

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

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

Filing Date: **2010-06-18**
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FILED BY

ZINGAREVICH BORIS

CIK: **1273486**
Type: **SC 13D/A**

Mailing Address
*ENER1
550 W. CYPRESS CREEK
ROAD, SUITE 120
FT. LAUDERDALE FL 33309*

SUBJECT COMPANY

ENER1 INC

CIK: **895642** | IRS No.: **592479377** | State of Incorpor.: **FL** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-44581** | Film No.: **10906261**
SIC: **3690** Miscellaneous electrical machinery, equipment & supplies

Mailing Address
*1540 BROADWAY, SUITE 25C
NEW YORK NY 10036*

Business Address
*1540 BROADWAY, SUITE 25C
NEW YORK NY 10036
(954) 556-4020*

SCHEDULE 13D

Under the Securities Exchange Act of 1934 (Amendment No. 3)

Ener1, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

29267A203
(CUSIP Number)

Anthony Castano
Ener1 Group, Inc.
1540 Broadway, Suite 25C
New York, New York 10036
(212) 920-3500

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

September 6, 2002
(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 that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7(b) for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. **29267A203**

(1) Names of reporting person: **Boris Zingarevich**

(2) Check the appropriate box if a member of a group (see instructions)

(a)

(b)

(3) SEC use only

(4) Source of funds (see instructions):

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e):

(6) Citizenship or place of organization: **Russia**

Number of Shares
Beneficially Owned by
each reporting
person with:

(7) Sole Voting Power: **-0-**

(8) Shared Voting Power: **89,592,829(1)(2)**

(9) Sole Dispositive Power: **-0-**

(10) Shared Dispositive Power: **89,592,829(1)(2)**

(11) Aggregate Amount Beneficially Owned by Each Reporting Person: **89,592,829(1)(2)**

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

(13) Percent of Class Represented by Amount in Row (11): **54.3%(3)**

(14) Type of Reporting Person: IN

CUSIP No. **29267A203**

(1) Names of reporting person: **Ener1 Group, Inc.**

(2) Check the appropriate box if a member of a group (see instructions)

(a)

(b)

(3) SEC use only

(4) Source of funds (see instructions): **WC/OO**

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e):

(6) Citizenship or place of organization: **Florida**

(7) Sole Voting Power: **-0-**

(8) Shared Voting Power: **78,086,703(1)**

(9) Sole Dispositive Power: **-0-**

(10) Shared Dispositive Power: **78,086,703(1)**

Number of Shares
Beneficially Owned
by each
reporting person with:

(11) Aggregate Amount Beneficially Owned by Each Reporting Person: **78,086,703(1)**

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

(13) Percent of Class Represented by Amount in Row (11): **49.6%(3)**

(14) Type of Reporting Person: **CO**

CUSIP No. **29267A203**

(1) Names of reporting person: **Bzinfín S.A.**

(2) Check the appropriate box if a member of a group (see instructions)

(a)

(b)

(3) SEC use only

(4) Source of funds (see instructions): **WC/OO**

(5) Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e):

(6) Citizenship or place of organization: **British Virgin Islands**

Number of
Shares
Beneficially
Owned
by each
reporting
person
with:

(7) Sole Voting Power: **-0-**

(8) Shared Voting Power: **89,592,829(2)**

(9) Sole Dispositive Power: **-0-**

(10) Shared Dispositive Power: **89,592,829(2)**

(11) Aggregate Amount Beneficially Owned by Each Reporting Person: **89,592,829(2)**

(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

(13) Percent of Class Represented by Amount in Row (11): **54.3%(3)**

(14) Type of Reporting Person: CO

This Amendment No. 3 to Schedule 13D (this “Amendment”) is filed by (i) Boris Zingarevich (“BZ”), (ii) Ener1 Group, Inc. (“Ener1 Group”) and (iii) Bzinfin S.A. (“Bzinfin” and together with BZ and Ener1 Group, the “Reporting Persons”) with respect to the common stock, par value \$0.01 per share of Ener1, Inc., a Florida corporation. This Amendment No. 3 amends and supplements Amendment No. 1 to Schedule 13D dated January 3, 2002 filed by the Reporting Persons (which amended and superseded in its entirety the Schedule 13D dated January 3, 2002 filed by the Reporting Persons), which was further amended by Amendment No. 2 to Schedule 13D dated March 15, 2002 filed by the Reporting Persons (as amended, the “Statement”). From and after the date hereof, all references in the Statement to the Statement or terms of similar import shall be deemed to refer to the Statement as amended by this Amendment No. 3.

Items 1, 2, 3, 4, 5, 6 and 7 of the Statement are hereby amended and restated as hereinafter set forth.

ITEM 1. SECURITY AND ISSUER

This Statement relates to the common stock, par value \$0.01 per share (the “Common Stock”), of Ener1, Inc., a Florida corporation (the “Company”), which has its principal executive offices located at 1540 Broadway, Suite 25C, New York, NY 10036.

ITEM 2. IDENTITY AND BACKGROUND

(a) This Statement is filed as a joint statement pursuant to Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934 (the “Exchange Act”) by the Reporting Persons.

(b), (c), (f) BZ’s business address is Pasea Estate Road Town, Tortola British Virgin Islands. BZ is a private investor and was appointed as a director of the Company on June 1, 2010. BZ is a citizen of Russia. Ener1 Group is a holding company for investments and assets, and its principal offices are located at 1540 Broadway, Suite 25C, New York, NY 10036. Ener1 Group is a Florida corporation. Bzinfin is a holding company for investments of BZ. Bzinfin owns and controls Ener1 Group. Bzinfin’s business address is Pasea Estate Road Town, Tortola, British Virgin Islands. Bzinfin is a British Virgin Islands corporation. Bzinfin is owned and controlled by BZ. BZ may be deemed to be the beneficial owner of the securities reported herein by virtue of owning and controlling Bzinfin, which in turn owns and controls Ener1 Group. Schedule A hereto sets forth information regarding the executive officers and directors of Ener1 Group and Bzinfin.

