the loss experience under each liability policy of each Seller for the past 12 months. Schedule 4.17 discloses the manner in which each Seller provides coverage for workers' compensation.

4.18 Certain Business Facility Matters. All factual representations made by any GTI Group Member to any Governmental Body in the applications for any Governmental Authorization related to or required to operate the Business Facilities and the Business and all related correspondence and filings with such Governmental Bodies are incorporated herein by reference and were true and correct in all material respects when submitted, and nothing has occurred since their submission that would have any adverse affect on such Governmental Authorizations. To the Sellers' Knowledge, all municipal, county or other local approvals granted to either Seller and the Governmental Authorizations related thereto were properly issued in accordance with all applicable Legal Requirements. Sellers and GTI have created and maintained all records required by its Governmental Authorizations and any related Legal Requirements, and all such records have been provided to Purchaser. All requirements, if any, found in the Governmental Authorizations related to the Business Facilities and/or the Business have been satisfied by Sellers and GTI with respect to requirements in connection with such Governmental Authorizations. All plans, reports and renewals required by any of such Governmental Authorizations or any related Legal Requirements have been properly prepared and timely submitted to the appropriate Governmental Body. All requirements or obligations imposed on Sellers by municipal, county or other authority, including but not limited to those concerning the payment of fees and compliance with Environmental Laws, have been timely satisfied and are otherwise current. No notice of violation of any Environmental Law is outstanding with respect to any Business Facility.

4.19 Customers. Schedule 4.19 separately identifies all customers that have transacted Business with the Sellers during the nine-month period ended June 30, 2008. There exists no condition or state of facts or circumstances involving the Sellers' customers, suppliers, distributors or sales representatives that any GTI Group Member can reasonably foresee could adversely affect the Business or the Purchased Assets after the Effective Time. Except as disclosed on Schedule 4.19, no customer or distributor has during the past year informed any GTI Group Member of an intention to cease doing business with either Seller, refused to honor a purchase commitment or advised any GTI Group Member that it may cease doing business with either Seller, or that it may reduce the volume of business that it does with either Seller. Notwithstanding the foregoing, no representation or warranty is given with respect to whether any such customer, supplier, distributor or sales representative will continue to do business with the Purchaser after the Effective Time.

4.20 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of any GTI Group Member.

ARTICLE V
Representations and Warranties of The LTS Group Members

The LTS Group Members jointly and severally represent and warrant to the GTI Group Members, as of the date of this Agreement and as of the Effective Time, the matters set forth in this Article V.

5.1 Organization. Each LTS Group Member is a limited liability company duly organized and validly existing and in good standing under the laws of the State of Delaware. Each LTS Group Member has the limited liability company power and authority to operate, own and lease its properties. As of the Closing Date, Purchaser shall be duly qualified and in good standing as a foreign limited liability company and is duly authorized to transact business in the State of Iowa and the State of Minnesota.

5.2 Enforceability. This Agreement has been duly executed and delivered by each LTS Group Member, and, assuming the due authorization, execution and delivery hereof by the GTI Group Members, constitutes the legal, valid and binding obligations of such LTS Group Members, and each other agreement contemplated hereby to be executed by any LTS Group Member, when so executed and delivered, will be duly executed and delivered by such LTS Group Members that are parties thereto, and, assuming the due authorization, execution and delivery thereof by the GTI Group Members, will constitute the legal, valid and binding obligations of such LTS Group Members, enforceable in each case against them in accordance with their respective terms except as may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws and equitable principles related to or limiting creditors' rights generally and by general principles of equity.

5.3 No Violation of Laws or Agreements; Legal Approvals; Consents. The execution and delivery of this Agreement and each other agreement contemplated hereby to be executed by any LTS Group Member and the consummation and compliance with the Contemplated Transactions by any LTS Group Member shall not, directly or indirectly (with or without notice or the lapse of time or both), (a) contravene, conflict with, result in a breach of, constitute a default or an event of default under any Contract or Governmental Authorization to which any LTS Group Member is a party or by which any of their respective assets may be bound or affected; or (b) violate, or give any Person the right to obtain any relief or exercise any remedy under, any Legal Requirement to which any LTS Group Member is subject, or by which any of their respective assets may be bound or affected, or give any Person the right to challenge any of the Contemplated Transactions. Except for the approval of its Board of Managers, which has been received, and the consent of Comerica Bank, which will be received at or prior to Closing (if necessary), no LTS Group Member is required to make, give or obtain any Legal Approvals or Consents in connection with the execution, delivery or performance by any of the LTS Group Members of this Agreement and such other agreements contemplated hereby or the consummation by any of the LTS Group Members of the Contemplated Transactions.

