

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1998-01-20**
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SUBJECT COMPANY

ASHA CORP

CIK: **789547** | IRS No.: **841016459** | State of Incorporation: **DE** | Fiscal Year End: **0930**
Type: **SC 13D** | Act: **34** | File No.: **005-52289** | Film No.: **98509611**
SIC: **3714** Motor vehicle parts & accessories

Mailing Address
600 C WARD DRIVE
SANTA BARBARA CA 93111

Business Address
600 C WARD DR
SANTA BARBARA CA 93111
8056832331

FILED BY

DUBERSTEIN GARY K

CIK: **1053324**
Type: **SC 13D**

Business Address
277 PARK AVE., 27TH FLOOR
NEW YORK NY 10172
2123505150

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
Under the Securities Exchange Act of 1934

ASHA CORPORATION
(Name of Issuer)

Common Stock, \$.00001 par value per share
(Title of class of securities)

043742303
(CUSIP number)

Gary K. Duberstein, Esq.
Greenmotors LLC
277 Park Avenue, 27th Floor
New York, New York 10172 (212) 350-5100
(Name, address and telephone number of person authorized
to receive notices and communications)

January 8, 1998
(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box [].

Note: When filing this statement in paper format, six copies of this statement, including exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

(Continued on following page(s))

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CUSIP No. 043742303

13D

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1

NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON

GREENMOTORS LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2 (d) OR 2 (e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

NUMBER OF SHARES	7	SOLE VOTING POWER:	1,118,652
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER:	0
EACH REPORTING	9	SOLE DISPOSITIVE POWER:	1,118,652
PERSON WITH	10	SHARED DISPOSITIVE POWER:	0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING
PERSON: 1,118,652

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 12.9%

14 TYPE OF REPORTING PERSON: 00

CUSIP No. 043742303

13D

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1 NAME OF REPORTING PERSON ALFRED D. KINGSLEY
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2 (d) OR 2 (e):

6 CITIZENSHIP OR PLACE OF ORGANIZATION: United States

NUMBER OF 7 SOLE VOTING POWER: 0
SHARES

BENEFICIALLY 8 SHARED VOTING POWER: 1,118,652
OWNED BY

EACH 9 SOLE DISPOSITIVE POWER: 0
REPORTING

PERSON WITH 10 SHARED DISPOSITIVE POWER: 1,118,652

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING
PERSON: 1,118,652

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES:

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 12.9%

14 TYPE OF REPORTING PERSON: IN

CUSIP No. 043742303

13D

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1 NAME OF REPORTING PERSON GARY K. DUBERSTEIN
S.S. OR I.R.S. IDENTIFICATION NO.
OF ABOVE PERSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS: Not Applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEM 2 (d) OR 2 (e):

NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER:	1,118,652
EACH REPORTING	9	SOLE DISPOSITIVE POWER:	0
PERSON WITH	10	SHARED DISPOSITIVE POWER:	1,118,652
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:		1,118,652
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):		12.9%
14	TYPE OF REPORTING PERSON:		IN

ITEM 1. SECURITY AND ISSUER

This Statement on Schedule 13D (the "Statement") relates to the Common Stock, par value \$.00001 per share (the "Shares"), of ASHA Corporation, a Delaware corporation (the "Company"). The principal executive offices of the Company are located at 600 C Ward Drive, Santa Barbara, California 93111.

ITEM 2. IDENTITY AND BACKGROUND

This Statement is being filed by and on behalf of Greenmotors LLC ("Greenmotors"), Alfred D. Kingsley and Gary K. Duberstein (collectively, the "Reporting Persons"). Greenmotors is a Delaware limited liability company. The principal business of the Company is investing in the Shares. The principal occupation of each of Messrs. Kingsley and Duberstein is managing various investments. In addition, Messrs. Kingsley and Duberstein serve as the Managers of Greenmotors and as the President and C.E.O. and the Vice President and Secretary, respectively, of Greenmotors. During the last five years, none of the Reporting Persons has (i) been convicted in a criminal proceeding or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. The business address of each of the Reporting Persons is 277 Park Avenue, 27th Floor, New York, New York 10172.

Messrs. Kingsley and Duberstein are both citizens of the United States.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Greenmotors purchased 1,118,652 Shares for total consideration of \$3,000,000 derived from capital contributions made to it by its members.

ITEM 4. PURPOSE OF THE TRANSACTION

The Company acquired 1,118,652 Shares for investment purposes.

As more fully described in Item 5(c) below, the Company acquired 1,118,652 Shares pursuant to the terms and conditions of the Purchase Agreement (as defined in Item 5(c) below). The Purchase Agreement provides that Greenmotors has the right to select one member of the Company's Board of Directors and, pursuant thereto, Greenmotors has initially designated David Jones to serve as a member of the Company's Board of Directors.

The Reporting Persons may from time-to-time (i) acquire additional Shares (subject to availability at prices deemed favorable) in the open market, in privately negotiated transactions or otherwise, or (ii) dispose of Shares at prices deemed favorable in the open market, in privately negotiated transactions

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or otherwise. However, disposition of the 1,118,652 Shares, or any portion thereof, will be restricted pursuant to the terms of the Escrow Agreement as described in Items 5(d) and 6 below and the terms of the Lock-up Letter as described in Item 6 below.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) As of the date of this Statement, the Reporting Persons have direct beneficial ownership of 1,118,652 Shares constituting approximately 12.9% of the outstanding Shares (the percentage of Shares owned being based upon 8,663,158 Shares outstanding as of December 22, 1997 as set forth in the Company's annual report on Form 10-KSB for the fiscal year ended September 30, 1997).

Each of Messrs. Kingsley and Duberstein, as Managers of Greenmotors, may be deemed to beneficially own Shares which Greenmotors may be deemed to beneficially own. Each of Messrs. Kingsley and Duberstein disclaim beneficial ownership of such Shares for all other purposes.

(b) Greenmotors has the sole power to vote or direct the vote of

1,118,652 Shares and the sole power to dispose or to direct the disposition of such Shares. Messrs. Kingsley and Duberstein may be deemed to share with Greenmotors the power to vote or to direct the vote and dispose or to direct the disposition of such Shares.

(c) The Company, Alain J-M Clenet ("Clenet") and Greenmotors are parties to a Stock Purchase Agreement dated as of January 8, 1998 (the "Purchase Agreement"). A copy of the Purchase Agreement is filed as an exhibit hereto and incorporated herein by reference. Pursuant to the terms and conditions of the Purchase Agreement, on January 8, 1998, Greenmotors acquired from Clenet 1,118,652 Shares for a per Share cash purchase price of \$2.6818 or \$3,000,000 in the aggregate.

(d) Pursuant to the Purchase Agreement, upon the closing of the acquisition by Greenmotors thereunder, the 1,118,652 Shares acquired were deposited in escrow pursuant to the terms and conditions of a Promotional Shares Escrow Agreement dated as of January 8, 1998 (the "Escrow Agreement") among the Company, Greenmotors and TransSecurities International, Inc., as escrow agent (the "Escrow Agent"). A copy of the Escrow Agreement is filed as an exhibit hereto and incorporated herein by reference. The Escrow Agreement provides that any dividends granted or received by Greenmotors while the 1,118,652 Shares are deposited thereunder shall also be deposited with the Escrow Agent except that cash dividends that are approved by a majority of disinterested directors do not have to be so deposited. Aside from the Escrow Agent and the Reporting Persons, no other person is known to have the right to receive or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares. As stated previously, the 1,118,652 Shares constitute more than five percent of the class of outstanding Shares.

(e) Not applicable.

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ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Greenmotors was formed for the purposes of acquiring the 1,118,652 Shares pursuant to the terms and conditions of the Purchase Agreement as more fully described in Items 4 and 5(c) above. In connection with the formation of Greenmotors, the members of Greenmotors have entered into an Operating Agreement of Greenmotors dated as of January 2, 1998 (the "Operating Agreement"). Among other things, the Operating Agreement provides that Messrs. Kingsley and Duberstein will act as the Managers of Greenmotors and in such capacities make all investment decisions relating to Shares owned by Greenmotors. Presently, the members of Greenmotors are (i) Highland Partners, (ii) ZEIDA Partners, (iii) LDH Trading Group, LLC, (iv) South Ferry #2, L.P., (v) Lawrence Levy, (vi) Howard Stein, (vii) David Jones, (viii) Alfred D. Kingsley and (ix) Gary K. Duberstein. Certain of such members have agreed that, in the event they realize a profit on their membership interests in Greenmotors, they shall pay a percentage thereof

to Greenbelt Corp., a corporation owned and controlled by Messrs. Kingsley and Duberstein.

As described in Item 5(d) above, pursuant to the Purchase Agreement, Greenmotors has deposited 1,118,652 Shares in escrow with the Escrow Agent. The Escrow Agent will release 2 1/2% of such Shares (or 27,966.3 Shares) from escrow at the end of each calendar quarter, commencing with the calendar quarter ending September 30, 1998. On July 3, 1999 the Escrow Agent will release all remaining Shares from escrow. Generally, while the Escrow Agreement is in effect, if a dissolution, liquidation, merger, consolidation, reorganization, sale or exchange of the Company's assets or securities occurs, which results in the distribution of the Company's assets or securities (a "Distribution"), (i) all holders of the Company's equity securities will initially share on a pro rata per share basis in any Distribution in proportion to the amount of cash or consideration that they paid per share for such securities, until shareholders who purchased their securities in the public offering have received, or have had irrevocably set aside for them, 100% of such consideration, and (ii) thereafter, the holders of the Company's equity securities shall participate on an equal per share basis in any Distribution.

The Company and Greenmotors are party to a Registration Rights Agreement dated as of January 8, 1998 (the "Registration Rights Agreement"). A copy of the Registration Rights Agreement is filed as an exhibit hereto and incorporated by reference herein. The Registration Rights Agreement provides, among other things, that (i) if the Company engages in a public offering prior to December 31, 2002, the Company must give Greenmotors the opportunity to register the Shares in the offering, (ii) from and after May 1, 1999, Greenmotors may require the Company to effect a shelf-registration of the Shares, and (iii) from and after May 1, 1999, if a shelf-registration is not in effect with respect to the Shares, Greenmotors may require the Company to register the Shares upon demand.

Pursuant to the Purchase Agreement, upon the acquisition of 1,118,652 Shares, Greenmotors caused a letter dated January 8, 1998 (the "Lock-Up Letter") to be delivered to H.J. Meyers & Co., Inc. ("H.J. Meyers"), providing that (i) until December 27, 1998, Greenmotors will not transfer the 1,118,652 Shares without the prior consent of H.J. Meyers and (ii) until June 27, 1999, H.J. Meyers has the right to purchase for its own account, or sell for the account of Greenmotors, any such Shares sold by Greenmotors pursuant to Rule 144 under the Securities Act of 1933, as amended. A copy of the Lock-Up Letter is filed as an exhibit hereto and incorporated herein by reference.

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ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

The following Exhibits are filed herewith:

1. Joint Filing Agreement dated January 20, 1998 among the

Reporting Persons.

2. Operating Agreement of Greenmotors LLC dated as of January 2, 1998 among Highland Partners, ZEIDA Partners, LDH Trading Group, LLC, South Ferry #2, L.P., Howard Stein, David Jones, Lawrence Levy, Alfred D. Kingsley and Gary K. Duberstein.
3. Stock Purchase Agreement dated as of January 8, 1998 among the Company, Clenet and Greenmotors.
4. Registration Rights Agreement dated as of January 8, 1998 between the Company and Greenmotors.
5. Promotional Shares Escrow Agreement dated as of January 8, 1998 among the Company, TransSecurities and Greenmotors.
6. Lock-Up Letter dated January 8, 1998 by Greenmotors to H.J. Meyers.

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SIGNATURES

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information contained in this Statement is true, complete and correct.

Dated: January 20, 1998

GREENMOTORS LLC

By: /s/ Gary K. Duberstein

Gary K. Duberstein
Vice President

/s/ Alfred D. Kingsley

Alfred D. Kingsley

/s/ Gary K. Duberstein

Gary K. Duberstein

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EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----
1.	Joint Filing Agreement dated January 20, 1998 among the Reporting Persons.
2.	Operating Agreement of Greenmotors LLC dated as of January 2, 1998 among Highland Partners, ZEIDA Partners, LDH Trading Group, LLC, South Ferry #2, L.P., Howard Stein, David Jones, Lawrence Levy, Alfred D. Kingsley and Gary K. Duberstein.
3.	Stock Purchase Agreement dated as of January 8, 1998 among the Company, Clenet and Greenmotors.
4.	Registration Rights Agreement dated as of January 8, 1998 between the Company and Greenmotors.
5.	Promotional Shares Escrow Agreement dated as of January 8, 1998

among the Company, TransSecurities and Greenmotors.

6. Lock-Up Letter dated January 8, 1998 by Greenmotors to H.J. Meyers.

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JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, as amended, the persons named below agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the Common Stock, par value \$.00001 per share, of ASHA Corporation, and further agree that this Joint Filing Agreement be included as an Exhibit to such joint filing. In evidence thereof, the undersigned, hereby execute this Agreement this 20th day of January, 1998.

GREENMOTORS LLC

By: /s/ Gary K. Duberstein

Gary K. Duberstein
Vice President

/s/ Alfred D. Kingsley

Alfred D. Kingsley

/s/ Gary K. Duberstein

Gary K. Duberstein

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OPERATING AGREEMENT
OF
GREENMOTORS LLC
DATED AS OF JANUARY 2, 1998

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OPERATING AGREEMENT
OF
GREENMOTORS LLC

THIS OPERATING AGREEMENT (this "AGREEMENT") of GREENMOTORS LLC (the "COMPANY"), is made and entered into as of the 2nd day of January, 1998, by and among those Persons who have executed this Agreement as members (together with such other Persons that may hereafter become members as provided herein, referred to collectively as the "MEMBERS" or, individually, as a "MEMBER").

WHEREAS, the Members have caused Greenmotors LLC to be formed on December 8, 1997 as a limited liability company under the Delaware Limited Liability Company Act by causing a certificate of formation of the Company to be filed with the Delaware Secretary of State and, as required thereunder, do hereby adopt this Agreement as the limited liability company agreement of the Company pursuant to Section 18-201(d) of the Act effective as of the date hereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

ARTICLE 1
DEFINITIONS

As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

"ACT" means the Delaware Limited Liability Company Act, 6 Del. L. ss. 18-101, et seq., as amended from time to time.

"ACQUISITION" shall have the meaning set forth in Section 2.4.