(d) None of the Reporting Persons, nor to the best of each of the Reporting Person’s knowledge, any of the persons listed on Schedule A attached hereto, has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons, nor to the best of each of the Reporting Person’s knowledge, any of the persons listed on Schedule A attached hereto, was, during the last five years, a party to a civil proceeding of a judicial or administrative body of competent jurisdiction that resulted in 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.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

(a) On June 8, 2010, Ener1 Group purchased from the Company in a private transaction exempt from the registration requirements of the Securities Act of 1933, as amended, for an aggregate purchase price of \$65 million 18,678,161 newly issued shares of Common Stock and warrants to purchase up to 8,000,000 shares of Common Stock (of which 3,000,000 warrants have an exercise price of \$3.48 per share and 5,000,000 warrants have an exercise price of \$4.40 per share; all such warrants become exercisable on December 8, 2010 and are exercisable thereafter for a period of five years). Ener1 Group used funds from a term loan (the “Bank Loan”) obtained from JSC VTB Bank (the “Bank”) to pay the full purchase price of these securities. All other acquisitions of the Company’s securities by Ener1 Group reported herein were effectuated by cash purchases, loans and/or contribution of certain assets. All cash purchases by Ener1 Group were funded by its working capital. The aggregate amount of cash funds used by Ener1 Group to purchase the Company’s securities was approximately \$33.1 million. Ener1 Group also acquired securities of the Company in connection with loans made by Ener1 Group to the Company, either as equity consideration issued by the Company to Ener1 Group for making such loans to the Company, or as consideration to Ener1 Group for the forgiveness and/or conversion of loans previously made by and owed to Ener1 Group. All such loans were funded by its working capital. The aggregate amount of such loans made by Ener1 Group to the Company was approximately \$30.6 million. Ener1 Group also acquired securities of the Company in consideration for battery equipment contributed by Ener1 Group to the Company. Such equipment contributed by Ener1 Group was the personal property of one of its shareholders. The fair market value of such equipment when such contribution was made was approximately \$8.7 million.

(b) All acquisitions of the Company’s securities made directly by Bzinfin reported herein were effectuated by cash purchases, loans and/or contribution of certain assets. All cash purchases by Bzinfin were funded by its working capital. The aggregate amount of cash funds used by Bzinfin to purchase the Company’s securities was approximately \$2.4 million. Bzinfin also acquired securities of the Company in connection with the conversion of approximately \$7.7 million of preferred shares issued by the Company to Bzinfin. Such loans previously made by Bzinfin to the Company were funded by its working capital. Bzinfin also acquired securities in the Company in consideration for certain loan and equity positions in Think Global, S.A. contributed by Bzinfin to the Company. The fair market value of such assets when such contribution was made was approximately \$5.4 million.

ITEM 4. PURPOSE OF TRANSACTION

- (a) The sole purpose of all acquisitions of the Company's securities by Ener1 Group has been to fund the working capital needs of the Company and for general investment purposes.
- (b) The sole purpose of all acquisitions of the Company's securities by Bzinfin has been to fund the working capital needs of the Company and for general investment purposes.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

- (a) (1) BZ
Number of shares: 89,592,829(1)(2)
Percentage of shares: 54.3%(3)
- (2) Ener1 Group
Number of shares: 78,086,703(1)
Percentage of shares: 49.6%(3)
- (3) Bzinfin
Number of shares: 89,592,829(2)
Percentage of shares: 54.3%(3)
- (b) (1) BZ
Sole power to vote or direct the vote: -0-
Shared power to vote or direct the vote: 89,592,829(1)(2)
Sole power to dispose or to direct the disposition: -0-
Shared power to dispose or direct the disposition: 89,592,829(1)(2)
- (2) Ener1 Group
Sole power to vote or direct the vote: -0-
Shared power to vote or direct the vote: 78,086,703(1)
Sole power to dispose or to direct the disposition: -0-
Shared power to dispose or direct the disposition: 78,086,703(1)
- (3) Bzinfin
Sole power to vote or direct the vote: -0-
Shared power to vote or direct the vote: 89,592,829(2)
Sole power to dispose or to direct the disposition: -0-
Shared power to dispose or direct the disposition: 89,592,829(2)

- On June 3, 2010, Ener1 Group disposed of 18,000,000 shares of Common Stock to a then minority shareholder of Ener1 Group as the principal consideration for, among other matters, redeeming all of the capital stock of Ener1 Group owned by such minority shareholder. On June 8, 2010, Ener1 Group pledged 45,469,142 shares of Common Stock, together with substantially all of its other assets (other than 17,228,428 shares of Common Stock), to secure its obligations under the Bank Loan. In connection with the Bank Loan, Ener1 Group granted the Bank (i) a warrant whereby the Bank is entitled to purchase from Ener1 Group 2,400,000 shares of Common Stock at an exercise price of \$5.60 per share (such number of shares and exercise price being subject to anti-dilution protection) for a period of forty-eight months from June 8, 2010 (the "Warrant") and (ii) a put option whereby the Bank is entitled to require Ener1 Group to purchase the shares of Common Stock subject to the Warrant in the event the Common Stock is for any reason delisted for trading on the Nasdaq Stock Market and within five business days of such delisting the Common Stock is not then listed for trading on the New York Stock Exchange or the NYSE Amex stock exchange or relisted for trading on the Nasdaq Stock Market at a put option price equal to the then-current sales price for the shares that would be realized in an arm's-length sale (the "Put Option"). Other than as reported in this Item 5(c) and in Item 3(a) above, none of the Reporting Persons has engaged in any transactions in the shares of common stock of the Company during the 60 days prior to the date of filing of this Amendment.
- (c)
- (d) Other than as described in Item 5(c) above, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, shares of Common Stock beneficially owned by any of the Reporting Persons.