5.4 Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of any LTS Group Member.

5.5 Legal Proceedings. No Legal Proceeding is pending or, to the knowledge of any LTS Group Member, threatened against any of the LTS Group Members related to the lawfulness of the transactions contemplated by this Agreement.

ARTICLE VI
Indemnification

6.1 Survival; Indemnity.

(a) Survival. All representations, warranties, covenants and obligations made by any party in this Agreement are several and independent legal obligations and, subject to the limitations set forth in Section 6.1(e), shall survive the Closing.

(b) Indemnification by GTI Group Members. Except as provided in Section 2.3, the GTI Group Members shall jointly and severally, indemnify, defend, save and hold harmless each LTS Group Member, its Affiliates, and their members, officers, directors, employees, and agents (the "LTS Indemnified Parties") from and against, and shall reimburse the LTS Indemnified Parties for, all Damages (collectively, "LTS Damages") directly or indirectly asserted against, imposed upon, resulting to, or incurred or required to be paid by any LTS Indemnified Party arising out of or in connection with: (i) any breach or inaccuracy of any representation or warranty made by any GTI Group Member in this Agreement, in any exhibits or schedules hereto, or in any certificate or document delivered by any GTI Group Member at the Closing; (ii) any breach or nonperformance of any covenant or obligation made by any GTI Group Member in this Agreement or in any other agreement contemplated hereby; (iii) any Retained Liabilities; and (iv) any obligation under the Warn Act or similar state Legal Requirement caused by any action of Sellers prior to the Closing.

(c) Indemnification by LTS Group Members. The LTS Group Members shall jointly and severally indemnify, defend, save and hold harmless each GTI Group Member, its Affiliates, and their stockholders, officers, directors, employees, and agents (the "GTI Indemnified Parties") from and against, and shall reimburse the GTI Indemnified Parties for, all Damages (collectively, "GTI Damages") directly or indirectly asserted against, imposed upon, resulting to, or incurred or required to be paid by any GTI Indemnified Party arising out of or in connection with: (i) any breach or inaccuracy of any representation or warranty made by any LTS Group Member in this Agreement, in any exhibits or schedules hereto, or in any certificate or document delivered by any LTS Group Member at the Closing; (ii) any breach or nonperformance of any covenant or obligation made by any LTS Group Member in this Agreement or in any other agreement contemplated hereby; (iii) any Assumed Liabilities; and (iv) any obligation under the Warn Act or similar state Legal Requirement caused by any action of Purchaser on or following the Closing.

(d) Indemnification Threshold and Ceiling. Notwithstanding the foregoing provisions in this Section 6.1, (i) no GTI Group Member shall have any indemnification obligations for breaches of representations and warranties under Section 6.1(b)(i) except to the extent that the amount of all claims for Damages exceeds $50,000 in the aggregate (the "Threshold"), and then the GTI Group Members shall be liable only for Damages in excess of the Threshold; (ii) the aggregate liability of the GTI Group Members for breaches of representations and warranties under Section 6.1(b)(i) shall not exceed an amount equal to five percent (5%) of the Purchase Price (the "Ceiling Amount"); (iii) no LTS Group Member shall have any indemnification obligations for breaches of representations and warranties under Section 6.1(c)(i) except to the extent that the amount of all claims for Damages in the aggregate exceeds the Threshold, and then the LTS Group Members shall be liable only for Damages in excess of the Threshold; and (iv) the LTS Group Members' obligations to indemnify the GTI Indemnified Parties under Section 6.1(c)(i) shall not exceed an amount equal to the Ceiling Amount.

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(e) Time Period. Except as otherwise provided in this Section 6.1(e), all representations, warranties, covenants and obligations made by any party in this Agreement shall survive the Effective Time without limitation. Any claim for LTS Damages sustained by reason of a breach or inaccuracy of any representation or warranty relating to those matters governed by Sections 4.1 (Organization), 4.2 (Enforceability), 4.3 (No Violation) and 4.4(c) (Title) shall be unlimited with respect time. Any claim for LTS Damages sustained by reason of a breach or inaccuracy of any representation or warranty relating to those matters governed by Section 4.13 (Taxes) shall be limited to LTS Damages claimed in a written notice delivered to GTI prior to the date ninety (90) days after the expiration of the applicable federal and state statutes of limitations related to such matters. Any other claim for LTS Damages or GTI Damages sustained by reason of a breach or inaccuracy of any representation or warranty as provided under Article IV and Article V of this Agreement shall be limited to LTS Damages or GTI Damages, as applicable, claimed in a written notice delivered to the Indemnifying Party (as defined below) within twelve (12) months after the Effective Time (the "Survival Period").

