

GREENMAN TECHNOLOGIES INC  
Form PREM14A  
October 20, 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:

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

GREENMAN TECHNOLOGIES, INC.

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(Name of Registrant as Specified in its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- o No fee required.
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| (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  |

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(5) Total fee paid: \$1,101.00

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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.

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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