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

(1) Ener1 Group

- 45,469,142 of the shares of Common Stock owned by Ener1 Group have been pledged to the Bank, together with substantially all of Ener1 Group's other assets (other than 17,228,428 shares of Common Stock), to secure the Bank Loan. The Bank Loan matures on June 8, 2014 and is payable in five equal installments semi-annually beginning on June 9, 2012. If on any trading day during the term of the Bank Loan the collateral coverage ratio (*i.e.*, the ratio of (a) the outstanding Bank Loan (plus accrued unpaid interest less any cash collateral) to (b) the total value of the pledged shares of Common Stock) is equal to or greater than 0.57:1, Ener1 Group is required within five business days of any such occurrence to pledge additional shares of Common Stock and/or cash, so that the collateral coverage ratio is no greater than 0.4:1. Events of default under the Bank Loan include, without limitation, Ener1 Group's failure to maintain such foregoing collateral coverage ratio, Ener1 Group's and Bzinfin's failure to own and control at least 40% of the Company's outstanding shares of Common Stock, the Company's failure to achieve certain minimum annual "EBITDA" levels during 2011 through 2013, the Company's failure to maintain a "Total Debt" to "Net Tangible Assets" ratio of 1:1 at any time, the Company incurring consolidated "Borrowings" in excess of certain thresholds during 2010 through 2013, the Company making capital investments in excess of specified amounts in any financial year, the Common Stock is not listed on the Nasdaq Stock Market, the New York Stock Exchange or the NYSE Amex stock exchange, and standard events for non-payment of obligations, violation of affirmative and negative covenants, cross defaults under other material debt and insolvency. BZ has personally guaranteed 75% of the Bank Loan. In connection with the Bank Loan, Ener1 Group has granted the Bank the Warrant and the Put Option (as described in Item 5(c) above). The foregoing description of the Bank Loan, the Warrant and the Put Option is not complete and is qualified in its entirety by reference to the full text of the Bank Loan, the Warrant and the Put Option, copies of which filed are herewith as Exhibits 99.2, 99.3 and 99.4 and incorporated by reference herein.
- (i)

- (ii) Warrant issued by the Company to Ener1 Group dated June 8, 2010, exercisable for 3,000,000 shares of Common Stock at an exercise price of \$3.48 per share. This warrant will be exercisable on December 8, 2010 and will expire on December 8, 2015.
- (iii) Warrant issued by the Company to Ener1 Group dated June 8, 2010, exercisable for 5,000,000 shares of Common Stock at an exercise price of \$4.40 per share. This warrant will be exercisable on December 8, 2010 and will expire on December 8, 2015.
- (iv) Warrant issued by the Company to Ener1 Group dated June 30, 2006, exercisable for 20,000,000 shares of Common Stock at an exercise price of \$0.50 per share. This warrant was subsequently divided into two warrants, one warrant for 3,210,754 shares at an exercise price of \$0.25 per share (all of which has since been exercised), and another warrant for 16,789,246 shares at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, the remaining warrant is exercisable for 2,398,464 shares at an exercise price of \$2.10 per share. This remaining warrant will expire on June 30, 2011.
- (v) Warrant issued by the Company to Ener1 Group dated June 30, 2006, exercisable for 9,000,000 shares of Common Stock at an exercise price of \$0.50 per share. The exercise price was subsequently adjusted to \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 1,285,714 shares at an exercise price of \$2.10 per share. This warrant will expire on June 30, 2011.
- (vi) Warrant issued by the Company to Ener1 Group dated September 30, 2006, exercisable for 9,000,000 shares of Common Stock at an exercise price of \$0.40 per share. The exercise price was subsequently adjusted to \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 1,285,714 shares at an exercise price of \$2.10 per share. This warrant will expire on September 30, 2011.

- (vii) Warrant issued by the Company to Ener1 Group dated February 13, 2007, exercisable for 9,000,000 shares of Common Stock at an exercise price of \$0.50. The exercise price was subsequently adjusted to \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 1,285,714 shares at an exercise price of \$2.10 per share. This warrant will expire on February 13, 2012.
- (viii) Warrant issued by the Company to Ener1 Group dated February 13, 2007, exercisable for 18,000,000 shares of Common stock at an exercise price of \$0.60 per share. This warrant was subsequently divided into two warrants, one warrant for 9,800,000 shares at an exercise price of \$0.25 per share (all of which has since been exercised), and another warrant for 8,200,000 shares at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, the remaining warrant is exercisable for 1,171,429 shares at an exercise price of \$2.10 per share. This remaining warrant will expire on February 13, 2012.
- (ix) Warrant issued by the Company to Ener1 Group dated May 21, 2007, exercisable for 11,880,000 shares of Common Stock at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 1,697,143 shares at an exercise price of \$2.10 per share. This warrant will expire on May 21, 2012.
- (x) Warrant issued by the Company to Ener1 Group dated June 29, 2007, exercisable for 7,724,000 shares of Common Stock at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 1,103,429 shares at an exercise price of \$2.10 per share. This warrant will expire on June 29, 2012.
- (xi) Warrant issued by the Company to Ener1 Group dated August 7, 2007, exercisable for 3,600,000 shares of Common Stock at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 514,286 shares at an exercise price of \$2.10 per share. This warrant will expire on August 7, 2012.
- (xii) Warrant issued by the Company to Ener1 Group dated September 28, 2007, exercisable for 8,400,000 shares of Common Stock at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 1,200,000 shares at an exercise price of \$2.10 per share. This warrant will expire on September 28, 2012.
- (xiii) Warrant issued by the Company to Ener1 Group dated November 5, 2007, exercisable for 4,438,290 shares of Common Stock at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 634,042 shares at an exercise price of \$2.10 per share. This warrant will expire on November 5, 2012.