"ADJUSTED CAPITAL ACCOUNT DEFICIT" means, with respect to a Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Taxable Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"AFFILIATE" of a specified Person means any Person (a) who directly or indirectly controls, is controlled by, or is under common control with, such Person or (b) who has any relationship with such Person by blood, marriage or adoption, not more remote than first cousin.

"AGREEMENT" means this Operating Agreement, which shall constitute the limited liability company agreement of the Company for purposes of the Act, as amended from time to time.

"BUSINESS" shall have the meaning set forth in Section 3.9(a).

"BUSINESS DAY" means any day (other than a day which is a Saturday, Sunday or legal holiday in the state of New York) on which banks are open for business in New York City.

"CAPITAL ACCOUNT" means, with respect to any Member, a separate account established by the Company and maintained for each Member in accordance with Section 3.5 hereof.

"CAPITAL CONTRIBUTION" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any Property (other than money) contributed to the Company with respect to the interests purchased by such Member pursuant to the terms of this Agreement, in return for which the Member contributing such capital shall receive a Membership Interest.

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"CERTIFICATE" means the Certificate of Formation of the Company filed with the Secretary of State of Delaware, as amended or restated from time to time.

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"COMPANY" means Greenmotors LLC.

"COMPANY AFFILIATE" shall have the meaning set forth in Section 8.2.

"DEPRECIATION" means, for each Taxable Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Taxable Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Taxable Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Taxable Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Taxable Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Management Committee.

"GROSS ASSET VALUE" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows and as otherwise provided in clause (ii) of Section 3.2(b):

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as reasonably determined by the Management Committee;

(b) The Gross Asset Values of all Company assets shall be

adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as reasonably determined by the Management Committee as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company property as

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consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g); provided, however, that an adjustment described in clauses (i) and (ii) of this paragraph shall be made only if the Management Committee reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company; and

(c) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as reasonably determined by the Management Committee; and

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (b), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

"LOSSES" has the meaning set forth in the definition of "Profits" and "Losses".

"MAJORITY IN INTEREST" means, with respect to all Members or any specified group or class of Members, Members owning more than fifty percent (50%) of the total Percentage Interests held by all Members or all Members of such specified group or class of Members, as the case may be.

"MANAGEMENT COMMITTEE" means the management committee of the Company established pursuant to Section 7.1.

"MANAGERS" means, collectively, the Persons designated and serving in accordance with Article 7 as members of the Management Committee.

"MEMBER" or "MEMBERS" shall have the meaning set forth in the preamble hereof.

"NET CASH FLOW" shall mean the gross cash proceeds from the Company's

operations and any distributions received from its subsidiaries (excluding the proceeds of Company borrowings and capital contributions) and from all sales and other dispositions of the Company's Property and any amount released by the Management Committee from Reserves, less the portion of gross proceeds (other than the proceeds of the

Company's borrowings and capital contributions) used to pay or establish Reserves for all the Company's expenses, debt payments (including principal, interest and required redemption payments), capital improvements, replacements and contingencies, all as reasonably determined by the Management Committee. Net Cash Flow shall not be reduced by Depreciation or similar allowances and shall include the net cash proceeds of all principal and interest payments actually received by the Company with respect to any promissory note or other deferred payment obligation held by the Company in connection with sales and other dispositions of the Company's Property.

"NOTICE" means a writing, containing the information required by this Agreement to be communicated to a party, and shall be deemed to have been received (a) when personally delivered or sent by telecopy, (b) one day following delivery by overnight delivery courier, with all delivery charges pre-paid, or (c) on the third Business Day following the date on which it was sent by United States mail, postage prepaid, to such party at the address or fax number, as the case may be, of such party as shown on the records of the Company.

"PERCENTAGE INTEREST" of a Member means the aggregate limited liability company percentage interest set forth on Schedule 1 hereto, as the same may be modified from time to time as provided herein.

"PERMITTED TRANSFEREE" shall have the meaning set forth in Section 9.2.

"PERSON" means any individual, partnership, limited liability company, corporation, cooperative, trust, estate or other entity.

"PROFITS" and "LOSSES" means, for each Taxable Year, an amount equal to the Company's taxable income or loss for a taxable year, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Taxable Year, computed in accordance with the definition of Depreciation; and

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Sections 1.704-(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses.

"PROPERTY" means all assets, real or intangible, that the Company may own or otherwise have an interest in from time to time.

"REGULATIONS" means the regulations, including temporary regulations, promulgated by the United States Department of Treasury with respect to the Code, as such regulations are amended from time to time, or corresponding provisions of future regulations.

"REGULATORY ALLOCATIONS" shall have the meaning set forth in Section 5.4.

"RESERVES" means the cash reserves established by the Management Committee to provide for working capital, future investments, debt service and such other purposes as may be deemed reasonably necessary or advisable by the Management Committee.

"SEC" means the Securities and Exchange Commission.

"SECRETARY" shall mean the Secretary of the Treasury or his/her delegate or the Internal Revenue Service.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"TAXABLE YEAR" shall mean the taxable year of the Company in accordance with the provisions of Section 706 of the Code.

"TAX DISTRIBUTION" means an amount equal to (i) the taxable income of the Company allocated to the Members for a Taxable Year multiplied by the sum of (x) the highest federal income tax rate applicable to individuals for such Taxable Year and the highest (net of the federal income tax deduction therefor) combined New York State and New York City income tax rate applicable to individuals for such Taxable Year. Cash Distributions in respect of the Tax Distribution shall be made quarterly as provided in Section 4.1 hereof, based on a reasonable estimate of the amount of Tax Distribution for such Taxable Year. The amount of Tax Distribution shall be computed by the Company's regular independent public accounting firm.

"TAX MATTERS MEMBER" shall have the meaning set forth in Article 11.

"TRANSFER" or "TRANSFERRED" means (a) when used as a verb, to give, sell, exchange, assign, transfer, pledge, hypothecate, bequeath, devise or otherwise dispose of or encumber, and (b) when used as a noun, the nouns corresponding to such verbs, in either case voluntarily or involuntarily, by operation of law or otherwise. When referring to a Membership Interest,

"TRANSFER" shall mean the Transfer of such Membership Interest whether of record, beneficially, by participation or otherwise.

ARTICLE 2 FORMATION AND OFFICES

2.1 FORMATION. Pursuant to the Act, the Members have formed a Delaware limited liability company effective upon the filing of the Certificate of the Company with the Secretary of State of Delaware. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, to the extent permitted by the Act, this Agreement shall control.

2.2 PRINCIPAL OFFICE. The principal office of the Company shall be located at 277 Park Avenue, New York, New York 10172 or at such other place(s) as the Management Committee may determine from time to time.

2.3 REGISTERED OFFICE AND REGISTERED AGENT. The location of the registered office and the name of the registered agent of the Company in the State of Delaware shall be as stated in the Certificate, as determined from time to time by the Management Committee.

2.4 PURPOSE OF COMPANY. The Company's purposes, and the nature of the business to be conducted and promoted by the Company are, (a) to acquire certain shares of the Common Stock of ASHA Corporation, a Delaware corporation ("ASHA"), pursuant to the terms and conditions of a certain Stock Purchase Agreement to be entered into by ASHA, Alain J-M Clenet, as seller, and the Company, as purchaser (the "Acquisition"), (b) to engage in any other lawful act or activity for which limited liability companies may be formed under the Act, and (c) to engage in any and all activities necessary, advisable, convenient or incidental to the foregoing.

2.5 DATE OF DISSOLUTION. The term of the Company shall continue until the close of business on January 2, 2032 or

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until the earlier dissolution under Article 10 hereof. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Act.

2.6 CERTIFICATE; QUALIFICATION. The execution, delivery and filing of the Certificate by David E. Zeltner, in his capacity as an authorized person, within the meaning of the Act, is hereby ratified, approved and confirmed in all respects. The President and Chief Executive Officer, any Vice President, the Secretary and any Assistant Secretary of the Company is hereby authorized to

qualify the Company to do business as a foreign limited liability company in any state or territory in the United States in which the Company may wish to conduct business and each is hereby designated as an authorized person, within the meaning of the Act, to execute, deliver and file any amendments or restatements of the Certificate and any other certificates and any amendments or restatements thereof necessary for the Company to so qualify to do business in any such state or territory.

ARTICLE 3
CAPITALIZATION OF THE COMPANY

3.1 INITIAL CAPITAL CONTRIBUTIONS. On the date hereof, each Member shall make Capital Contributions in cash to the capital of the Company consisting of the amounts set forth below such Member's name on a signature page hereto. The Percentage Interest of each Member as of the date hereof shall be equal to the amount of cash contributed by such Member as its initial Capital Contribution as of the date hereof divided by the aggregate amount of cash contributed by all Members as their initial Capital Contributions as of the date hereof.

3.2 ADDITIONAL CAPITAL CONTRIBUTIONS.

(a) Except as otherwise expressly provided in this Agreement, no Member shall be required to make any additional Capital Contribution. No Member shall be permitted to make any additional Capital Contribution without the approval of the Management Committee.

(b) Subject to the rights of each Member to purchase its proportionate share of additional Membership Interests issued by the Company in accordance with Section 3.7, the Company may offer additional Membership Interests to any Person.

If any additional Capital Contributions are made by Members but not in proportion to their respective Percentage Interests, the Percentage Interest of each Member shall be adjusted such that each Member's revised Percentage Interest determined immediately following the additional Capital Contributions shall be equal to a fraction (1) the numerator of which is the sum of (a) the positive Capital Account balance of the Member determined immediately preceding the date the additional Capital Contribution is made (such Capital Account to be computed by adjusting the book value for Capital Account purposes of each Company asset to equal its Gross Asset Value as of such date, as provided in subparagraph (b) of the definition herein of "Gross Asset Value"), and (b) the additional Capital Contribution, if any, made by such Member, and (2) the denominator of which is the sum of the positive Capital Account balances and additional Capital Contributions of all Members, including any new Members (in each case calculated as provided in Section 3.2(b)(ii)(1)). The names, addresses

and Capital Contributions of the Members shall be reflected in the books and records of the Company.

3.3 LOANS. (a) No Member shall be obligated to loan funds to the Company. Loans by a Member to the Company shall not be considered Capital Contributions. The amount of any such loans shall be a debt of the Company owed to such Member in accordance with the terms and conditions upon which such loans are made.

(b) A Member may (but shall not be obligated to) guarantee a loan made to the Company. If a Member guarantees a loan made to the Company and is required to make payment pursuant to such guarantee to the maker of the loan, then the amounts so paid to the maker of the loan shall be treated as a loan by such Member to the Company and not as an additional capital contribution.

3.4 CERTAIN EXPENSES. (a) Each of the Members shall pay or reimburse the Company for its pro rata share of the fees, costs and expenses incurred by the Company arising out of or relating to the formation of the Company, the proposed Acquisition (including without limitation, the negotiation of documentation relating to the proposed Acquisition), the Company's investment in the Common Stock of ASHA, including, without limitation, the Company's compliance with reporting and other obligations under the securities laws, and accounting and related reporting costs.

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(b) The Management Committee may provide notice to the Members of the amounts, from time to time, to be paid or reimbursed by Members pursuant to Section 3.4(a) and each such Member shall pay its pro rata share of such amounts within five (5) Business Days of the date of the Management Committee's notice thereof.

(c) Anything in this Section 3.4 to the contrary notwithstanding, any Manager, at his option, may advance or cause an affiliate of such Manager to advance, any fees, costs or expenses described in Section 3.4(a) above, it being expressly understood that any amount so advanced may be repaid pro rata by the Members pursuant to Section 3.4(b) or shall be reimbursed by the Company prior to the making of any distribution by the Company to the Members hereunder.

3.5 MAINTENANCE OF CAPITAL ACCOUNTS.

(a) The Company shall maintain for each Member, a separate Capital Account with respect to the Membership Interest owned by such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited (A) such Member's Capital Contributions, (B) such Member's distributive share of Profits and (C) the amount of any Company liabilities assumed by

such Member or which are secured by any Property distributed to such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Member related to the maker of the note within the meaning of Regulation Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and only to the extent) principal payments are made on the note, all in accordance with Regulation Section 1.704-1(b)(2)(iv)(d)(2);

(ii) To each Member's Capital Account there shall be debited (A) the amount of money and the Gross Asset Value of any Property distributed or treated as an advance distribution to such Member pursuant to any provision of this Agreement (including without limitation any distributions pursuant to Section 4.1(a)), (B) such Member's distributive share of Losses and (C) the amount of any liabilities of such Member

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assumed by the Company or which are secured by any Property contributed by such Member to the Company;

(iii) In the event Membership Interests are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Membership Interests; and

(iv) In determining the amount of any liability for purposes of Sections 3.5(a)(i) and 3.5(a)(ii) there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(b) The foregoing Section 3.5(a) and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Section 1.704-1(b) and shall, to the greatest extent practicable, be interpreted and applied in a manner consistent with such Regulation. The Management Committee, in its sole discretion and to the extent otherwise consistent with this Agreement, shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulation Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulation Section 1.704-1(b).

3.6 CAPITAL WITHDRAWAL RIGHTS, INTEREST AND PRIORITY. Except as expressly provided in this Agreement, no Member shall be entitled (a) to withdraw or

reduce such Members' Capital Contribution or to receive any distributions from the Company, or (b) to receive or be credited with any interest on the balance of such Member's Capital Contribution at any time.

3.7 PREEMPTIVE RIGHTS. Subject to Section 3.2, if the Company elects to offer and sell Membership Interests other than the Membership Interests sold as of the date hereof, such additional Membership Interests shall be in the form of Membership Interests having such Percentage Interest, designations and such rights and provisions, including, but not limited to, provisions relating to distributions and allocations of Profits and Losses, as shall be reasonably determined by the Management Committee to be in the best

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interest of the Company; provided, however, that the Company may not offer and sell any Membership Interests having preferences to the rights of the then current Members with respect to distributions, allocations or rights upon liquidation, without the prior written consent of a Majority in Interest of the then current Members (it being understood that no such consent shall be required for the offering or sale of Membership Interests that are entitled to distributions, allocations and rights upon liquidation that are pari passu to the rights of the then current Members). Prior to the consummation of any sale of additional Membership Interests, the Company shall offer the additional Membership Interests to the Members, on the terms and conditions set forth below:

(a) The Company shall give Notice to each Member, setting forth the price, terms and conditions of the proposed sale of the additional Membership Interests, including the date of the proposed sale, which shall not be less than thirty (30) days after the date of the Notice.