(f) GTI Restricted Cash. During the Survival Period, GTI shall maintain in cash or cash equivalents an amount equal to the Ceiling Amount minus the amount of the Holdback that has not (at that time) been distributed to Purchaser pursuant to Sections 1.3 and/or 6.1 of this Agreement.

(g) Indemnification Procedure. In the event that any claim is asserted or threatened against any party entitled to indemnification under this Agreement (the "Indemnified Party"), such Indemnified Party shall send prompt written notice to the party obligated to indemnify such Indemnified Party (the "Indemnifying Party"); provided, that the failure to deliver written notice of any claim to the Indemnifying Party shall not relieve the Indemnifying Party of any liability to the Indemnified Party under this Section 6.1 with respect to such claim unless the Indemnifying Party's ability to defend such claim has been materially adversely affected or prejudiced as a result of such failure. Upon receipt of written notice of any claim against the Indemnified Party, the Indemnifying Party shall have the right to assume the defense of such claim at its sole cost and expense. The Indemnified Party shall have the right to participate in and, if desired by the Indemnified Party, at its sole cost and expense, retain separate legal counsel. In the event that the Indemnifying Party does not accept the defense of any claim, an Indemnified Party shall have the full right to defend against any such claim and shall be entitled to settle or agree to pay in full such claim, and the Indemnifying Party will be bound by any determination made in such third-party claim or any compromise or settlement effected by the Indemnified Party. In addition, the Indemnifying Party shall not enter into any settlement or compromise, or consent to the entry of any judgment, with respect to any claim against an Indemnified Party without obtaining the prior written consent of such Indemnified Party, which consent shall not be unreasonably withheld or delayed, unless the Indemnified Party would not incur any additional costs, expenses or liabilities as a result of such settlement, compromise or judgment. In all events and circumstances, the Indemnifying Party and each Indemnified Party shall cooperate in the defense of any claim subject to this Section 6.1, and the records of each such party shall, if any applicable attorney-client privilege is not affected, be available to each such other Party with respect to any such defense.

(h) Exceptions. Notwithstanding the foregoing, if an Indemnified Party determines in good faith that there is a reasonable probability that a third-party claim may adversely affect it or its Related Parties (including claims for Environmental Liability that could adversely affect the operations of the Business and claims that could adversely affect the customer base of the Business), the Indemnified Party may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise or settle such third-party claim, but the Indemnifying Party will not be bound by any determination of any third-party claim so defended for the purposes of this Agreement or any compromise or settlement effected without its consent (which may not be unreasonably withheld or delayed).

(i) Payment. Upon determination by agreement of the parties or by final nonappealable arbitration award pursuant to Section 7.5 that a party is entitled to indemnification under this Section 6.1, the Indemnifying Party shall promptly pay or reimburse, as appropriate, the Indemnified Party for any Damages to which the Indemnified Party is entitled to be indemnified under this Section 6.1. The Indemnified Party is entitled to indemnification of any fees, costs and expenses, including reasonable attorneys' fees, incurred by the Indemnified Party in connection with enforcement of its right to indemnification pursuant to this Section 6.1. The LTS Indemnified Parties are entitled to offset, setoff or recoup from the Indemnification Holdback against obligations of the GTI Group Members to indemnify the LTS Indemnified Parties for LTS Damages under this Section 6.1.

ARTICLE VII
Miscellaneous

7.1 Costs and Expenses. Subject to Section 1.4(h) and Section 3.2(a), and the remainder of this Section 7.1, each party shall bear all costs and expenses of its own legal and other professional advisors in connection with this Agreement and the Contemplated Transactions. Sellers shall be responsible for the costs and expenses of either (i) real estate title commitments and policies or (ii) survey costs and appraisal expenses, whichever is determined by the parties to be less expensive as of the Closing Date; and Purchaser shall be responsible for the costs and expenses referred to in either clause (i) or (ii) above, whichever is determined by the parties to be more expensive as of the Closing Date. All accrued expenses associated with any Leased Real Property included in the Purchased Assets, such as electricity, gas, water, sewer, telephone, security services and similar items, shall be prorated between Purchaser and Sellers as of the Closing Date. Purchasers and Sellers shall settle such amounts within forty-five (45) days after the Closing.

7.2 Agents. GTI is hereby appointed by Sellers as Sellers' agent and attorney-in-fact to act for Sellers in any and all manner hereunder, and LTS Group Members may rely exclusively on GTI for any action it takes on behalf of Sellers. LTS is hereby appointed by Purchaser as Purchaser's agent and attorney-in-fact to act for Purchaser in any and all manner hereunder, and GTI Group Members may rely exclusively on LTS for any action it takes on behalf of Purchaser.