- (xiv) Warrant issued by the Company to Ener1 Group dated November 14, 2007, exercisable for 1,280,000 shares of Common Stock at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 182,858 shares at an exercise price of \$2.10 per share. This warrant will expire on November 14, 2012.
- (xv) Warrant issued by the Company to Ener1 Group dated November 14, 2007, exercisable for 612,384 shares of Common Stock at an exercise price of \$0.40 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 87,483 shares at an exercise price of \$2.80 per share. This warrant will expire on August 14, 2012.
- (xvi) Warrant issued by the Company to Ener1 Group dated as of March 26, 2008, exercisable for 142,858 shares of Common Stock at an exercise price of \$5.95 per share. This warrant will expire on March 26, 2013.
- (xvii) Call Option issued by Ener1 Group to Enable Capital and subsequently assigned to Morgan Stanley & Co Inc. dated as of May 10, 2007, exercisable for 1,600,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this option is exercisable for 228,572 shares at an exercise price of \$2.10 per share. This option will expire on May 10, 2012.
- (xviii) Call Option issued by Ener1 Group to Enable Capital and subsequently assigned to Anchorage Capital Master Offshore Ltd. dated as of May 10, 2007, exercisable for 228,572 shares of Common Stock held by Ener1 Group at an exercise price of \$2.10 per share. This option will expire on May 10, 2012.
- (xix) Call Option issued by Ener1 Group to Enable Capital and subsequently assigned to Venor Capital Master Fund, Ltd. dated as of May 10, 2007, exercisable for 228,572 shares of Common Stock held by Ener1 Group at an exercise price of \$2.10 per share. This option will expire on May 10, 2012.
- (xx) Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 80,000,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this option is exercisable for 11,428,572 shares at an exercise price of \$2.10 per share. This option will expire on October 1, 2012.
- (xxi) Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 87,799,344 shares of Common Stock held by Ener1 Group at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this option is exercisable for 12,542,763 shares at an exercise price of \$2.10 per share. This option will expire on October 1, 2012.

- (xxii) Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 45,000,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.10 per share. After a 7-for-1 reverse stock split by the Company, this option is exercisable for 6,428,571 shares at an exercise price of \$0.70 per share. This option will expire on October 1, 2012.
- (xxiii) Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 2,980,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.28 per share. After a 7-for-1 reverse stock split by the Company, this option is exercisable for 425,714 shares at an exercise price of \$1.96 per share. This option will expire on October 1, 2012.
- (xxiv) Line of Credit Agreement dated July 26, 2007 between Ener1 Group, as borrower, and Bzinfin, as lender, under which \$16,990,937 of indebtedness is convertible into 8,090,923 shares of Common Stock held by Ener1 Group at a conversion price of \$2.10 per share. In addition, under this same Line of Credit Agreement, a Call Option was issued by Ener1 Group to Bzinfin on July 26, 2007, exercisable for 23,800,000 shares of the Company's common stock held by Ener1 Group at an exercise price of \$0.30 per share. After a 7-for-1 reverse stock split by the Company, this option is exercisable for 3,400,000 shares at an exercise price of \$2.10 per share. This option will expire on July 26, 2012.
- (xxv) Two Call Options issued pursuant to a Loan Agreement dated February 4, 2008 by Ener1 Group to Arcadia Association. The first option was dated February 5, 2008 and the second option was dated March 31, 2008, and each option was exercisable for 964,285 shares of Common Stock held by Ener1 Group at an exercise price of \$0.70 per share. After a 7-for-1 reverse stock split by the Company, each such option is exercisable for 137,755 shares at an exercise price of \$4.90 per share. The first option will expire on February 5, 2013 and the second option will expire March 31, 2013.
- (xxvi) Loan Restructuring Agreement dated October 1, 2007 between Ener1 Group, as borrower, and Bzinfin as lender, under which 75% of the outstanding indebtedness is convertible into shares of Common Stock held by Ener1 Group at a conversion price of \$2.10 per share. As of May 31, 2010, the outstanding indebtedness thereunder was \$97,669,260, convertible into 34,881,878 shares of Common Stock.
- (xxvii) Share Purchase Agreement dated March 22, 2007 between Ener1 Group and BIBA Limited for the sale by Ener1 Group to BIBA Limited of 1,851,852 shares of Common Stock at \$0.27 per share. After a 7-for-1 reverse stock split by the Company, Ener1 Group will deliver 264,551 shares to BIBA Limited.

(2) Bzinfin

- (i) Warrant issued by the Company to Bzinfin dated October 11, 2007, exercisable for 15,309,589 shares of Common Stock at an exercise price of \$0.40 per share. After a 7-for-1 reverse stock split by the Company, this warrant is exercisable for 2,187,085 shares at an exercise price of \$2.80 per share. This warrant will expire on August 14, 2012.
- (ii) Warrant issued by the Company to Bzinfin dated August 26, 2009, exercisable for 75,000 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on August 26, 2011.
- (iii) Warrant issued by the Company to Bzinfin dated January 7, 2009, exercisable for 1,250,000 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on January 7, 2011.
- (iv) Warrant issued by the Company to Bzinfin dated February 13, 2009, exercisable for 250,000 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on February 13, 2011.
- (v) Warrant issued by the Company to Bzinfin dated March 26, 2009, exercisable for 50,000 shares of Common stock at an exercise price of \$8.25 per share. This warrant will expire on March 26, 2011.
- (vi) Warrant issued by the Company to Bzinfin dated March 31, 2009, exercisable for 12,500 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on March 31, 2011.
- (vii) Warrant issued by the Company to Bzinfin dated April 8, 2009, exercisable for 50,000 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on April 8, 2011.
- (viii) Warrant issued by the Company to Bzinfin dated April 16, 2009, exercisable for 37,500 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on April 16, 2011.
- (ix) Warrant issued by the Company to Bzinfin dated May 6, 2009, exercisable for 75,000 shares of Common stock at an exercise price of \$8.25 per share. This warrant will expire on May 6, 2011.