(b) Each Member shall have the option to acquire all or a portion of such Member's pro rata portion (which shall be in proportion to the Percentage Interest of all the Members) at the time of the offering of the additional Membership Interests proposed to be sold, on the same terms and conditions as are set forth in the Notice. The option of Members to purchase all or a portion of their pro rata portions of the additional Membership Interests shall be exercised by delivery of a Notice to the Company of exercise within fifteen (15) days following receipt of the Company's Notice of the price, terms and conditions of the sale of the additional Membership Interests. If any Member fails or declines to purchase all or a portion of such Member's pro rata portion of the additional Membership Interests, then such Member's remaining portion of the additional Membership Interests shall be offered to the Members who have exercised their options to purchase their pro rata portions. This procedure shall continue until such time as all the Membership Interests offered hereby have been purchased by such Members or until no such Member

desires to purchase any additional Membership Interests hereunder. Each such Member shall have the right to offer to acquire such additional Membership Interests by delivering to the Company such Member's Notice of such offer within ten (10) days following

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receipt of the Company's Notice that additional portions are available. If less than all the Membership Interests to be sold by the Company are purchased by the Members, the Company may within one hundred twenty (120) days from the initial Notice sell such Membership Interests as shall not have been purchased by the Members upon terms and conditions no less favorable to the Company than those set forth in the Notice.

(c) The sale of additional Membership Interests to Members who exercise their options to purchase additional Membership Interests shall occur on the date set forth in a Notice from the Company to such Members, which date shall not be earlier than fifteen (15) days after the date of expiration of the last such offer to expire under Section 3.7(b).

ARTICLE 4 DISTRIBUTIONS

4.1 DISTRIBUTIONS OF NET CASH FLOW. Distributions of Net Cash Flow to the Members shall be made as follows:

(a) quarterly, to the Members in proportion to and to the extent of their relative Percentage Interests, an amount not in excess of the Tax Distribution for the Taxable Year; provided, however, that distributions under this Section 4.1(a) shall be treated as advance distributions under Section 4.1(b), with the result that distributions otherwise made under Section 4.1(b) to such Member shall be reduced by the amount of advances made pursuant to this Section 4.1(a); and

(b) upon the approval of and in the amount so approved by the Management Committee acting in its sole discretion, to the Members in proportion to their relative Percentage Interests.

4.2 PERSONS ENTITLED TO DISTRIBUTIONS. All distributions of Net Cash Flow to the Members under this Article 4 shall be made to the Persons shown on the records of the Company to be entitled thereto as of the last day of the fiscal period prior to the time for which such distribution is to be made, unless the transferor and transferee of any Membership Interest otherwise agree in

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writing to a different distribution and such distribution is consented to in writing by the Management Committee.

4.3 LIMITATIONS ON DISTRIBUTIONS. Notwithstanding anything to the contrary herein provided, no distribution hereunder shall be permitted to the extent prohibited by Section 18-607 of the Act.

ARTICLE 5 ALLOCATIONS

5.1 PROFITS. Profits for any Taxable Year shall be allocated to the Members first to reimburse them to the extent of any prior Losses so as to bring such Member's Capital Account to zero pro rata in accordance with the sum of each Member's Losses, and then in proportion to their Percentage Interests.

5.2 LOSSES. Subject to the limitation in Section 5.5 hereof and subject to Section 5.7 hereof, Losses for any Taxable Year shall be allocated to the Members in proportion to their Percentage Interests.

5.3 LOSS LIMITATION. Losses allocated pursuant to Section 5.2 hereof shall not exceed the maximum amount of Losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Taxable Year. In the event some but not all the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 5.2 hereof, the limitation set forth in this Section 5.5 shall be applied on a Member by Member basis and Losses not allocable to any Member as a result of such limitation shall be allocated to the other Members pro rata in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum permissible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

5.4 TAX ALLOCATIONS: CODE SECTION 704(C).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset

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Value (computed in accordance with the definition of Gross Asset Value).

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraph (b) of the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Any elections or other decisions relating to such allocations shall be made by the Management Committee in any manner that reasonably reflects the purpose and intention of this Agreement; provided, that the Company, in the discretion of the Management Committee, may make, or not make, "curative" or "remedial" allocations (within the meaning of the Regulations under Code Section 704(c)) including, but not limited to, "curative" allocations which offset the effect of the "ceiling rule" for a prior Taxable Year (within the meaning of Regulation Section 1.704-3(c)(3)(ii) and "curative" allocations from disposition of contributed property (within the meaning of Regulation Section 1.704-3(c)(3)(iii)(B)). Allocations pursuant to this Section 5.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions (other than Tax Distributions) pursuant to any provision of this Agreement.

5.5 CHANGE IN PERCENTAGE INTERESTS. In the event that the Members' Percentage Interests change during a Taxable Year, Profits and Losses shall be allocated taking into account the Members' varying Percentage Interests for such Taxable Year, determined on a daily, monthly or other basis as determined by the Management Committee, using any permissible method under Code Section 706 and the Regulations thereunder.

5.6 WITHHOLDING. Each Member hereby authorizes the Company to withhold and to pay over any taxes payable by the Company or any of its Affiliates as a result of such Member's participation in the Company; if and to the extent that the Company shall be required to withhold any such taxes, such Member shall be deemed for all purposes of this Agreement to have received a payment from the Membership as of the time such withholding is required to be paid, which

payment shall be deemed to be a distribution to such Member to the extent that the Member is then entitled to receive a distribution. To the extent that the aggregate of such payments in respect of a Member for any period exceeds the distributions to which such Member is entitled for such period, the amount of such excess shall be considered a demand loan from the Company to such Member, with interest at 8% per annum, which interest shall be treated as an item of Company income, until discharged by such Member by repayment, which may be made in the sole discretion of the Management Committee out of distributions to which such Member would otherwise be subsequently entitled. The withholdings referred

to in this Section 5.7 shall be made at the maximum applicable statutory rate under the applicable tax law unless the Management Committee shall have received an opinion of counsel or other evidence, satisfactory to the Management Committee, to the effect that a lower rate is applicable, or that no withholding is applicable.

5.7 CERTAIN FEES The parties hereto acknowledge that each of the Members on the date hereof, other than the Members that are the initial Managers designated pursuant to Section 7.1(a), have entered into an agreement (each a "Fee Agreement") with Greenbelt Corp., an affiliate of such Managers ("Greenbelt"), pursuant to which each such Member has agreed to pay to Greenbelt a fee equal to a percentage of the "Net Profit" (as defined therein), if any, realized by such Member in cash or readily marketable securities in respect of such Member's Membership Interest. Each such Member authorizes the Company to pay over to Greenbelt any fee payable by such Member to Greenbelt under such Member's Fee Agreement out of distributions to which such Member would otherwise be entitled hereunder.

ARTICLE 6 MEMBERS' MEETINGS

6.1 MEETINGS OF MEMBERS; PLACE OF MEETINGS. Regular meetings of the Members may be held on an annual basis or more frequently as determined by a Majority in Interest of the Members. All meetings of the Members shall be held in New York, New York at a location as designated from time to time by the Management Committee and stated in the Notice of the meeting or in a duly executed waiver of the Notice thereof. Special meetings of the Members may be held for any purpose or purposes, unless otherwise prohibited by law, and may be called by the Management Committee or by Members

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owning not less than twenty-five percent (25%) of the Percentage Interests. Members may participate in a meeting of the Members by means of conference telephone or other similar communication equipment whereby all Members participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at the meeting.

6.2 QUORUM; VOTING REQUIREMENT. The presence, in person or by proxy, of a Majority in Interest of the Members shall constitute a quorum for the transaction of business by the Members. The affirmative vote of a Majority in Interest of the Members present, in person or by proxy, at any meeting shall constitute a valid decision of the Members, except where a larger vote is required by the Act.

6.3 PROXIES. At any meeting of the Members, every Member having the right

to vote thereat shall be entitled to vote in person or by proxy appointed by an instrument in writing signed by such Member and bearing a date not more than one year prior to such meeting.

6.4 ACTION WITHOUT MEETING. Any action required or permitted to be taken at any meeting of Members of the Company may be taken without a meeting, without prior notice and without a vote if a consent in writing setting forth the action so taken is signed by Members having not less than the minimum Percentage Interests that would be necessary to authorize or take such action at a meeting of the Members. Prompt Notice of the taking of any action taken pursuant to this Section 6.4 by less than the unanimous written consent of the Members shall be given to those Members who have not consented in writing.

6.5 NOTICE. Notice stating the place, day and hour of the meeting and the purpose for which the meeting is called shall be delivered personally or sent by mail or by telecopier not less than five (5) days nor more than sixty (60) days before the date of the meeting by or at the direction of the Management Committee or other persons calling the meeting, to each Member entitled to vote at such meeting.

6.6 WAIVER OF NOTICE. When any Notice is required to be given to any Member hereunder, a waiver thereof in writing signed by the Member, whether before, at or after the time stated therein, shall be equivalent to the giving of such Notice.

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6.7 NO AUTHORITY. Unless expressly authorized herein or by action of the Members or the Management Committee in accordance herewith and the Act, no Member shall have any authority to act on behalf of the Company or bind the Company in any manner whatsoever, including, without limitation, entering into any agreement on behalf of the Company.

ARTICLE 7 MANAGEMENT AND CONTROL

7.1 MANAGEMENT COMMITTEE; MANAGERS.

(a) Except as otherwise provided hereunder, the business and affairs of the Company shall be managed by a Management Committee comprised of Alfred D. Kingsley ("Kingsley") and Gary K. Duberstein ("Duberstein"); provided, however, in the event that both Kingsley and Duberstein shall cease to be Managers as the result of death, resignation or otherwise, the Management Committee shall be comprised of one or more Managers designated from time to time in writing by a Majority in Interest of the Members and, provided further, in the event that a Majority in Interest of the Members fail to so designate a successor Manager or Managers within 30 days after both Kingsley and Duberstein cease to be Managers,

the Company shall be dissolved as provided in Section 10.1.

(b) Except as otherwise expressly provided herein, the power and authority granted to the Management Committee hereunder shall include all those necessary or convenient for the furtherance of the purposes of the Company and shall include the power to make all decisions with regard to the management, operations, assets, financing and capitalization of the Company.

(c) Anything to the contrary herein notwithstanding, no Manager shall have any authority to bind the Company or the Management Committee in his individual capacity in any manner whatsoever, except for such authority as shall be expressly delegated to a Manager in this Agreement or by the Management Committee.

7.2 MANAGEMENT COMMITTEE MEETINGS; AUTHORITY; PROXIES.

(a) The Management Committee will establish a regular meeting schedule, and will use its reasonable best efforts to meet at least once every quarter. Unless otherwise

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agreed by a majority of the Managers, meetings of the Management Committee shall be held in New York, New York. Meetings may be conducted in person, by telephone or in any other manner agreed to by the Management Committee. Any Manager may call a meeting of the Management Committee upon delivery of written or telephonic Notice at least three (3) Business Days prior to the date of such meeting, which Notice shall be accompanied by a proposed agenda or statement of purpose and by copies of all documents, agreements and information to be considered at such meeting; provided, however, at any such meeting, the Managers may address any and all business matters which may come before it, whether or not such items were provided for in the proposed agenda.

(b) A quorum shall exist when a majority of the Managers are present in person or by proxy. Each Manager is entitled to vote at any meeting of the Management Committee. The vote of a majority of the Managers present in person or by proxy at any meeting of the Management Committee where a quorum is present shall be required for action by the Management Committee.

(c) At each meeting of the Management Committee, every Manager shall be entitled to vote in person or by proxy appointed by instrument in writing, subscribed by such Manager.

7.3 MANAGEMENT COMMITTEE'S AUTHORITY; CERTAIN LIMITATIONS. (a) Except as expressly set forth herein, the Management Committee shall have the maximum power and authority with respect to the business and operations of the Company permitted by law, including, without limitation, the right to cause the Company to merge or consolidate with, or sell all, or substantially all, of its asset to

any Person.

(b) Notwithstanding the grant of authority to the Management Committee pursuant to Section 7.3(a) and except as otherwise contemplated in Sections 10.1(a), (b) and (c), the Management Committee shall not authorize the Company to merge or consolidate with, or sell all, or substantially all, of its assets to, a Member or an Affiliate of a Member without the prior written consent of a Majority in Interest of the Members who are not affiliated with the Member (or Affiliate of a Member) that is the acquiror in such transaction.

7.4 OFFICERS; AGENTS. The Management Committee shall have the power to appoint any Person or Persons as agents

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(who may be referred to as officers) to act for the Company with such titles, if any, as the Management Committee deems appropriate and to delegate to such officers or agents such of the powers as are granted to the Management Committee hereunder. Any decision or act of an officer appointed under this Section 7.4 within the scope of the officer's designated or delegated authority shall control and shall bind the Company. The officers or agents so appointed may have such titles as the Management Committee shall deem appropriate, which may include (but need not be limited to) President and Chief Executive Officer, Executive Vice President, Vice President, Chief Operating Officer, Chief Financial Officer, Treasurer or Controller. The initial officers of the Company are set forth on Schedule 7.4. Unless the authority of the agent designated as the officer in question is limited by the Management Committee, any officer so appointed shall have the same authority to act for the Company as a corresponding officer of a Delaware corporation would have to act for a Delaware corporation in the absence of a specific delegation of authority. The Management Committee, in its sole discretion, may by vote, resolution or otherwise ratify any act previously taken by an officer or agent acting on behalf of the Company.

7.5 RESIGNATION OF A MANAGEMENT COMMITTEE MEMBER. A Manager may resign from such position at any time upon giving Notice to the Management Committee. Any vacancy created by any such resignation of a Manager shall be filled by the Persons or Person who designated such vacating Manager in accordance with the provisions of Section 7.1(a).

7.6 COMPENSATION Except as otherwise provided herein, each Manager shall be entitled to reimbursement from the Company for all reasonable direct out-of-pocket expenses incurred on behalf of the Company and shall not be entitled to further compensation except as may be approved by a Majority in Interest of the Members.

ARTICLE 8

8.1 LIABILITY OF MEMBERS. A Member shall only be liable to make the payment of its Capital Contribution. No Member, except as otherwise specifically provided in the Act, shall be obligated to pay any distribution to or for the account of the Company or any creditor of the Company.