7.3 Notices. All notices given or made in connection with this Agreement shall be in writing. Delivery of written notices shall be effective upon receipt. All deliveries shall be made to the following addresses:

(a) if to LTS or the Purchaser, to:

Liberty Tire Services, LLC
Dominion Tower, Suite 3100
625 Liberty Avenue
Pittsburgh, PA 15222
Telephone: 412-562-0148
Facsimile: 412-562-0248
Attn: Jeffrey D. Kendall and General Counsel
E-mail: JKendall@LibertyTire.com

With a copy (which shall not constitute notice) to:

K&L Gates LLP
Henry W. Oliver Building
535 Smithfield Street
Pittsburgh, PA 15222
Attn: David L. Forney, Esq.
Telephone: 412-355-6330
Facsimile: 412-355-6501
E-mail: David.Forney@klgates.com

(b) if to GTI or Sellers, to:

GreenMan Technologies, Inc.
7 Kimball Lane, Building A
Lynnfield, MA 01940
Attn: Charles E. Coppa, CFO
Telephone: 781-224-2411
Facsimile: 781-224-0114
E-mail: Coppagmt@aol.com

With a copy (which shall not constitute notice) to:

Morse, Barnes-Brown & Pendleton, P.C.
Reservoir Place
1601 Trapelo Road
Waltham, MA 02451
Attn: Carl Barnes, Esq.
Telephone: 781-622-5930
Facsimile: 781-622-5933
E-mail: cbarnes@mbbp.com

or, at such other address as any of the parties shall have furnished in writing to the other parties hereto.

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7.4 Setoff; Assignment. Purchaser shall be entitled to offset, setoff or recoup from any amounts due by Purchaser to Sellers under this Agreement (including the Holdback) or under any other agreement contemplated hereby against any obligation of the GTI Group Members to Purchaser under this Agreement or under any other agreement contemplated hereby. This Agreement and all the rights and powers granted by this Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement and the rights, interests and obligations under this Agreement may not be assigned by any party (by operation of law or otherwise) except that Purchaser may assign this Agreement and its rights and interests hereunder, in whole or in part to LTS or to any of its Affiliates or as collateral security or in connection with a sale of the Business. No such assignment shall reduce any obligation of an LTS Group Member to any GTI Group Member or any obligation of a GTI Group Member to any LTS Group Member. Any purported assignment in violation of the provisions hereof shall be null and void and without effect. Neither this Agreement nor any other agreement contemplated hereby shall be deemed to confer upon any person not a party hereto or thereto any rights or remedies hereunder or thereunder.

7.5 Dispute Resolution. The parties shall cooperate in good faith to resolve any dispute that may arise under the Contemplated Transactions; provided, that if any party believes such dispute cannot be resolved by mutual agreement, then such dispute shall be resolved by arbitration in accordance with the Streamlined Arbitration Rules and Procedures (the “Rules”)of the American Arbitration Association. Any such arbitration shall be conducted in Wilmington, Delaware or such other place as is mutually acceptable to Sellers and Purchaser by one arbitrator mutually acceptable to the parties involved in such arbitration or, if such parties are unable to agree on an arbitrator, the arbitrator shall be appointed in accordance with the rules of the American Arbitration Association. The decision and award of any such arbitrator (which may include specific performance and injunctive relief) shall be made in writing, and shall be final and valid, nonappealable, binding upon the parties involved in such arbitration, and enforceable by any such party in any court of competent jurisdiction. Notwithstanding any provision of this Agreement or the Rules to the contrary, no party will be eligible to receive, and the arbitrator shall not have the authority to award, exemplary, punitive, incidental, indirect or consequential damages (except with respect to claims for indemnification of LTS Damages or GTI Damages resulting from third-party claims for such Damages), and the arbitrator shall not have the authority to amend this Agreement. In the event that any dispute regarding the Contemplated Transactions is resolved by arbitration pursuant to this Section 7.5, the prevailing party shall be entitled to recover from the non-prevailing party (or parties) the fees, costs and expenses (including, but not limited to, the reasonable fees and expenses of counsel) incurred by the prevailing party in connection with such action.

7.6 Consideration; Recitals; Governing Law. The parties acknowledge the mutual receipt and sufficiency of valuable consideration for the formation of the legally binding contract represented by this Agreement. The consideration for this Agreement includes the mutual exchange of promises as well as all of the representations, warranties, covenants and obligations contained in this Agreement and the other agreements identified herein and therein being executed simultaneously with this Agreement. The recitals beginning on page one of this Agreement are incorporated into this Agreement and made a part of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of laws doctrines.