- (x) Warrant issued by the Company to Bzinfin dated May 7, 2009, exercisable for 37,500 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on May 7, 2011.
- (xi) Warrant issued by the Company to Bzinfin dated August 26, 2009, exercisable for 125,000 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on August 26, 2011.
- (xii) Amended and Restated Line of Credit Agreement dated August of 2009 between the Company, as borrower, and Bzinfin, as lender, under which \$8,808,000 of indebtedness is convertible into 1,761,600 shares of Common Stock at a conversion price of \$5.00 per share, and \$9,187,389 of indebtedness is convertible into 1,531,231 shares of Common Stock at a conversion price of \$6.00 per share.
- (xiii) Warrant issued by the Company to Bzinfin dated February 10, 2010, exercisable for 250,000 shares of Common Stock at an exercise price of \$8.25 per share. This warrant will expire on February 10, 2012
- (xiv) Such agreements between Bzinfin and Ener1 Group referenced under (1) above.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- Exhibit 99.1 Joint Filing Agreement, dated June 18, 2010 by and among the Reporting Persons.*
- Exhibit 99.2 Facility Agreement dated June 4, 2010 and made between Ener1 Group, Inc. and JSC VTB Bank.*
- Exhibit 99.3 Warrant issued by Ener1 Group, Inc. to JSC VTB Bank dated June 4, 2010, exercisable for 2,400,000 shares of Common Stock at an exercise price of \$5.60 per share.*
- Exhibit 99.4 Warrant Share Put Option Agreement dated June 4, 2010 between Ener1 Group, Inc. and JSC VTB Bank for the shares of Common Stock subject to the Warrant referenced in Exhibit 99.3.*
- Exhibit 99.5 Warrant issued by the Company to Ener1 Group dated June 8, 2010, exercisable for 3,000,000 shares of Common Stock at an exercise price of \$3.48 per share.*
- Exhibit 99.6 Warrant issued by the Company to Ener1 Group dated June 8, 2010, exercisable for 5,000,000 shares of Common Stock at an exercise price of \$4.40 per share.*

- Exhibit 99.7 Warrant issued by the Company to Ener1 Group dated June 30, 2006, exercisable for 20,000,000 shares of Common Stock at an exercise price of \$0.50 per share (incorporated by reference to Exhibit 4.18 of the Company's quarterly report on Form 10-QSB for the quarterly period ended June 30, 2006).
- Exhibit 99.8 Warrant issued by the Company to Ener1 Group dated June 30, 2006, exercisable for 9,000,000 shares of Common Stock at an exercise price of \$0.50 per share (incorporated by reference to Exhibit 4.17 of the Company's quarterly report on Form 10-QSB for the quarterly period ended June 30, 2006).
- Exhibit 99.9 Warrant issued by the Company to Ener1 Group dated September 30, 2006, exercisable for 9,000,000 shares of Common Stock at an exercise price of \$0.40 per share (incorporated by reference to Exhibit 4.20 of the Company's quarterly report on Form 10-QSB for the quarterly period ended September 30, 2006).
- Exhibit 99.10 Warrant issued by the Company to Ener1 Group dated February 13, 2007, exercisable for 9,000,000 shares of Common Stock at an exercise price of \$0.50 per share (incorporated by reference to Exhibit 4.27 of the Company's Registration Statement on Form SB-2 filed on February 13, 2007).
- Exhibit 99.11 Warrant issued by the Company to Ener1 Group dated February 13, 2007, exercisable for 18,000,000 shares of Common stock at an exercise price of \$0.60 per share (incorporated by reference to Exhibit 4.27 of the Company's Registration Statement on Form SB-2 filed on February 13, 2007).
- Exhibit 99.12 Warrant issued by the Company to Ener1 Group dated May 21, 2007, exercisable for 11,880,000 shares of Common Stock at an exercise price of \$0.30 per share.*
- Exhibit 99.13 Warrant issued by the Company to Ener1 Group dated June 29, 2007, exercisable for 7,724,000 shares of Common Stock at an exercise price of \$0.30 per share.*
- Exhibit 99.14 Warrant issued by the Company to Ener1 Group dated August 7, 2007, exercisable for 3,600,000 shares of Common Stock at an exercise price of \$0.30 per share.*
- Exhibit 99.15 Warrant issued by the Company to Ener1 Group dated September 28, 2007, exercisable for 8,400,000 shares of Common Stock at an exercise price of \$0.30 per share.*

- Exhibit 99.16 Warrant issued by the Company to Ener1 Group dated November 5, 2007, exercisable for 4,438,290 shares of Common Stock at an exercise price of \$0.30 per share.*
- Exhibit 99.17 Warrant issued by the Company to Ener1 Group dated November 14, 2007, exercisable for 1,280,000 shares of Common Stock at an exercise price of \$0.30 per share.*
- Exhibit 99.18 Warrant issued by the Company to Ener1 Group dated November 14, 2007, exercisable for 612,384 shares of Common Stock at an exercise price of \$0.40 per share.*
- Exhibit 99.19 Warrant issued by the Company to Ener1 Group dated as of March 26, 2008, exercisable for 142,858 shares of Common Stock at an exercise price of \$5.95 per share.*
- Exhibit 99.20 Call Option issued by Ener1 Group to Enable Capital and subsequently assigned to Morgan Stanley & Co Inc. dated as of May 10, 2007, exercisable for 1,600,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.30 per share.*
- Exhibit 99.21 Call Option issued by Ener1 Group to Enable Capital and subsequently assigned to Anchorage Capital Master Offshore Ltd. dated as of May 10, 2007, exercisable for 228,572 shares of Common Stock held by Ener1 Group at an exercise price of \$2.10 per share.*
- Exhibit 99.22 Call Option issued by Ener1 Group to Enable Capital and subsequently assigned to Venor Capital Master Fund, Ltd. dated as of May 10, 2007, exercisable for 228,572 shares of Common Stock held by Ener1 Group at an exercise price of \$2.10 per share.*
- Exhibit 99.23 Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 80,000,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.30 per share.*
- Exhibit 99.24 Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 87,799,344 shares of Common Stock held by Ener1 Group at an exercise price of \$0.30 per share.*
- Exhibit 99.25 Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 45,000,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.10 per share.*
- Exhibit 99.26 Call Option issued by Ener1 Group to Bzinfin dated October 1, 2007, exercisable for 2,980,000 shares of Common Stock held by Ener1 Group at an exercise price of \$0.28 per share.*