8.2 INDEMNIFICATION.

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(a) The Company shall indemnify and hold harmless each Manager and Member and their respective Affiliates and all officers, directors, members, partners, managers and employees thereof, and each officer of the Company and any Person serving in any similar capacity for another Person affiliated with the Company at the request of the Company (solely for purposes of this Section 8.2, each such Person being referred to as, a "COMPANY AFFILIATE"), from and against any and all losses, claims, demands, costs, damages, liabilities, expenses of any nature (including reasonable attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which a Company Affiliate may be involved, or threatened to be involved, as a party or otherwise, arising out of or incidental to the business of the Company, including, without limitation, liabilities under the Federal and state securities laws, regardless of whether a Company Affiliate continues to be a Company Affiliate, at the time any such liability or expense is paid or incurred, if (i) the Company Affiliate acted in good faith and in a manner it or he reasonably believed to be in, or not opposed to, the interests of the Company and, with respect to any criminal proceeding, had no reason to believe its or his conduct was unlawful, and (ii) the Company Affiliate's conduct did not constitute actual fraud, gross negligence or willful or wanton misconduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, in and of itself, create a presumption or otherwise constitute evidence that the Company Affiliate acted in a manner contrary to that specified in (i) or (ii) above.

(b) Expenses (including reasonable legal fees and expenses) incurred in defending any proceeding subject to subsection (a) of this Section 8.2 shall be paid by the Company in advance of the final disposition of such proceeding upon receipt of a written affirmation by the Company Affiliate of his or its good faith belief that he or it has met the standard of conduct necessary for indemnification under this Section 8.2 and a written undertaking (which need not be secured) by or on behalf of the Company Affiliate to repay such amount if it shall ultimately be determined, by a court of competent jurisdiction or otherwise, that the Company Affiliate is not entitled to be indemnified by the Company as authorized hereunder.

(c) The indemnification provided by this Section 8.2 shall be in addition to any other rights to which each Company Affiliate may be entitled under any agreement or vote of the Management Committee by the vote of Managers that are disinterested and unaffiliated with such Company Affiliate, as a matter of law or otherwise, both as to action in the Company Affiliate's capacity as a Company Affiliate or as a Person serving at the request of the Company and shall continue as to a Company Affiliate who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns, administrators and personal representatives of such Company Affiliate.

(d) The Company may purchase and maintain directors and officers insurance or, similar coverage, for its Managers and its officers in such amounts and with such deductibles or self-insured retentions as are customary for Persons engaged in businesses similar in size and type to those engaged in by the Company.

(e) Except as provided in Section 3.4, any indemnification hereunder shall be satisfied only out of the assets of the Company and the Members shall not be subject to personal liability by reason of these indemnification provisions. To the extent the Company does not have adequate cash available to satisfy its obligations under this Article 8, the Company shall pay its obligations under this Article 8 out of Net Cash Flow prior to making any distributions (other than distributions under Section 4.1(a) hereof) to the Members.

(f) A Company Affiliate shall not be denied indemnification in whole or in part under this Section 8.2 because the Company Affiliate had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement and all material facts relating to such indemnitee's interest were adequately disclosed to the Management Committee at the time the transaction was consummated.

(g) The provisions of this Section 8.2 are for the benefit of the Company Affiliates and the heirs, successors, assigns, administrators and personal representatives of the Company Affiliates and shall not be deemed to create any rights for the benefit of any other Persons.

(h) Any repeal or amendment of any provisions of this Section 8.2 shall be prospective only and shall not

adversely affect any Company Affiliates's right existing at the time of such

repeal or amendment.

ARTICLE 9
TRANSFERS OF MEMBERSHIP INTERESTS

9.1 GENERAL RESTRICTIONS.

(a) No Member may Transfer all or any part of such Member's Membership Interest, except as provided in this Agreement. Any purported Transfer or purported purchase of a Membership Interest or a portion thereof in violation of the terms of this Agreement shall be null and void and of no effect. A permitted Transfer shall be effective as of the date specified in the instruments relating thereto. Any transferee desiring to make a further Transfer shall become subject to all the provisions of this Article 9 to the same extent and in the same manner as any Member desiring to make any Transfer. No Member shall have the right to withdraw as a Member of the Company.

(b) In the event that the Membership Interests are registered under the Securities Act, the Transfer restrictions set forth in this Article 9 shall terminate.

9.2 PERMITTED TRANSFEREES.

(a) Notwithstanding the provisions of Sections 9.8 and 9.9, each Member shall have the right to Transfer (but not to substitute the transferee as a substitute Member in such Member's place, except in accordance with Section 9.3), by a written instrument, all or any part of such Member's Membership Interest, to any of its Affiliates or, with the approval of the Management Committee (which shall not be unreasonably withheld), to any other Person (each a "PERMITTED TRANSFEREE"); it being understood that any such Permitted Transferee shall be deemed to be an additional or substitute Member as of the date of such Transfer and each Member agrees to take such action and execute such documents as such transferee may deem reasonably necessary and appropriate for such transferee to become a substitute or additional Member.

(b) Unless and until admitted as a substitute Member pursuant to Section 9.3, a transferee of a Member's Membership Interest in whole or in part shall be an assignee with respect to such Transferred Membership Interest and shall not be entitled to participate in the management of

the business and affairs of the Company or to become or to exercise the rights of a Member, including the right to vote, the right to require any information or accounting of the Company's business or the right to inspect the Company's

books and records. Such transferee shall only be entitled to receive, to the extent of the Membership Interest transferred to such transferee, the share of distributions and profits, including distributions representing the return of Capital Contributions, to which the transferor would otherwise be entitled with respect to the Transferred Interest. The transferor shall have the right to vote such Transferred Interest until the transferee is admitted to the Company as a substituted Member with respect to the Transferred Interest.

9.3 SUBSTITUTE MEMBERS. No transferee of all or part of a Member's Membership Interest shall become a substitute Member in place of the transferor unless and until:

(a) the transferee has executed an instrument in form and substance reasonably satisfactory to the Management Committee accepting and adopting the terms and provisions of the Certificate and this Agreement; and

(b) the transferee has caused to be paid all reasonable expenses of the Company in connection with the admission of the transferee as a substitute Member.

Upon satisfaction of all the foregoing conditions with respect to a particular transferee, the President and Chief Executive Officer shall cause the books and records of the Company to reflect the admission of the transferee as a substitute Member to the extent of the Transferred Interest held by the transferee.

9.4 EFFECT OF ADMISSION AS A SUBSTITUTE MEMBER. A transferee who has become a substitute Member has, to the extent of the transferred Membership Interest, all the rights, powers and benefits of, and is subject to the restrictions and liabilities of a Member under the Certificate, this Agreement and the Act. Upon admission of a transferee as a substitute Member, the transferor of the Membership Interest so held by the substitute Member shall cease to be a Member of the Company to the extent of such transferred Membership Interest.

9.5 CONSENT. Each Member hereby agrees that upon satisfaction of the terms and conditions of this Article 9

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with respect to any proposed Transfer, the Person proposed to be such transferee may be admitted as a Member.

9.6 NO DISSOLUTION. If a Member transfers all of its Membership Interest pursuant to this Article 9 and the transferee of such Membership Interest is admitted as a Member pursuant to Section 9.3, such Person shall be admitted to

the Company as a Member effective on the effective date of the Transfer or such other date as may be specified when the Member is admitted. In such event, the Company shall not dissolve if the business of the Company is continued without dissolution in accordance with clause (c) of Section 10.1 hereof.

9.7 ADDITIONAL MEMBERS; CERTAIN REPRESENTATIONS OF MEMBERS. Subject to Section 3.7, after the formation of the Company, any Person acceptable to the Management Committee may become an additional Member of the Company for such consideration as the Management Committee shall determine, provided that such additional Member complies with all the requirements of a transferee under Sections 9.3(a) and (b).

ARTICLE 10
DISSOLUTION AND TERMINATION

10.1 EVENTS CAUSING DISSOLUTION. The Company shall be dissolved and its affairs wound up upon the first to occur of the following events:

(a) Both Kingsley and Duberstein shall cease to be Managers as the result of death, resignation or otherwise unless, within 30 days thereafter, one or more Managers are designated in writing by a Majority in Interest of the Members in accordance with Section 7.1(a).

(b) The sale, Transfer or other disposition of substantially all of the assets of the Company and the receipt and distribution of all the proceeds therefrom;

(c) The election of the Management Committee to dissolve;

(d) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act; or

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(e) The expiration of the term of the Company as provided in Section 2.5.

10.2 NOTICES TO SECRETARY OF STATE. When all the remaining property and assets of the Company have been distributed, the Certificate shall be cancelled by filing a certificate of cancellation with the Secretary of State of Delaware.

10.3 CASH DISTRIBUTIONS UPON DISSOLUTION. Upon the dissolution of the Company as a result of the occurrence of any of the events set forth in Section 10.1, the Management Committee shall proceed to wind up the affairs of and liquidate the Company and any cash and proceeds therefrom shall be applied and distributed in the following order of priority:

(a) First, to the payment (or the making of reasonable provision for payment) of debts and liabilities of the Company in the order of priority as provided by law (including any loans or advances that may have been made by any of the Members to the Company) and the expenses of liquidation including the establishment of any Reserves which the Management Committee may reasonably deem necessary for any contingent, conditional or unasserted claims or obligations of the Company. Such Reserves may be paid over by the Company to an escrow agent to be held for disbursement in payment of any of the aforementioned liabilities and, at the expiration of such period as shall be reasonably deemed advisable by the Management Committee, for distribution of the balance in the manner provided in this Article 10;

(b) Finally, the remaining balance, if any, to the Members in proportion to their respective positive Capital Accounts, after giving effect to all contributions, distributions and allocations for all periods, in accordance with the requirements of Regulation Section 1.704-1(b) (2) (ii) (b) (2) .

10.4 IN-KIND. Notwithstanding the foregoing but subject to Section 18-804(a) (1) of the Act, in the event the Management Committee shall determine that an immediate sale of part of or all the Property would cause undue loss to the Members, or the Management Committee determines that it would be in the best interest of the Members to distribute the Property to the Members in-kind (which distributions do not, as to the in-kind portions, have to be in the same

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proportions as they would be if cash were distributed, but all such in-kind distributions shall be equalized, to the extent necessary, with cash), then the Management Committee may either defer liquidation of, and withhold from distribution for a reasonable time, any of the Property except that necessary to satisfy the Company's debts and obligations, or distribute the Property to the Members in-kind.

10.5 NO ACTION FOR DISSOLUTION. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. Accordingly, except where the Manager has failed to liquidate the Company as required by Section 10.1 and except as specifically provided in Section 18-802 and Section 18-803(a) of the Act, each Member hereby to the fullest extent permitted by law waives and renounces his right to initiate legal action to seek dissolution of the Company or to seek the appointment of a receiver or trustee to wind up the affairs of the Company, except in the cases of fraud, violation of law, bad faith, gross negligence, willful misconduct or willful violation of this Agreement.

ARTICLE 11
TAX MATTERS MEMBER

11.1 TAX MATTERS MEMBER. Kingsley shall be the Tax Matters Member of the Company as provided in the Regulations under Section 6231 of the Code and analogous provisions of state law. If Kingsley for any reason ceases to be a Member, the Management Committee shall appoint a successor Tax Matters Member.

11.2 CERTAIN AUTHORIZATIONS. The Tax Matters Member shall represent the Company, at the Company's expense, in connection with all examinations of the Company's affairs by tax authorities including any resulting administrative or judicial proceedings. Without limiting the generality of the foregoing, and subject to the restrictions set forth herein, the Tax Matters Member is hereby authorized, but not required:

(a) to enter into any settlement with the Secretary with respect to any tax audit or judicial review, in which agreement the Tax Matters Member may

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expressly state that such agreement shall bind the other Members;

(b) if a notice of a final administrative adjustment at the Company level of any item required to be taken into account by a Member for tax purposes is mailed to the Tax Matters Member, to seek judicial review of such final adjustment, including the filing of a petition for readjustment with the Tax Court, the District Court of the United States for the district in which the Company's principal place of business is located, or elsewhere as allowed by law, or the United States Claims Court;

(c) to intervene in any action brought by any other Member for judicial review of a final adjustment;

(d) to file a request for an administrative adjustment with the Secretary at any time and, if any part of such request is not allowed by the Secretary, to file a petition for judicial review with respect to such request;

(e) to enter into an agreement with the Internal Revenue Service to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Member for tax purposes, or an item affected by such item; and

(f) to take any other action on behalf of the Members (with respect to the Company) or the Company in connection with any administrative or judicial tax proceeding to the extent permitted by applicable law or the Regulations.

Except with the consent of the Tax Matters Member, no Member shall have the right to participate in any such actions and proceedings.

11.3 INDEMNITY OF TAX MATTERS MEMBER. To the maximum extent permitted by applicable law and without limiting Article 8, the Company shall indemnify and reimburse the Tax Matters Member for all expenses (including reasonable legal and accounting fees) incurred as Tax Matters Member pursuant to this Article 13 in connection with any administrative or judicial proceeding with respect to the tax liability of the Members as long as the Tax Matters Member has determined in good faith that the Tax Matters Member's course of conduct

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was in, or not opposed to, the best interest of the Company. The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent provided herein or required by law, is a matter in the sole discretion of the Tax Matters Member.

11.4 INFORMATION FURNISHED. To the extent and in the manner provided by applicable law and Regulations, the Tax Matters Member shall furnish the name, address, profits and loss interest, and taxpayer identification number of each Member to the Internal Revenue Service.

11.5 NOTICE OF PROCEEDINGS, ETC. The Tax Matters Member shall use best efforts to keep each Member informed of any administrative and judicial proceedings for the adjustment at the Company level of any item required to be taken into account by a Member for income tax purposes or any extension of the period of limitations for making assessments of any tax against a Member with respect to any Company item, or of any agreement with the Internal Revenue Service that would result in any material change either in Income or Loss as previously reported.

11.6 NOTICES TO TAX MATTERS MEMBER. Any Member that receives a notice of an administrative proceeding under Section 6233 of the Code relating to the Company shall promptly provide Notice to the Tax Matters Member of the treatment of any Company item on such Member's Federal income tax return that is or may be inconsistent with the treatment of that item on the Company's return. Any Member that enters into a settlement agreement with the Internal Revenue Service or any other government agency or official with respect to any Company item shall provide Notice to the Tax Matters Member of such agreement and its terms within sixty (60) days after its date.

11.7 PREPARATION OF TAX RETURNS. The Tax Matters Member shall arrange for the preparation and timely filing of all returns of Company income, gains, deductions, losses and other items necessary for Federal, state and local income tax purposes and shall use all reasonable efforts to furnish to the Members within ninety (90) days of the close of the taxable year a Schedule K-1 and such other tax information reasonably required for Federal, state and local income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items shall be on the cash or accrual method of accounting for Federal income tax purposes, as the

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Management Committee shall determine in its sole discretion in accordance with applicable law.