7.7 Jurisdiction; Service of Process. Any action or proceeding seeking to enforce any arbitration award made pursuant to Section 7.5 and any action or proceeding seeking injunctive relief or seeking to compel specific performance of any provision of this Agreement or of any other agreement contemplated hereby may be brought against any party in the courts of (i) the Commonwealth of Pennsylvania, County of Allegheny, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Pennsylvania and (ii) the State of Minnesota, Counties of Hennepin and Ramsey or, if it has or can acquire jurisdiction, in the United States District Court for the District of Minnesota. Subject to the foregoing limitations, each party consents to the jurisdiction of these courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to convenience of forum or venue laid in such courts. Process in any action or proceeding referred to in the first sentence of this Section 7.7 may be served on any party anywhere in the world. Each party agrees that, except as expressly set forth in the first sentence of this Section 7.7, the arbitration procedures set forth in Section 7.5 shall be the exclusive means for resolving disputes among any of the LTS Group Members and any of the GTI Group Members, and no party, or any of its Affiliates, shall commence any action or proceeding against any other party or any of its Affiliates in any court in any jurisdiction. The parties agree that any one or all of them may file a copy of this Section with any court as written evidence of the knowing, voluntary and bargained agreement among the parties irrevocably to waive any objections to venue or to convenience of forum and to irrevocably select arbitration pursuant to Section 7.5 as the exclusive means for resolving disputes.

7.8 Entire Agreement; Severability; Cumulative Effect; Counterparts. This Agreement, together with the exhibits and schedules hereto, sets forth a complete and exclusive statement of the promises, covenants, agreements, conditions and undertakings among the parties with respect to the subject matter of this Agreement. This Agreement and the other agreements contemplated hereby supersede all prior or contemporaneous agreements and understandings, negotiations, inducements or conditions, express or implied, oral or written, among the parties, including that certain letter agreement dated as of July 1, 2008 by and between LTS and the GTI Group Members, but excluding the Escrow Agreement dated as of July 8, 2008, by and among LTS, GTI and BNY Mellon, National Association, which shall survive the execution of this Agreement in accordance with its terms. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the Contemplated Transactions are fulfilled to the extent possible. The rights and remedies of the parties expressly set forth in Article VI and this Article VII are the sole statement of the rights and remedies of the parties and exclude all other rights and remedies they otherwise might have now or hereafter at law, in equity, by statute or otherwise; provided, however, that such rights and remedies expressly set forth in Article VI and this Article VII are cumulative, and the exercise by a party of any one remedy available under such Articles will not preclude the exercise of any other such remedy. This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

7.9 Exhibits and Schedules. All exhibits and schedules identified herein shall be included in a letter of exhibits and schedules delivered by GTI to LTS and accepted by LTS on and as of the date of this Agreement.

7.10 Amendments; Waivers. This Agreement may be amended, modified or waived only by an instrument in writing executed by LTS (which instrument shall be binding on the LTS Group Members) and GTI (which instrument shall be binding on the GTI Group Members). No waiver by any party of any default or breach by another party of any representation, warranty, covenant or condition contained in this Agreement, any exhibit or any document, instrument or certificate contemplated hereby shall be deemed to be a waiver of any subsequent default or breach by such party of the same or any other representation, warranty, covenant or condition. No act, delay, omission or course of dealing on the part of any party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof or otherwise prejudice any of such party's rights, powers and remedies.

[Remainder of this page intentionally left blank]

The parties, each intending to be legally bound by this Agreement, have executed this Agreement as of the first date identified in the first sentence to this Agreement.

LIBERTY TIRE SERVICES, LLC

BY: /s/Jeffrey D. Kendall
NAME: Jeffrey D. Kendall
TITLE: CEO

LIBERTY TIRE SERVICES OF OHIO, LLC

BY: /s/Jeffrey D. Kendall
NAME: Jeffrey D. Kendall
TITLE: CEO

GREENMAN TECHNOLOGIES, INC.

BY: /s/Lyle Jensen
NAME: Lyle Jensen
TITLE: CEO

GREENMAN TECHNOLOGIES OF
MINNESOTA, INC.

BY: /s/Lyle Jensen
NAME: Lyle Jensen
TITLE: Vice President

GREENMAN TECHNOLOGIES OF
IOWA, INC.

BY: /s/Lyle Jensen
NAME: Lyle Jensen
TITLE: Vice President

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GreenMan Technologies

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