- Exhibit 99.27 Line of Credit Agreement dated July 26, 2007 between Ener1 Group and Bzinfin.*
- Exhibit 99.28 Loan Agreement dated February 4, 2008 between Ener1 Group and Arcadia Association.*
- Exhibit 99.29 Loan Restructuring Agreement dated October 1, 2007 between Ener1 Group and Bzinfin.*
- Exhibit 99.30 Warrant issued by the Company to Bzinfin dated October 11, 2007, exercisable for 15,309,589 shares of Common Stock at an exercise price of \$0.40 per share.*
- Exhibit 99.31 Share Purchase Agreement dated March 22, 2007 between Ener1 Group and BIBA Limited for the sale by Ener1 Group to BIBA Limited of 1,851,852 shares of Common Stock at \$0.27 per share.*
- Exhibit 99.32 Warrant issued by the Company to Bzinfin dated August 26, 2009, exercisable for 75,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.33 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on January 7, 2009, exercisable for 1,250,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.34 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on February 13, 2009, exercisable for 250,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.35 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on March 26, 2009, exercisable for 50,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.36 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on March 31, 2009, exercisable for 12,500 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).

- Exhibit 99.37 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on April 8, 2009, exercisable for 50,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.38 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on April 16, 2009, exercisable for 37,500 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.39 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on May 6, 2009, exercisable for 75,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.40 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on May 7, 2009, exercisable for 37,500 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.41 Warrant issued by the Company to Ener1 Group and subsequently assigned by Ener1 Group to Bzinfin on August 26, 2009, exercisable for 125,000 shares of Common Stock at an exercise price of \$8.25 per share (form of warrant incorporated by reference to Exhibit 4.1 of the Company's current report on Form 8-K filed on December 30, 2008).
- Exhibit 99.42 Amended and Restated Line of Credit Agreement, entered into by the Company and Bzinfin in August of 2009 (incorporated by reference to Exhibit 1.4 of the Company's current report on Form 8-K filed on August 27, 2009).
- Exhibit 99.43 Warrant issued by the Company to Bzinfin dated February 10, 2010, exercisable for 250,000 shares of Common Stock at an exercise price of \$8.25 per share.*

* Filed herewith.

Footnotes:

- (1) Ener1 Group's ownership consists of: (i) 65,097,570 shares of Common Stock and (ii) 12,989,133 shares of Common stock underlying presently exercisable derivative securities issued by the Company to Ener1 Group.
- Bzinfin's ownership consists of: (i) 3,813,710 shares of Common Stock and (ii) 7,692,416 shares of Common Stock underlying presently exercisable derivative securities issued by the Company to Bzinfin. In addition to such foregoing shares of Common Stock, Bzinfin may be deemed to beneficially own the 78,086,703 shares of Common Stock owned by Ener1 Group as reported in above
- (2) Footnote 1 by reason of owning and controlling Ener1 Group. As reported in this Amendment, Bzinfin has the right to purchase from Ener1 Group up to 77,198,421 of such 78,086,703 shares of Common Stock, as the 77,198,421 shares underlie presently exercisable derivative securities issued by Ener1 Group to Bzinfin. However, in order to avoid duplicity, these 77,198,421 shares of Common Stock are not included within Bzinfin's ownership stated in the first sentence of this Footnote 2.
- (3) Based on 144,358,814 outstanding shares of Common Stock as of June 17, 2010. The beneficial ownership percentages were calculated on an "as-exercised" and "as-converted" basis for derivative securities that are presently exercisable or exercisable within 60 days of the date hereof in accordance with Rule 13d-3(d)(1) of the Exchange Act.

SIGNATURES

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

BORIS ZINGAREVICH

/s/Boris Zingarevich

June 18, 2010

Date

ENER1 GROUP, INC.

/s/Anthony Castano

Anthony Castano
Chief Financial Officer

June 18, 2010

Date

BZINFIN S.A.

/s/Patrick T. Bittel

Patrick T. Bittel, Attorney-in-Fact

June 18, 2010

Date

Schedule A

Directors and Executive Officers of Ener1 Group, Inc. (“Ener1 Group”)¹

- (a) The executive officers and directors of Ener1 Group are Anthony Castano, Charles Gassenheimer, Boris Zingarevich and Mikhail Zingarevich.
- (b) The principal business of Charles Gassenheimer is as an executive officer of Ener1, Inc. and Ener1 Group. The principal business of Anthony Castano is as an executive officer of Ener1 Group. Messrs. Gassenheimer and Castano are citizens of the United States. Mikhail Zingarevich is a private investor and a citizen of Russia.
- (c) The principal office address of Charles Gassenheimer and Anthony Castano is 1540 Broadway, Suite 25C, New York, NY 10036. The principal office address of Mikhail Zingarevich is Pasa Estate Road Town, Tortola British Virgin Islands.

Directors and Executive Officers of Bzinfin S.A. (“Bzinfin”)

- (a) The executive officers and directors of Bzinfin are Luis A. Davis, Pamela D. Hall and Silvia B. Clarke.
- (b) The principal office address of such officers and directors of Bzinfin is Pasa Estate Road Town, Tortola British Virgin Islands.

¹ The information required hereby for Boris Zingarevich is set forth in Item 2 of this Amendment.

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, the undersigned hereby 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 of Ener1, Inc. and that this Agreement be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement this 18th day of June, 2010.

BORIS ZINGAREVICH

/s/Boris Zingarevich

ENER1 GROUP, INC.

/s/Anthony Castano

Anthony Castano
Chief Financial Officer

BZINFIN S.A.