11.8 TAX ELECTIONS. Except as otherwise provided herein, the Tax Matters Member shall, in its sole discretion, determine whether to make any available election.

11.9 TAXATION AS A PARTNERSHIP. No election shall be made by the Company or any Member for the Company to be excluded from the application of any of the provisions of Subchapter K, Chapter I of Subtitle A of the Code or from any similar provisions of any state tax laws or to be treated as a corporation for federal tax purposes.

ARTICLE 12 ACCOUNTING AND BANK ACCOUNTS

12.1 FISCAL YEAR AND ACCOUNTING METHOD. The fiscal year and taxable year of the Company shall be as designated by the Management Committee in accordance with the Code. The Company shall use an accrual method of accounting.

12.2 BOOKS AND RECORDS. The Company shall maintain at its principal office, or such other office as may be determined by the Management Committee, all the following:

(a) A current list of the full name and last known business or residence address of each Member and of the Manager together with information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each Member became a Member of the Company;

(b) A copy of the Certificate and this Agreement, including any and all amendments to either thereof, together with executed copies of any powers of attorney pursuant to which the Certificate, this Agreement,

or any amendments have been executed;

(c) Copies of the Company's Federal, state, and local income tax or information returns and reports, if any, which shall be retained for at least six fiscal years;

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(d) The financial statements of the Company, which shall be retained for at least six fiscal years; and

(e) The Company's books and records, which shall be retained for at least six fiscal years.

12.3 DELIVERY TO MEMBERS; INSPECTION. Upon the request of any Member, for any purpose reasonably related to such Member's interest as a member of the Company, the Management Committee shall cause to be made available to the requesting Member the information required to be maintained by clauses (a) through (d) of Section 14.2 and such other information regarding the business and affairs of the Company as any Member may reasonably request.

12.4 FINANCIAL STATEMENTS. The Management Committee shall cause to be prepared for the Members at least annually, at the Company's expense, financial statements of the Company, and its subsidiaries, prepared in accordance with generally accepted accounting principles and audited by a nationally recognized accounting firm. The financial statements so furnished shall include a balance sheet, statement of income or loss, statement of cash flows, and statement of Members' equity.

12.5 FILINGS. At the Company's expense, the Management Committee shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities and to have prepared and to furnish to each Member such information with respect to the Company as is necessary (or as may be reasonably requested by a Member) to enable the Members to prepare their Federal, state and local income tax returns. The Management Committee, at the Company's expense, shall also cause to be prepared and timely filed, with appropriate Federal, state and local regulatory and administrative bodies, all reports required to be filed by the Company with those entities under then current applicable laws, rules, and regulations. The reports shall be prepared on the accounting or reporting basis required by the regulatory bodies.

12.6 NON-DISCLOSURE. Each Member agrees that, except as otherwise consented to by the Management Committee in writing, all non-public and confidential information furnished to it pursuant to this Agreement will be kept confidential and will not be disclosed by such Member, or by any of its agents, representatives, or employees, in any manner whatsoever, in whole or in part, except that (a) each

Member shall be permitted to disclose such information to those of its agents, representatives, and employees who need to be familiar with such information in connection with such Member's investment in the Company, so long as such agents, representatives and employees agree to keep such information confidential on the terms set forth herein, (b) each Member shall be permitted to disclose such information to its partners, stockholders and affiliates so long as they agree to keep such information confidential on the terms set forth herein, (c) each Member shall be permitted to disclose information to the extent required by law, legal process or regulatory requirements, so long as such Member shall have used its reasonable efforts to first afford the Company with a reasonable opportunity to contest the necessity of disclosing such information, (d) each Member shall be permitted to disclose such information to possible purchasers of all or a portion of the Member's Interest, provided that such prospective purchaser shall execute a suitable confidentiality agreement containing terms not less restrictive than the terms set forth herein, and (e) each Member shall be permitted to disclose information to the extent necessary for the enforcement of any right of such Member arising under this Agreement.

12.7 BANK ACCOUNTS. All funds of the Company shall be deposited in a separate bank, money market or similar account(s) approved by the Management Committee and in the Company's name. Withdrawals therefrom shall be made only by Persons authorized to do so by the Management Committee.

ARTICLE 13 MISCELLANEOUS

13.1 TITLE TO PROPERTY. Title to the Property shall be held in the name of the Company. No Member shall individually have any ownership interest or rights in the Property except indirectly by virtue of such Member's ownership of a Membership Interest.

13.2 WAIVER OF DEFAULT. No consent or waiver, express or implied, by the Company or a Member with respect to any breach or default by the Company or a Member hereunder shall be deemed or construed to be a consent or waiver with respect to any other breach or default by any party of the same provision or any other provision of this Agreement. Failure on the part of the Company or a Member to complain of any act or failure to act of the Company or a Member or to declare such party in default shall not be deemed or

constitute a waiver by the Company or the Member of any rights hereunder.

13.3 AMENDMENT.

(a) Except as otherwise expressly provided elsewhere in this Agreement, this Agreement shall not be altered, modified or changed except by an amendment approved by a Majority in Interest of the Members; provided, however, that if any such amendment adversely affects the economic rights of a Member, such amendment shall only be effective if consented to in writing by such Member.

(b) In addition to any amendments otherwise authorized herein, the Manager or Management Committee may make any amendments to any of the Schedules to this Agreement from time to time to reflect transfers of Membership Interests and issuances of additional Membership Interests. Copies of such amendments shall be delivered to the Members upon execution thereof.

(c) The Manager shall cause to be prepared and filed any amendment to the Certificate that may be required to be filed under the Act as a consequence of any amendment to this Agreement.

(d) Any modification or amendment to this Agreement or the Certificate made in accordance with this Section 13.3 shall be binding on all Members and the Manager.

13.4 NO THIRD PARTY RIGHTS. Except as provided in Article 8, none of the provisions contained in this Agreement shall be for the benefit of or enforceable by any third parties, including creditors of the Company. Subject to Article 8, the parties to this Agreement expressly retain any and all rights to amend this Agreement as herein provided, notwithstanding any interest in this Agreement or in any party to this Agreement held by any other Person.

13.5 SEVERABILITY. In the event any provision of this Agreement is held to be illegal, invalid or unenforceable to any extent, the legality, validity and enforceability of the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect and shall be enforced to the greatest extent permitted by law.

13.6 NATURE OF INTEREST IN THE COMPANY. A Member's Membership Interest shall be personal property for all purposes.

13.7 BINDING AGREEMENT. Subject to the restrictions on the disposition of Membership Interests herein contained, the provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their

respective heirs, personal representatives, successors and permitted assigns.

13.8 HEADINGS. The headings of the Certificate and sections of this Agreement are for convenience only and shall not be considered in construing or interpreting any of the terms or provisions hereof.

13.9 WORD MEANINGS. The words such as "herein", "hereinafter", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires. The singular shall include the plural, and vice versa, unless the context otherwise requires.

13.10 COUNTERPARTS. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

13.11 ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties hereto and thereto and supersedes all prior writings or agreements with respect to the subject matter hereof.

13.12 PARTITION. The Members agree that the Property is not and will not be suitable for partition. Accordingly, each of the Members hereby irrevocably waives any and all right such Member may have to maintain any action for partition of any of the Property. No Member shall have any right to any specific assets of the Company upon the liquidation of, or any distribution from, the Company.

13.13 GOVERNING LAW; CONSENT TO JURISDICTION AND VENUE. This Agreement shall be construed according to and governed by the laws of the State of Delaware without regard to principles of conflict of laws. The parties hereby submit to the exclusive jurisdiction and venue of the state courts of New York County, New York or to the Court of Chancery of the State of Delaware and the United States District Court for the Southern District of New York and of the United States District Court for the District of Delaware, as the case may be, and agree that the Company or Members may, at their option, enforce their rights hereunder in such courts.

13.14 DISCRETION. Whenever a Manager shall have discretion to act hereunder, such Person agrees to act in a reasonable manner on behalf of the Company and its Affiliates.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

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SCHEDULE 7.4

Initial Slate of Officers

Alfred D. Kingsley, President and Chief Executive Officer

Gary K. Duberstein, Vice President, Secretary and Treasurer

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STOCK PURCHASE AGREEMENT

BY AND AMONG

ASHA CORPORATION,

ALAIN J-M CLENET,

AND

GREENMOTORS LLC

STOCK PURCHASE AGREEMENT

AGREEMENT, made as of the 8th day of January 1998, by and among ASHA CORPORATION, a Delaware corporation (the "Company"), ALAIN J-M CLENET ("Seller"), and GREENMOTORS LLC, a Delaware limited liability company ("Purchaser").

WHEREAS, Purchaser desires to purchase 1,118,652 shares of the Common Stock, \$.00001 par value per share, of the Company (the "Common Stock") held by the Seller, and the Seller desires to sell to Purchaser 1,118,652 shares of Common Stock of the Company, in exchange for the consideration and upon the terms described herein; and

WHEREAS, the parties hereto desire to make certain representations, warranties, covenants and agreements in connection with such sale of Common

Stock and also desire to prescribe various conditions precedent to such sale.

NOW, THEREFORE, in consideration of the mutual promises, covenants, provisions, and representations contained herein, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1

SALE

1.1 Sale and Delivery of Common Stock. Subject to all the terms and conditions of this Agreement, the Seller shall transfer and convey to Purchaser at the Closing (as defined in paragraph 1.3 hereof) good, valuable and marketable title to 1,118,652 shares of Common Stock, free and clear of all liens, claims and encumbrances (except as described in Sections 1.2 and 2.2 hereof) in exchange for the consideration described in paragraph 1.4 hereof. The consideration described in paragraph 1.4 hereof shall be wired at the Closing to whatever account is designated by the Seller in writing to the Purchaser at least 3 business days prior to the Closing.

1.2 The parties understand and agree that the certificates for the shares being sold in this transaction are being held in escrow as described in paragraph 2.2 below, and on the Closing, certificates representing 1,118,652 shares in the name of Seller will be canceled and one new certificate will be issued in the name of Purchaser in the amount of 1,118,652 shares. The new certificate for the Purchaser and any certificates for shares of the Seller not being sold in this transaction will remain in escrow subject to the terms of separate promotional share escrow agreements.

1.3 Effective Date and Closing. The Closing of the transaction contemplated herein (the "Closing") shall occur on January 8, 1998, at a mutually agreeable time and place or as soon

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thereafter as reasonably practicable (the "Closing Date") following the date on which all of the obligations and conditions precedent contained herein are complied with.

1.4 Purchase Price. Subject to all of the other terms and conditions set forth in the Agreement and in reliance on the representations, warranties and covenants hereinafter set forth, Purchaser shall deliver to Seller cash in the amount of \$3,000,000 (\$2.6818 per share) (hereinafter referred to as the "Purchase Price").

1.5 Termination Date. If this transaction has not closed by January 9, 1998, this Agreement shall be automatically terminated and none of the parties

shall have any obligations hereunder except that such termination shall not waive any breaches of the terms of this Agreement arising prior thereto.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Purchaser to enter into this Agreement, Seller hereby represents and warrants to Purchaser that:

2.1 Share Ownership. The 1,118,652 shares of Common Stock to be sold hereunder are owned of record and beneficially by the Seller, and such shares are not subject to any claim, lien, encumbrance or pledge, except as set forth in Section 2.2 hereof. Seller has authority to sell and exchange such shares pursuant to this Agreement. After the Closing and the simultaneous sale of another 559,326 shares by the Seller to four other parties, Seller will continue to have record and beneficial ownership of 291,722 shares of the Common Stock and options to purchase 19,728 shares of the Common Stock.

2.2 Restriction of Shares. The 1,118,652 shares of Common Stock to be sold by Seller are presently held in an escrow account with TranSecurities International, Inc. subject to the terms of a Promotional Shares Escrow Agreement dated June 26, 1997, true copies of which, and amendments thereto, if any, are attached hereto as Exhibit A. In addition, the 1,118,652 shares of Common Stock are subject to a lock-up agreement between the Seller and H.J. Meyers & Co., Inc., true copies of which, and amendments thereto, if any, are attached hereto as Exhibit B.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER AND THE COMPANY

As an inducement to Purchaser to enter into this Agreement, Seller and the Company hereby represent and warrant to the Purchaser that:

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3.1 Capitalization. The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock of which 8,663,158 shares of Common Stock are currently issued and outstanding, and 10,000,000 shares of \$.001 par value Preferred Stock of which no shares are issued and outstanding. All of the issued and outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable. Other than 1,162,827 shares of Common Stock underlying options granted under the Company's Stock Option Plan, 125,000 shares of Common Stock underlying warrants issued to H.J. Meyers & Co., Inc., 93,100 shares of Common Stock underlying options granted to Elliott

Goldberg, and 18,750 shares of Common Stock underlying warrants to Montecito Bank, there are no outstanding subscriptions, options, rights, warrants, convertible securities, or other agreements or commitments obligating the Company to issue or to transfer from treasury any additional shares of its capital stock of any class.

3.2 SEC Filings. Since January 1, 1995, the Company has filed with the Securities and Exchange Commission ("SEC") all registration statements, financial statements, reports, schedules, forms, proxy statements and all other documents and written information (collectively "SEC filings") required to have been filed by the Company under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. As the date hereof, none of the SEC filings contains, or, at the Closing Date, will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances in which they were made, not misleading.

3.3 Undisclosed Liabilities. Neither the Company nor any of its properties or assets are subject to any material liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise and whether due or to become due, that are not reflected in the Company's financial statements included in the Form 10-QSB for the three months ended June 30, 1997, other than liabilities incurred in the normal course of operations since June 30, 1997. This Warranty by Seller is to the best of Seller's knowledge.

3.4 Authority. The Company has full corporate power and authority to enter into this Agreement, the Registration Rights Agreement and any other agreements, documents or instruments to be executed and delivered by the Company pursuant to the provisions hereof or thereof (collectively the "Transaction Documents") and to consummate the transactions contemplated by the Transaction Documents. The Board of Directors of the Company has taken all action required to authorize the execution and delivery of the Transaction Documents by or on behalf of the Company and the performance of the obligations of the Company under the Transaction Documents. No other corporate proceedings on the part of the Company are necessary to authorize the execution and delivery of the Transaction Documents by the Company or the performance of its obligations under the Transaction Documents. The Transaction Documents are, and when executed and delivered by the Company will be, valid and binding agreements of the Company, enforceable against the Company in accordance with their respective

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terms, except as such enforceability may be limited by general principles of equity, bankruptcy, insolvency, moratorium and similar laws relating to creditors' rights generally.

3.5 Ability to Carry Out Obligations. Neither the execution and delivery of the Transaction Documents, the performance by the Company of its obligations under the Transaction Documents, nor the consummation of the

transactions contemplated under the Transaction Documents will, to the best of the Company's knowledge: (a) violate any provision of the Company's articles of incorporation or bylaws; (b) with or without the giving of notice or the passage of time, or both, violate, or be in conflict with, or constitute a default under, or cause or permit the termination or the acceleration of the maturity of, any debt, contract, agreement or obligation of the Company, or require the payment of any prepayment or other penalties; (c) other than the consent of the Securities Examination Division of the State of Michigan (the "Division") and the consent of H.J. Meyers & Co., Inc., true and correct copies of which are attached hereto as Exhibits C and D, respectively, and the waiver by the parties to the Promotional Shares Escrow Agreement dated June 26, 1997, of the conditions to the transfer of the Common Stock pursuant to this Agreement, all of which have been obtained, require notice to, or the consent of, any party to any agreement or commitment, lease or license, to which the Company is bound; (d) result in the creation or imposition of any security interest, lien or other encumbrance upon any property or assets of the Company; or (e) violate any statute or law or any judgment, decree, order, regulation or rule of any court or governmental authority to which the Company is bound or subject.

3.6 Consents and Approvals. Other than the consent of the Division, the consent of H.J. Meyers & Co., Inc., and the consent of the Seller's spouse, all of which have been obtained and the entering into of new Promotional Share Escrow Agreements by the Seller and the Purchaser in the forms of Exhibits G and J, respectively, no consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority or any other person is required to be made or obtained by the Company and the Seller in connection with: (a) the execution and delivery by the Company and the Seller of the Transaction Documents; (b) the performance by the Company and the Seller of their obligations under the Transaction Documents; or (c) the consummation by the Company and the Seller of the transactions contemplated by the Transaction Documents.

3.7 Status of Shares. Upon the sale and transfer of the shares being sold hereunder, the Purchaser will be the record and beneficial owner of 1,118,652 shares of the Common Stock, and such shares will be fully paid and non-assessable, free and clear of all mortgages, pledges, liens, security interests, encumbrances, and, except as set forth in Exhibits G and I hereto, restrictions of every nature.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to the Company and the Seller to enter into this Agreement, the Purchaser represents and warrants to the Company and Seller that:

4.1 Purchaser's Status. Purchaser represents that it is a sophisticated investor with experience in making investments of this type and is an Accredited Investor as that term is defined in Rule 501(a) under the Securities Act of 1933, as amended.

4.2 Investment Intent. Purchaser is purchasing the Common Stock for its own account for investment purposes and not with a view to public distribution. Purchaser has the capacity to evaluate the merits and risks of the acquisition of the Common Stock and understands that the Common Stock is subject to resale restrictions under various state and federal securities laws.

4.3 Information Provided. Purchaser represents that it has not been provided any information concerning the Company by the Seller, except for information set forth or referred to in this Agreement, and Purchaser is not relying on any representations or warranties of the Seller except for those set forth in this Agreement.

ARTICLE 5

COVENANTS

5.1 Investigative Rights. From the date of this Agreement until the Closing Date, the Company shall provide to Purchaser, and its counsel, accountants, auditors, and other authorized representatives, reasonable access to all of the Company's properties, books, contracts, commitments, and records for the purpose of examining the same. The Company shall furnish Purchaser with all information concerning its affairs as Purchaser may reasonably request. Without in any manner reducing or otherwise mitigating the representations contained herein, Purchaser and/or its representatives shall have the opportunity to meet with accountants and attorneys to discuss the financial condition of the Company. If the transaction contemplated hereby is not completed, all documents received by Purchaser and/or its attorneys and accountants shall be returned to the Company upon request.

5.2 Seller's Cooperation After the Closing; Further Action. At any time and from time to time after the Closing, the Seller shall execute and deliver to Purchaser such other instruments and take such other actions as the Purchaser may reasonably request to more effectively vest title to the Common Stock in the Purchaser. Each of the parties hereto shall use all reasonable efforts

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to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable laws, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and to consummate and make effective the

transactions contemplated hereby.

5.3 Undertaking Regarding Becoming "Covered Securities." The Company undertakes and agrees that, as soon as the Company meets the requirements, it will take all reasonable steps necessary to have the Common Stock being purchased by the Purchaser pursuant to this Agreement become "Covered Securities" as such term is defined by the National Securities Markets Improvement Act of 1996.

ARTICLE 6

CONDITIONS PRECEDENT TO PURCHASER'S PERFORMANCE

6.1 Conditions. Purchaser's obligations hereunder shall be subject to the satisfaction, at or before the Closing, of all the conditions set forth in this Article 6. Purchaser may waive any or all of these conditions in whole or in part without prior notice, so long as such waiver is in writing; and provided, however, that no such waiver of a condition shall constitute a waiver by Purchaser of any other condition or any of Purchaser's other rights or remedies, at law or in equity, if the Company and/or Seller shall be in default of any of their representations, warranties, or covenants under this Agreement.

6.2 Accuracy of Representations. Except as otherwise permitted by this Agreement, all representations and warranties by the Company and Seller in this Agreement or in any written statement that shall be delivered to Purchaser by the Seller or the Company under this Agreement shall be true and accurate when made and on and as of the Closing Date with the same force and affect as if made at the Closing. The Company and the Seller shall deliver a certificate to such effect dated the Closing Date.

6.3 Performance. The Company and Seller shall have performed, satisfied, and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by them, on or before the Closing Date.

6.4 Absence of Litigation. No action, suit, or proceeding before any court or any governmental body or authority, pertaining to the transaction contemplated by this Agreement or to its consummation, shall have been instituted or threatened against any party hereto on or before the Closing Date.

6.5 Closing Documents. The Company and the Seller shall deliver the closing documents to be delivered by them as set forth in Article 9 of this Agreement.

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6.6 Separation Agreement. The Company and the Seller shall have entered into the Separation Agreement substantially in the form attached hereto as

Exhibit E.

6.7 Due Diligence. The Purchaser shall be satisfied in its reasonable discretion with the results of its due diligence investigation of the Company.

6.8 Legal Opinion. Purchaser shall have received the written opinion of Krys Boyle Freedman & Sawyer, P.C., counsel for the Company, dated the Closing Date, substantially in the form attached hereto as Exhibit F.

6.9 Promotional Shares Escrow Agreement. All actions required by the December 12, 1997, letter from Ronald C. Jones, the Director of the Division, shall have been taken and all documents required thereby shall have been executed and delivered to the Division pursuant to such letter, except that the new escrow agreements, in the form attached hereto as Exhibit G, may be provided to the Division within three (3) business days after the Closing.

6.10 H.J. Meyers Consent. The Company shall have provided a letter from H.J. Meyers & Co., Inc., pursuant to which H.J. Meyers & Co., Inc. consents to the sale of a total of 1,677,978 shares of Common Stock which includes the 1,118,652 shares of Common Stock being sold by Seller to Purchaser pursuant to this Agreement. A true copy of that letter is attached hereto as Exhibit D.

6.11 Registration Rights Agreement. The Company shall have executed and delivered the Registration Rights Agreement attached hereto as Exhibit H.

ARTICLE 7

CONDITIONS PRECEDENT TO THE SELLER'S PERFORMANCE

7.1 Conditions. The Seller's obligations hereunder shall be subject to the satisfaction, at or before the Closing, of all the conditions set forth in this Article 7. The Seller may waive any or all of these conditions in whole or in part without prior notice; so long as such waiver is in writing; and provided, however, that no such waiver of a condition shall constitute a waiver by the Seller of any other condition of or any of the Seller's rights or remedies, at law or in equity, if Purchaser shall be in default of any of its representations, warranties, or covenants under this Agreement.

7.2 Accuracy of Representations. Except as otherwise permitted by this Agreement, all representations and warranties by Purchaser in this Agreement or in any written statement that

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shall be delivered to the Seller by Purchaser under this Agreement shall be true and accurate on and as of the Closing Date as through made at that time.

7.3 Performance. Purchaser shall have performed, satisfied, and complied with all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it, on or before the Closing Date.

7.4 The conditions set forth in Sections 6.9 and 6.10 shall have been met.

ARTICLE 8

BOARD SEAT FOR PURCHASER

8.1 Immediately after the Closing, Purchaser shall have the right to select one member of the Company's Board of Directors. The director to be selected by Purchaser shall serve until the next annual meeting of the Company's shareholders. Thereafter, the Company will have such member renominated for an additional three terms of office, and the Company's officers and directors will agree to vote their shares to re-elect such member. If such person is unable to continue serving on the Board for any reason during this period, Purchaser shall be entitled to select a substitute and the Company will use its best efforts to add the substitute to the Board, and the Company's officers and directors will agree to vote their shares to re-elect such member during the period described in the sentence above. If for any reason during this period a person selected by Purchaser is not then serving, Purchaser shall have the right to designate one representative to be a non-voting observer to receive notice of and to attend all meetings of the Company's Board of Directors, and to receive copies of any written consents or minutes. Such individual shall be reimbursed by the Company for all out-of-pocket expenses incurred in connection with attending such meetings.

ARTICLE 9

CLOSING

9.1 Closing. The Closing of this transaction shall be held at the offices of Rogers, Sheffield & Herman, Santa Barbara, California, or such other place as shall be mutually agreed upon, and on such date as shall be mutually agreed upon by the parties. At the Closing:

(a) Purchaser shall deliver wired funds for the Purchase Price.

(b) Seller shall deliver to TranSecurities International, Inc., the Company's transfer agent a medallion guaranteed stock power authorizing the transfer of 1,118,652 shares of the Common Stock to Purchaser.

(c) The Company and Seller shall deliver an executed copy of the Separation Agreement between the Seller and the Company.

(d) Krys Boyle Freedman & Sawyer, P.C. shall deliver to Purchaser the legal opinion referred to in paragraph 6.8 hereof.

(e) The Company shall provide the written consent from H.J. Meyers & Co., Inc. required in Seller's lock-up letter, a true and correct copy of which, together with all amendments, if any, is attached hereto as Exhibit D.

(f) Purchaser shall deliver an executed copy of a new Promotional Shares Escrow Agreement, a copy of which is attached hereto as Exhibit G.

(g) Purchaser shall deliver an executed lock-up letter addressed to H.J. Meyers & Co., Inc. in the form attached hereto as Exhibit I.

(h) Each party shall deliver such other documents or information required to be furnished by Closing pursuant to this Agreement.

(i) The Company shall deliver an executed copy of the Registration Rights Agreement which is attached hereto as Exhibit H.

(j) The Company and the Seller shall each deliver a certificate, as described in Section 6.2 hereof, dated the Closing Date, that all representations and warranties by the Company and the Seller set forth in this Agreement or in any written statement that shall be delivered to Purchaser by the Seller or the Company under this Agreement are true and accurate when made and on the Closing Date with the same force and effect as if made at the Closing.

(k) Seller shall deliver an executed copy of a new Promotional Shares Escrow Agreement, a copy of which is attached hereto as Exhibit J.

(l) Seller shall deliver a document executed by the Seller's spouse in form satisfactory to Purchaser in which Seller's spouse consents to this transaction.

(m) Rogers, Sheffield & Herman shall deliver to Purchaser a legal opinion in the form attached hereto as Exhibit K.

ARTICLE 10

MISCELLANEOUS

10.1 Captions and Headings. The Article and paragraph/section headings through this Agreement are for convenience and reference only, and shall in no way be deemed to define, limit, or add to the meaning of any provision of this Agreement.

10.2 No Oral Change. This Agreement and any provision hereof, may not be waived, changed modified, or discharged orally, but it can be changed by an agreement in writing signed by the parties hereto.

10.3 Entire Agreement. This Agreement contains the entire Agreement and understanding between the parties hereto, and supersedes all prior agreements and understandings of the parties relating to the subject matter hereof.

10.4 Choice of Law. This Agreement and its application shall be governed by the laws of the State of Delaware.

10.5 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.6 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of receipt if served personally on the party to whom notice is to be given, by telecopy or telegram, or mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

PURCHASER:

Greenmotors LLC
c/o Greenway Partners
277 Park Avenue, 27th Floor
New York, New York 10172
Attention: President and Chief Executive Officer

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THE COMPANY:

ASHA Corporation
600 C Ward Drive

Santa Barbara, California 93111
Attention: Jack McCormack

SELLER:

Alain J-M Clenet
3105 Calle Fresno
Santa Barbara, California 93105

10.7 Binding Effect. This Agreement shall inure to and be binding upon the heirs, executors, personal representatives, successors and assigns of each of the parties to this Agreement.

10.8 Brokers. The parties hereto represent that no broker has brought about this transaction. Each of the parties hereto shall indemnify and hold the other harmless against any and all claims, losses, liabilities or expenses which may be asserted against it as a result of its dealings, arrangements or agreements with any broker, finder or person.

10.9 Announcements. Purchaser, Seller and the Company will consult and cooperate with each other as to the timing and content of any announcements of the transactions contemplated hereby to the general public or to employees, customers or suppliers.

10.10 Survival of Representations and Warranties. The representations, warranties, covenants and agreements of the parties set forth in this Agreement or in any instrument, certificate, opinion, or other writing providing for in it, shall survive the Closing for a period of five years irrespective of any investigation made by or on behalf of any party.

10.11 Assignment. This Agreement may not be assigned by operation of law or otherwise by the Seller, the Company or the Purchaser.

10.12 No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person, including, without limitation, any employee or former employee of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever.

10.13 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in

addition to any other remedy at law or equity without the necessity of demonstrating the inadequacy of monetary damages.

AGREED TO AND ACCEPTED as of the date first above written.

THE COMPANY:

THE SELLER:

ASHA CORPORATION

By/s/John C. McCormack

/s/Alain J-M Clenet

John C. McCormack, President

Alain J-M Clenet

PURCHASER:

GREENMOTORS LLC

By: /s/Gary K. Duberstein

Gary K. Duberstein, Vice President

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REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of January 8, 1998, by and between ASHA Corporation, a Delaware corporation (the "Company"), and Greenmotors LLC, a Delaware limited liability company ("Stockholder").