/s/Patrick T. Bittel

Patrick T. Bittel,
Attorney-in-Fact

\$100,000,000

FACILITY AGREEMENT

dated June 4, 2010

between

ENER1 GROUP INC.

as Company

and

JSC VTB BANK

as Lender

DEWEY & LEBOEUF

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THIS AGREEMENT is dated June 4, 2010 and made between:

- (1) **ENER1 GROUP INC.**, a Florida corporation with its registered office at 1751 West Cypress Creek Road, Fort Lauderdale, FL 33309, United States of America as borrower (the "**Company**"); and
- (2) **JSC VTB BANK** registration number 102 773960 9391 of 29 Bolshaya Morskaya Street, St. Petersburg 190000, Russia as lender (the "**Lender**").

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account Bank**" means VTB Capital plc.

"**Account Charge**" means the first ranking account charge governed by the laws of England and Wales granted by the Company in favour of the Lender dated on or about the date of this Agreement and entered into between the Company, the Lender and the Account Bank in respect of the Collateral Account.

"**Acquisition Agreement**" means the share purchase agreement dated 1 June 2010 relating to the sale and purchase of additional Shares and made between the Company and Ener1.

"**Acquisition Document**" means the Acquisition Agreement and any other document to be entered into pursuant to the Acquisition Agreement or otherwise designated as such by the Lender and the Company.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Arcadia**" means Arcadia Association Limited, a company registered under the laws of the British Virgin Islands with company number 600713 whose registered address is at Akara Building, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands.

"**Arcadia Loan**" means the loan in the principal amount of \$1,500,000 granted by Arcadia to the Company pursuant to a Loan Agreement dated 4 February 2008 as amended on or about the date of this Agreement.

"**Arcadia Subordination Agreement**" means the agreement dated on or about the date of this Agreement entered into between the Lender, the Company and Arcadia pursuant to which Arcadia has agreed to subordinate its rights against the Company in relation to the Arcadia Loan and the Existing Arcadia Warrants on the terms and conditions set out therein.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including the date ten (10) Business Days following the date of this Agreement.

"**BIBA SPA**" means the share purchase agreement between the Company as seller and BIBA Limited as buyer dated 22 March 2007 pursuant to which the Company agreed to sell certain Shares.

"**Break Costs**" means the amount (if any) by which:

- (a) the interest which the Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or Unpaid Sum to the last day of the current Interest Period in respect of the Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which the Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Moscow and New York.

"**BZ**" means Boris Zingarevich, an individual national of the Russian Federation with passport number 4005 380468 issued by police station No 18 of Petrogradskij area of St Petersburg on 25.10.2004.

"**BZ Guarantee**" means the personal guarantee governed by English law dated on or about the date of this Agreement provided by BZ in favour of the Lender.

"**BzinFin**" means BZINFIN S.A., a company registered under the laws of the British Virgin Islands with company number 445988 whose registered address is at Morgan & Morgan Building, PO Box 958, Pasea Estate, Road Town, Tortola, British Virgin Islands.

"**BzinFin Conversion Rights**" means the rights of BZinFin to convert all or part of any or all of the BZinFin Loans into Shares granted by the Company to BZinfin under the BZinFin Loans.

"**BzinFin Loan Amendments**" means the agreement or agreements dated on or about the date of this Agreement between the Company and BZinFin amending and/or restating the terms of the BZinFin Loans referred to in lines 1 to 4 of [Schedule 5](#) (*BZinFin Loans*).

"**BzinFin Loans**" means the loans granted to the Company by BZinFin pursuant to the loan agreements set out in [Schedule 5](#) (*BZinFin Loans*) as amended and/or restated pursuant to the BZinFin Loan Amendments.

"**BzinFin Security Agreement**" means a security agreement dated on or about the date of this Agreement governed by New York law pursuant to which BzinFin granted in favour of the Lender first ranking Security over its rights under the BZinFin Loans.

"BZinFin Subordination Agreement" means the agreement dated on or about the date of this Agreement entered into between the Lender, the Company and BZinFin pursuant to which BZinFin has agreed to subordinate its rights (other than with respect to the BZinFin Conversion Rights over Shares other than the Loan Pledged Shares and the Option Pledged Shares) against the Company in relation to the BZinFin Loans and the Existing BZinFin Warrants on the terms and conditions set out therein.

"Collateral Account" means the account of the Company with account number ____ at the Account Bank.

"Commitment" means up to \$100,000,000 to the extent not cancelled, reduced or transferred by the Lender under this Agreement.

"Compliance Certificate" means a certificate substantially in the form set out in [Schedule 3](#) (*Form of Compliance Certificate*).

"Control" means the power, directly or indirectly, to:

- (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the relevant company with no third party person being able to block such vote; and
- (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the relevant company with no third party person being able to block such appointment or removal.
- (c) direct or cause the direction of the management and policies of the relevant company, whether through ownership of voting securities or by contract or otherwise.

"Custodian" means Barclays Capital Inc. acting as the custodian in relation to the Loan Pledged Shares and the Option Pledged Shares pursuant to the relevant Custody Agreement.

"Custody Agreement" means the Loan Pledged Shares Custody Agreement and the Option Pledged Shares Custody Agreement.

"Default" means any Event of Default or any event or circumstance specified in Clause [20](#) (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Disposal" means a sale, lease, licence, transfer, assignment, loan or other disposal by a person of any asset, right, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions), entering into an agreement in respect of voting rights or any other rights attached to shares or agreeing to do any of the foregoing, whether conditional or unconditional.

"Ener1" means Ener1, Inc., a Florida corporation with its registered office at 1751 West Cypress Creek Road, Fort Lauderdale, FL 33309, United States of America.

"Environment" means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

"Environmental Claim" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"Environmental Law" means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

"Environmental Permits" means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

"Event of Default" means any event or circumstance specified as such in Clause [20](#) (*Events of Default*).

"Existing Arcadia Warrants" means

- (a) Warrant dated 5 February 2008 issued by the Company granting Arcadia rights to purchase 137,755 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$4.90; and
- (b) Warrant dated 31 March 2008 issued by the Company granting Arcadia rights to purchase 137,755 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$4.90.