WHEREAS, the authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, par value \$.00001 per share (the "Common Stock"), of which 8,663,158 shares of Common Stock are currently issued and outstanding and 10,000,000 shares of Preferred Stock, par value \$.001 per share, of which no shares are issued and outstanding;

WHEREAS, contemporaneously herewith, the Stockholder is acquiring 1,118,652 shares of the Common Stock (the "Shares") pursuant to the terms and conditions of a certain Stock Purchase Agreement dated as of January 5, 1998, among the Company, Alain J-M Clenet and the Stockholder; and

WHEREAS, as a condition precedent to such purchase, the Company desires to grant to Stockholder certain registration rights with respect to the Shares, all in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing premises and the agreements and mutual covenants hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

1. "Piggyback" Registration Rights. Subject to applicable stock exchange rules and securities regulations, the Company shall, at least thirty (30) days prior to a public offering by the Company prior to December 31, 2002, pursuant to an effective registration statement (other than a registration statement on Form S-4 or S-8 or any successor form) under the Securities Act (a "Registration Statement") of any class of its equity securities, or securities convertible into or exercisable for any class of its equity securities, give written notice of such proposed filing and of the proposed date thereof to the Stockholder and if, on or before the twentieth (20th) day following the date on which such notice is given, the Company shall receive a written request from the Stockholder requesting that the Company include among the securities covered by such

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Registration Statement any Shares owned by such Stockholder for offering for sale in a manner and on terms set forth in such request, the Company shall include such Shares in such Registration Statement, if filed, so as to permit such Shares to be sold or disposed of in the manner and on the terms of the offering thereof set forth in such request.

2. Shelf-Registration; Demand Registration Rights. (i) From and after May 1, 1999, so long as the Company shall be eligible to use a registration statement on Form S-3 relating to the resale of Shares (a "ShelfRegistration Statement"), if the Company shall receive written notice from the Stockholder, specifying in good faith the intended methods of disposition thereof pursuant to a Shelf-Registration Statement, the Company agrees to use its best efforts to prepare said Shelf-Registration Statement and to cause said Shelf-Registration to be filed with and to be declared effective by the Securities and Exchange Commission as soon as reasonably practical thereafter. It is understood and agreed that such ShelfRegistration may have included therein shares of common stock or other equity securities of the Company other than the Shares.

(ii) The Company agrees to use its best efforts to keep the Shelf-Registration Statement continuously effective until the first to occur of the third anniversary of the date on which such Shelf-Registration Statement was first declared effective by the Securities and Exchange Commission (subject to Suspension Periods (defined below) and extensions coincident with the length of such Suspension Periods) or the date on which all Shares covered by the Shelf-Registration Statement have been sold thereunder in accordance with the plan and method of distribution intended by the Stockholder and as disclosed in the prospectus forming part of the Shelf-Registration Statement (the "Effective Period"). For purposes hereof, "Suspension Period" shall mean a period of time commencing on the date on which the Company provides notice that the ShelfRegistration Statement is no longer effective, that the prospectus included in the Shelf-Registration Statement no longer complies with the requirements therefor prescribed by Section 10(a) of the Securities Act, or that the Company in its reasonable, good faith judgment, for valid business purposes (including, without limitation, in connection with a proposed or pending issuance or sale of the Company's debt or equity securities by the Company or any other Person or a proposed or pending merger, reorganization, consolidation, recapitalization, public offering, sale of assets or other extraordinary corporate transaction, whether or not publicly

announced, involving the Company or any of its subsidiaries) has elected to require the suspension of the sale by the Stockholder of Shares pursuant to the Shelf-Registration Statement, and shall end on the date when the Stockholder either receives copies of the supplemented or amended prospectus plus an additional five (5) business days or otherwise is advised in writing by the Company that use of the prospectus may be resumed. The Stockholder agrees that it will not sell any Shares pursuant to the ShelfRegistration Statement during

any Suspension Period and the Company agrees to cause each Suspension Period to end as soon as reasonably practicable. The Company agrees that no other similarly situated holder of the Company's Common Stock will be permitted to sell shares of the Company's Common Stock pursuant to a shelf registration statement during a Suspension Period. If one or more Suspension Periods occur, the Effective Period shall be extended by such number of days coincident with the aggregate number of days included in all Suspension Periods.

(iii) From and after May 1, 1999, so long as a Shelf-Registration is not in effect with respect to the Shares, the Stockholder may make a written request of the Company (a "Demand Request") for registration with the Securities and Exchange Commission, under and in accordance with the provisions of the Securities Act, of all or part of the Shares (a "Demand Registration"). Thereupon the Company shall, as expeditiously as is possible and in any event within 60 days after receiving the Demand Request (such 60th day being referred to herein as the "Required Filing Date"), use its commercially reasonable efforts to file a Registration Statement for all Shares which the Company has been so requested to register by Stockholder for sale, all to the extent required to permit the disposition of the Shares so registered; provided, however, that (i) the Company shall not be required to effect (a) more than three (3) Demand Registrations of the Shares pursuant to this Agreement and (ii) in no event shall the Company be required to effect more than one Demand Registration in any six-month period.

3. Terms and Conditions of Registration or Qualification. In connection with any Registration Statement filed pursuant to Sections 1 and 2 hereof, the following provisions shall apply:

(i) If a Registration Statement shall be filed pursuant to Section 1 hereof, the Stockholder shall, if requested by the managing underwriter, agree not to sell publicly any Shares (other than the Shares so

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registered) for a period of up to 90 days following the effective date of the Registration Statement relating to such offering, or such longer time up to one hundred eighty (180) days as the managing underwriter may require.

(ii) If a Registration Statement shall be filed pursuant to Section 1 hereof, and if the Company's managing underwriter advises that the inclusion in such registration or qualification of some or all of the Shares of the Stockholder sought to be registered creates a substantial risk that the proceeds or price per share the Company will derive from such registration or qualification will be reduced or that the number of shares to be registered or qualified at the instance of the Company plus the number of Shares sought to be registered or qualified by the Stockholder is too large a number to be reasonably sold, the number of Shares sought to be registered or qualified for the Stockholder shall be

reduced to the extent necessary to reduce the number of Shares to be registered or qualified to the number recommended by the managing underwriter.

(iii) The Stockholder will promptly provide the Company with such information as it shall reasonably request in order to prepare such Registration Statement or Shelf-Registration Statement, as the case may be.

(iv) All expenses in connection with the preparation of any Registration Statement or Shelf-Registration Statement, as the case may be, filed pursuant to Section 1 or 2 hereof shall be borne solely by the Company, except for any underwriters' discount, resulting solely from the inclusion of the Stockholder's Shares in such Registration Statement, which discount shall be paid by the Stockholder, but in no event shall the Stockholder be required to bear any printing expenses, audit expenses or legal expenses other than expenses of counsel to the Stockholder; provided, however, that expenses incurred in connection with the registration or qualification of Shares for sale in jurisdictions selected by the Stockholder as provided in paragraph (viii) of this Section 3 and in which the Company would not otherwise sell shares (other than expenses attributable to services of regularly employed personnel of the Company or counsel, accountants or other professional advisors of the Company which are not directly and specifically related

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to and resulting from such registration or qualification) shall be borne by the Stockholder.

(v) Following the effective date of such Registration Statement or Shelf-Registration Statement, as the case may be, the Company shall, upon the request of the Stockholder, forthwith supply such number of prospectuses (including preliminary prospectuses and amendments and supplements thereto) meeting the requirements of the Securities Act or such other securities laws where the Registration Statement or Shelf-Registration Statement, as the case may be, has been filed and such other documents as are referred to in the Registration Statement or Shelf-Registration Statement, as the case may be, as shall be requested by the Stockholder to permit the Stockholder to make a public distribution of the Shares, provided that the Stockholder furnish the Company with such appropriate information relating to the Stockholder's intentions in connection therewith as the Company shall reasonably request in writing.

(vi) If a Registration Statement shall be filed pursuant to Section 1 hereof, the Company shall prepare and file such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act or such other securities laws where the Registration

Statement has been filed with the respect to the offer and sale or other disposition of the shares covered by such Registration Statement during the period required for distribution of the shares, which period shall not be in excess of nine (9) months from the effective date of such Registration Statement.

(vii) The Company shall select the underwriter or underwriters, if any, who are to undertake any offering of securities with respect to which the Stockholder has rights pursuant to Section 1 hereof.

(viii) The Company shall use its best efforts to register or qualify the Shares of the Stockholder covered by any such Registration Statement or ShelfRegistration Statement, as the case may be, under such securities or Blue Sky laws in such jurisdictions as the Stockholder may request; provided, however, that the Stockholder shall reimburse the Company, as and to the extent provided in Section 3(iv) hereof, for expenses incurred by the Company in complying with such

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request and, provided further, that the Company shall not be required to execute a general consent to service of process or to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified in order to comply with such request.

4. Indemnification.

(i) In the event of the registration or qualification of any Shares of the Stockholder under the Securities Act or any other applicable securities laws pursuant to the provisions of this Agreement, the Company agrees to indemnify and hold harmless the Stockholder, each underwriter, broker or dealer, if any, of such Shares, and each other person, if any, who controls said Stockholder and any such underwriter, broker or dealer within the meaning of the Securities Act or any other applicable securities, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, to which said Stockholder and such underwriter, broker or dealer or controlling person may become subject under the Securities Act or any other applicable securities laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement or Shelf-Registration Statement under which such Shares were registered or qualified under the Securities Act or any other applicable securities laws, any preliminary prospectus or final prospectus relating to such Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of any rule or regulation under the Securities Act or any

other applicable securities laws applicable to the Company or relating to any action or inaction required by the Company in connection with any such registration or qualification and will reimburse said Stockholder and each such underwriter, broker or dealer and controlling person for any legal or other expenses reasonably incurred by such said Stockholder and each such underwriter, broker or dealer or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss,

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claim, damage or liability arises out of or is based upon an untrue statement or omission made in such Registration Statement or Shelf-Registration Statement, such preliminary prospectus, such final prospectus or such amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by said Stockholder and any such underwriter, broker, dealer or controlling person specifically and expressly for use in the preparation thereof.

(ii) In the event of the registration or qualification of any Shares of the Stockholder under the Securities Act or any other applicable securities laws for sale pursuant to the provisions hereof, said Stockholder and each underwriter, broker and dealer, if any, of such Shares, and each other person, if any, who controls any such Stockholder, agrees to indemnify and hold harmless the Company, each person who controls the Company within the meaning of the Securities Act, and each officer and director of the Company from and against any losses, claims, damages or liabilities, joint or several, to which the Company, such controlling person or any such officer or director may become subject under the Securities Act or any other applicable securities laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement of any material fact contained in any Registration Statement or Shelf-Registration Statement under which such Shares were registered or qualified under the Securities Act or any other applicable securities laws, any preliminary prospectus or final prospectus relating to such Shares, or any amendment or supplement thereto, or arise out of or are based upon an untrue statement or the omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, which untrue statement or omission was made therein in reliance upon and in conformity with written information furnished to the Company by said Stockholder specifically for use in connection with the preparation thereof, and will reimburse the Company, such controlling person and each such officer or director for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action.

(iii) Promptly after receipt by a person entitled to indemnification

"indemnified party") of notice of the commencement of any action or claim relating to any Registration Statement or Shelf-Registration Statement filed under Section 1 or Section 2, as the case may be, or as to which indemnity may be sought hereunder, such indemnified party will, if a claim for indemnification hereunder in respect thereof is to be made against any other party hereto (an "indemnifying party"), give written notice to such indemnifying party of the commencement of such action or claim, but the omission to so notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than pursuant to the provisions of this Section 4 and shall also not relieve the indemnifying party of its obligations under this Section 4 except to the extent that the indemnifying party is actually prejudiced thereby. In case any such action is brought against an indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled (at its own expense) to participate in and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense, with counsel reasonably satisfactory to such indemnified party, of such action and/or to settle such action and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof, other than the reasonable cost of investigation; provided, however, that no indemnifying party shall enter into any settlement agreement without the prior written consent of the indemnified party unless such indemnified party is fully released and discharged from any such liability. Notwithstanding the foregoing, the indemnified party shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (a) the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such suit, action, claim or proceeding, (b) the indemnifying party shall not have employed counsel (reasonably satisfactory to the indemnified party) to take charge of the defense of such action, suit, claim or proceeding, or (c) such indemnified party shall have reasonably concluded, based upon the advice of counsel, that there may be defenses available to it which are

different from or additional to those available to the indemnifying party which, if the indemnifying party and the indemnified party were to be represented by the same counsel, could result in a conflict of interest for such counsel or materially prejudice the prosecution of the defenses available to such indemnified party. If any of the events specified in

clauses (a), (b) or (c) of the preceding sentence shall have occurred or shall otherwise be applicable, then the fees and expenses of one counsel or firm of counsel selected by a majority in interest of the indemnified parties (and reasonably acceptable to the indemnifying party) shall be borne by the indemnifying party. If, in any such case, the indemnified party employs separate counsel, the indemnifying party shall not have the right to direct the defense of such action, suit, claim or proceeding on behalf of the indemnified party and the indemnified party shall assume such defense and/or settle such action; provided, however, that, an indemnifying party shall not be liable for the settlement of any action, suit, claim or proceeding effected without its prior written consent, which consent shall not be unreasonably withheld.

5. Miscellaneous.

(a) Certain Definitions. For purposes hereof, (i) the term "Affiliate" as used herein shall mean any Person directly or indirectly controlling, controlled by, or under common control with, another Person, (ii) the term "Person" shall mean any natural person, corporation, trust, partnership, limited liability company, association or other entity of any nature whatsoever, and (iii) the term "Securities Act" shall mean the Securities Act of 1933, as amended.

(b) Notices. Any and all notices or any other communication provided for herein shall be made by handdelivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or overnight air courier guaranteeing next day delivery: (i) in the case of the Company, to: ASHA Corporation, 600 C Ward Drive, Santa Barbara, California 93111, Attention: President, telecopy number (805) 964-9948, with a copy to: Jon Sawyer, Esq., Krys Boyle Freedman & Sawyer, P.C., Attorneys at Law, Dominion Plaza, Suite 2700, South Tower 600, Seventeenth Street, Denver, Colorado 80202-5427, telecopy number: 303- 893-2882, and (ii) in the case of the Stockholder, to: Greenway Motors LLC, c/o Greenway Partners, L.P., 277 Park Avenue, 27th Floor, New York, New York 10172, Attention:

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President and Chief Executive Officer, telecopy number: 212- 350-5253, with a copy to: David E. Zeltner, Esq., Weil, Gotshal & Manges, LLP, 767 Fifth Avenue, New York, New York 10153, telecopy number: 212-310-8007 (or to such other address as may be designated by such party). Except as otherwise provided in this Agreement, each such notice shall be deemed given at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. A party hereto may designate a new address or telecopy number for purposes of notices hereunder by giving a notice of such change as hereinabove provided.

(c) Amendment. No change or modification of this Agreement shall be

valid, binding or enforceable unless the same shall be in writing and signed by the Company and the Stockholder.

(d) Waiver. No failure or delay on the part of the Stockholder in exercising any right, power or privilege hereunder, and no course of dealing between the Company and the Stockholder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege hereunder preclude the simultaneous or later exercise of any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights and remedies which the Stockholder would otherwise have. No notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Stockholder to take any other or further action in any circumstances without notice or demand.

(e) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(f) Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Delaware without giving effect to the provisions, policies or principles thereof with respect to conflict or choice of law.

(g) Jurisdiction. The Company and the Stockholder hereby consents to the non-exclusive

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jurisdiction of the courts in the State of New York and all courts competent to hear appeals therefrom, over any actions which may be commenced against any of them under or in connection with this Agreement.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Company and the Stockholder and their respective successors and assigns. In the event that any part of this Agreement shall be held to be invalid or unenforceable, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the day and year first above written.

COMPANY:

ASHA CORPORATION

By: /s/John C. McCormack

Name: John C. McCormack
Title: President

STOCKHOLDER:

GREENMOTORS LLC

By: /s/Gary K. Duberstein

Name: Gary K. Duberstein
Title: Vice President

PROMOTIONAL SHARES ESCROW AGREEMENT

THIS PROMOTIONAL SHARES ESCROW AGREEMENT ("Agreement"), which was entered into the 8th day of January 1998, by and between ASHA CORPORATION ("Issuer"), whose principal place of business is located at 600 C Ward Drive, Santa Barbara, California 93111, and GREENMOTORS LLC (the "Depositor"); and TRANSECURITIES INTERNATIONAL, INC. (the "Escrow Agent"), whose principal place of business is located at 2510 North Pines, Suite 202, Spokane, Washington 99206, all of whom are herein collectively referred to as "Signatories"), witnesses that:

A. The Issuer has filed an application with the Securities Administrator of the State of Michigan ("Administrator") to register certain of its common stock for sale to public investors who are residents of that state in connection with a public offering that was closed on July 3, 1997 (the "Public Offering");

B. The Depositor is in the process of purchasing 1,118,652 number shares of common stock of Issuer (the "Equity Securities") from Alain J-M Clenet and such shares are currently being held in escrow with the Escrow Agent pursuant to a Promotional Shares Escrow Agreement dated June 26, 1997; and

C. As a condition to the purchase of the Equity Securities from Alain J-M Clenet, the Depositor must enter into this Agreement and agree to deposit the Equity Securities ("Promotional Shares") with the Escrow Agent; and

D. The Signatories have agreed to be bound by the terms of this Agreement.

THEREFORE, the Signatories agree as follows:

1. DEPOSIT OF PROMOTIONAL SHARES. The Depositor's Promotional Shares have been deposited into an escrow account (the "Escrow") with the Escrow Agent, and the Escrow Agent hereby acknowledges the receipt thereof.

2. TERM. The term of this Agreement and the Escrow shall begin on the date that the Depositor purchases the Promotional Shares from Mr. Alain J-M Clenet. The Promotional Shares shall be held by the Escrow Agent until they are released in accordance with Paragraph 3 below.

3. RELEASE OF PROMOTIONAL SHARES.

A. Subject to the documentation requirements set forth in Paragraph 4 below, the Escrow Agent shall release the Promotional Shares in the following manner:

(1) Beginning July 3, 1998, the Escrow Agent shall release at the end of each calendar quarter, commencing with the calendar quarter ending

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(two and one-half percent (2-1/2%)) of the Promotional Shares held in escrow. All remaining Promotional Shares shall be released from escrow on July 3, 1999.

B. In the event of a dissolution, liquidation, merger, consolidation, reorganization, sale or exchange of the Issuer's assets or securities (including by way of tender offer), or any other transaction or proceeding with a person who is not a Promoter (the term "Promoter" shall refer to the persons identified as Promoters on Exhibit A hereto), which results in the distribution of the Issuer's assets or securities ("Distribution"), while this Agreement remains in effect, the Depositor agrees that:

(1) All holders of the Issuer's Equity Securities will initially share on a pro rata per share basis in the Distribution, in proportion to the amount of cash or other consideration that they paid per share for their Equity Securities (provided that the Administrator has accepted the value of the other consideration), until the shareholders who purchased the Issuer's Equity Securities pursuant to the Public Offering ("Public Shareholders") have received, or have had irrevocably set aside for them, an amount that is equal to one hundred percent (100%) of the public offering's price per share times the number of shares of Equity Securities that they purchased pursuant to the public offering and which they still hold at the time of the Distribution, adjusted for stock splits, stock dividends, recapitalizations and the like; and

(2) All holders of the Issuer's Equity Securities shall thereafter participate on an equal, per share basis times the number of shares of Equity Securities they hold at the time of the Distribution, adjusted for stock splits, stock dividends, recapitalizations and the like.

C. The Distribution may proceed on lesser terms and conditions than the terms and conditions stated in Paragraph 3(b) above, if a majority of the Equity Securities that are not held by the Depositor, officers, directors or Promoters of the Issuer, or their associates or affiliates vote, or consent by consent procedure, to approve the lesser terms and conditions.

D. In the event of dissolution, liquidation, merger, consolidation, reorganization, sale or exchange of the Issuer's assets or securities (including by way of tender offer), or any other transaction or proceeding with a person who is a Promoter, which results in a Distribution while this Agreement remains in effect, the Depositor's Promotional Shares shall remain in escrow subject to the terms of this Agreement.

E. In the event that Promotional Shares in the Escrow become "Covered Securities," as such term is defined by the National Securities Markets Improvement Act of 1996, all Promotional Shares held in the Escrow shall be released.

4. DOCUMENTATION REGARDING THE RELEASE OF PROMOTIONAL SHARES.

A. A written request for release of the Promotional Shares (a "Request for Release"), based upon Paragraph 3 above, shall be forwarded to the Escrow Agent and the Administrator.

B. The Escrow Agent shall terminate the Agreement and/or release some or all of the Promotional Shares from Escrow if it has forwarded the proper documentation as required by Paragraph 4.a above ("proper documentation") reflecting compliance with the release provisions of Paragraph 3 above to the Administrator and either it has received the Administrator's consent to do so or the Administrator has not disallowed the termination of the Agreement and/or the release of some or all of the Promotional Shares from Escrow within ten (10) days after the Administrator's receipt of the proper documentation, whichever occurs first.

5. RESTRICTIONS ON THE TRANSFER, SALE OR DISPOSAL OF PROMOTIONAL SHARES. While this Agreement is in effect, no Promotional Shares, any interest therein or any right or title thereto, may be sold, transferred, hypothecated or otherwise disposed of ("transfer" or "transferred"), except as noted below, and the Escrow Agent shall not recognize any transfer that violated the terms of this Agreement. The Promotional Shares may not be transferred until the Administrator has received a written statement, signed by the proposed transferee ("transferee"), which states that the transferee has full knowledge of the terms of this Agreement, the transferee accepts the Promotional Shares subject to the terms of this Agreement, and the transferee realizes that the Promotional Shares shall remain subject to the terms of the Agreement until they are released pursuant to Paragraph 3 above.

A. Promotional Shares may be transferred by will, the laws of descent and distribution, the operation of law, or by order of any court of competent jurisdiction and proper venue.

B. Promotional Shares of a deceased Depositor may be hypothecated to pay the expenses of the deceased Depositor's estate. The hypothecated Promotional Shares shall remain subject to the terms of this Agreement. Promotional Shares may not be pledged to secure any other debt.

6. VOTING POWER. With the exception of Paragraphs 3.b and c above, the Promotional Shares shall have the same voting rights as similar, non-escrowed Equity Securities.

7. DIVIDENDS, STOCK SPLITS AND RECAPITALIZATIONS. All certificates representing stock dividends and shares resulting from stock splits of escrowed shares, recapitalizations and the like, that are granted to or received by the Depositor while his Promotional Shares are held in Escrow shall be deposited with and held by the Escrow Agent subject to the terms of this Agreement. Any

cash dividends that are granted to or received by

the Depositor while his Promotional Shares are held in the Escrow shall be promptly deposited with and held by the Escrow Agent subject to the terms of this Agreement unless such cash dividends are approved by a majority of the disinterested directors of the Issuer. The Escrow Agent shall invest cash dividends as directed by the Depositor.

8. RELIANCE BY ESCROW AGENT. The Escrow Agent shall be protected if it acts in good faith upon any statement, certificate, notice, request, consent, order or other document which it believes to be genuine, conforms with the provisions of the Agreement and is signed by the proper party. The Escrow Agent's sole responsibility shall be to act in accordance with the terms expressly set forth in this Agreement. The Escrow Agent shall be under no obligation to institute or defend any action, suit or proceeding in connection with this Agreement unless it receives reasonable indemnification and advancement of fees and costs. The Escrow Agent may consult counsel with respect to any question arising under this Agreement. The Escrow Agent shall not be liable for any action taken or omitted, in good faith, upon the advice of counsel in performing its duties hereunder. The Escrow Agent shall not be liable to anyone for any damage, loss, expenses or liability other than for that which arises from the Escrow Agent's failure to abide by the terms of this Agreement.

9. ESCROW AGENT'S COMPENSATION. The Escrow Agent shall be entitled to receive reasonable compensation from the Issuer for its services hereunder.

10. ESCROW AGENT'S INDEMNIFICATION. The Issuer and the Depositor agree to hold the Escrow Agent harmless from, and indemnify the Escrow Agent for, any cost or liability regarding any administrative proceeding, investigation, litigation, interpretation or implementation relating to this Agreement, including the release of Promotional Shares, the Distribution, and the disbursement of dividends, interest or proceeds, unless the cost or liability arises from the Escrow Agent's failure to abide by the terms of this Agreement.

11. INDEPENDENCE OF THE ESCROW AGENT. The Issuer hereby represents that all of its officers, directors and Promoters are listed on Exhibit A, which is attached hereto and made a part hereof. The Escrow Agent hereby represents that it is not affiliated with the Issuer, the Depositor, or the Issuer's officers, directors or Promoters who are named in Exhibit A. A bank may not be disallowed as an Escrow Agent merely because the Issuer, its officers, directors, or Promoters are its customers.

12. SCOPE. This Agreement shall inure to the benefit of and be binding upon the Depositor, his heirs and assignees. and upon the Issuer, Escrow Agent, and their successors.

13. SUBSTITUTE ESCROW AGENT. The Escrow Agent may, upon not less than sixty (60) days prior written notice to the Issuer, the Depositor and the

Administrator, resign as the Escrow Agent. The Issuer and the Depositor shall, before the effective date of the Escrow Agent's resignation, enter into a new identical Escrow Agreement with a substitute Escrow Agent. The successor Escrow Agent must be satisfactory to the Administrator. If the Issuer and the

Depositor fail to enter into a new Escrow Agreement and appoint a successor Escrow Agent within sixty (60) days after the Escrow Agent has given notice of its resignation, the Escrow Agent then serving under this Agreement shall retain the Promotional Shares in escrow until a new, identical Escrow Agreement has been executed and a successor Escrow Agent has been appointed. The Escrow Agent shall not be liable for retaining the Promotional Shares in escrow.

14. TERMINATION. Except for the compensation and indemnification provisions of Paragraphs 9 and 10 above, which shall survive until they are satisfied, this Agreement shall terminate in its entirety when all of the Promotional Shares have been released or the Issuer's Equity Securities and/or assets have been distributed pursuant to Paragraph 3 above.

Pursuant to the requirements of this Agreement, the Signatories have entered into this Agreement, which may be written in multiple counterparts and each of which shall be considered an original. The Signatories have signed the Agreement in the capacities, and on the dates, indicated.

IN WITNESS WHEREOF, the Signatories have executed this Agreement.

GREENMOTORS LLC

Date: 1/8/98

By /s/Gary K. Duberstein

Gary K. Duberstein, Vice President

ASHA CORPORATION

Date: 1/8/98

By: /s/John C. McCormack

John C. McCormack, President

By: /s/Steven E. Sanderson

Steven E. Sanderson, Chief Financial Officer

Date: 1/8/98

By: /s/Carolyn Tedesco,

Name: Carolyn Tedesco
Title: President

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EXHIBIT A

OFFICERS, DIRECTORS AND PROMOTERS OF
ASHA CORPORATION

Officers and Directors

Alain J-M Clenet
John C. McCormack
Kenneth R. Black
Steven E. Sanderson
Sheila R. Ronis
Robert J. Sinclair
Lawrence Cohen

Promoters

Alain J-M Clenet
Brian Chang

January 8, 1997

H.J. Meyers & Co., Inc.
1895 Mt. Hope Avenue
Rochester, New York 14620

Dear Sirs:

This letter is being delivered to you in connection with the proposed Stock Purchase Agreement by and among ASHA Corporation (the "Company"), Alain J-M Clenet and the undersigned, whereby the undersigned is purchasing 1,118,652 shares of the Company's Common Stock from Alain Clenet. Capitalized terms used and not otherwise defined herein shall have the same meanings as set forth in the Underwriting Agreement between us and the Company dated June 27, 1997.

In order to obtain your consent to the foregoing transaction, the undersigned hereby agrees for a period of eighteen (18) months commencing June 27, 1997 and expiring December 27, 1998, not to, without the prior written consent of the Representative, sell, offer to sell, contract to sell, hypothecate, pledge, make gifts of, grant an option for the sale of or otherwise dispose of, any of the shares of Common Stock being purchased from Alain Clenet pursuant to the Stock Purchase Agreement. In addition, the undersigned hereby agrees that until June 27, 1999, the Representative shall have the right to purchase for its own account or sell for the account of the undersigned any of such shares of Common Stock sold pursuant to Rule 144 of the Act.

The undersigned hereby consents to and will permit all certificates evidencing the shares of Common Stock owned by it to be endorsed with the appropriate restrictive legends reflecting the foregoing restrictions, and to the placement of appropriate stop transfer orders with the transfer agent for the Company's securities.

Sincerely yours,

Greenmotors LLC

By: /s/ Gary K. Duberstein

Name: Gary K. Duberstein

Title: Vice President

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