"Existing Encumbrances" means the Security or other encumbrances over certain Shares created pursuant to:

- (a) the Existing Warrants;
- (b) BZinFin Conversion Rights; and
- (c) restrictions on transfer and other similar charges or encumbrances arising pursuant to any U.S. federal or state securities laws.

"Existing Indebtedness" means Financial Indebtedness arising pursuant to the Arcadia Loan and the BZinFin Loans.

"Existing Share Pledge" means the pledge agreement dated January 2008 entered into by the Company in favour of BZinFin granting a pledge over 32,829,707 of ordinary issued voting shares in the share capital of Ener1.

"Existing BZinFin Warrants" means:

- (a) Warrant dated 1 October 2007 issued by the Company granting BZinFin rights to purchase 11,428,572 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$2.10;
- (b) Warrant dated 1 October 2007 issued by the Company granting BZinFin rights to purchase 6,428,572 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$0.70;
- (c) Warrant dated 1 October 2007 issued by the Company granting BZinFin rights to purchase 425,715 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$1.96;
- (d) Warrant dated 1 October 2007 issued by the Company granting BZinFin rights to purchase 12,542,764 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$2.10; and
- (e) Warrant dated 26 July 2007 issued by the Company granting BZinFin rights to purchase 3,400,000 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$2.10.

"Existing Warrants" means:

- (a) the Existing BZinFin Warrants;
- (b) the Existing Arcadia Warrants;
- (c) Warrant dated 10 May 2007 issued by the Company granting Venor Capital Master Fund, Ltd. rights to purchase 228,572 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$2.10;
- (d) Warrant dated 10 May 2007 issued by the Company granting Anchorage Capital Master Offshore Ltd. rights to purchase 228,572 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$2.10; and
- (e) Warrant dated 10 May 2007 issued by the Company granting Morgan Stanley & Co. Inc. rights to purchase 228,572 of ordinary issued voting shares in the share capital of Ener1 Inc. at strike price of \$2.10.

"Facility" means the term loan facility made available under this Agreement as described in Clause [2](#) (*The Facility*).

"Facility Office" means the office or offices notified by the Lender to the Company in writing on or before the date of this Agreement (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"Finance Document" means:

- (a) this Agreement;
- (b) each Security Document;
- (c) each Custody Agreement;
- (d) the BZ Guarantee;
- (e) each Subordination Agreement;
- (f) the Utilisation Request;
- (g) any Compliance Certificate;
- (h) the Share Warrants and the Share Warrant Instrument;
- (i) the Put Option Agreement; and
- (j) any other document designated as such by the Lender and the Company.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or bill discounting facility (or dematerialised equivalent);
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS or US GAAP (as applicable), be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraph of this definition; and
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under IFRS or US GAAP (as applicable));
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 45 days after the date of supply;

- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under IFRS or US GAAP (as applicable); and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

"**Group**" means the Company and each of its Subsidiaries for the time being.

"**Group Structure Chart**" means the structure chart relating to the shareholdings of each member of the Group.

"**Holding Company**" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"**IFRS**" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Interest Period**" means, in relation to the Loan, each period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Reservations**" means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable laws on limitation periods, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application (but not, for the avoidance of doubt, any qualifications, reservations or assumptions as to matters of fact) in any legal opinion delivered to the Lender under Clause 4.1 (*Initial conditions precedent*).

"**Liquidity Event**" means (i) any reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding to another entity or person, (ii) any consolidation, amalgamation, merger or binding share exchange of Ener1 with or into another entity or person or (iii) any takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person).

"**Loan**" means the loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

"**Loan Pledged Shares**" means any Shares which are the subject of the Security Agreement; and (ii) any Shares which are pledged to the Lender pursuant to Clause [19.6\(a\)](#) (*Collateral Coverage Ratio*) from time to time and, in each case, recorded in the securities account of the Company maintained with the Custodian pursuant to the Loan Pledged Shares Custody Agreement.

"**Loan Pledged Shares Custody Agreement**" means the custody and control agreement dated on or about the date of this Agreement between the Lender, the Company and the Custodian relating to the securities account of the Company in relation to the Loan Pledged Shares opened with the Custodian.

"**Material Adverse Effect**" means a material adverse effect on or material adverse change in:

- (a) the financial condition, operations, assets or business of the Group (taken as a whole) or the Company individually;
- (b) the ability of the Company to perform and comply with its obligations under any Finance Document; or
- (c) the validity, legality or enforceability of any Finance Document or the effectiveness or ranking of any Transaction Security.

"**Maturity Date**" means the date falling 1460 calendar days after the date of this Agreement.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"**NASDAQ**" means Nasdaq Stock Market, a New York based electronic stock exchange.

"Option Pledged Shares" means any Shares which are the subject of the Option Share Pledge and recorded in the securities account of the Company maintained with the Custodian pursuant to the Option Pledged Shares Custody Agreement.

"Option Pledged Shares Custody Agreement" means the custody and control agreement dated on or about the date of this Agreement between the Warrant Holder, the Company and the Custodian relating to the securities account of the Company in relation to the Option Pledged Shares opened with the Custodian.

"Option Shares" means 2,400,000 Shares (as adjusted pursuant to the terms of the Share Warrant Instrument) which may be issued to the Warrant Holder following the exercise of its rights pursuant to the Share Warrant Instrument.

"Option Share Pledge" means a first ranking share pledge governed by the laws of New York granted by the Company as security for the Share Warrants in favour of the Warrant Holder over the Option Shares.

"Original Financial Statements" means:

- (a) in relation to the Company, its unaudited management accounts for the financial year ended 31 December 2009 together with a statement of the chief executive officer and chief financial officer of the Company stating that they reasonably believe such management accounts were prepared on the basis of IFRS or US GAAP (as applicable); and
- (b) in relation to Ener1, its audited consolidated financial statements for the financial year ended 31 December 2009.

"Party" means a party to this Agreement.

"Put Option Agreement" means the warrant share put option agreement dated on or about the date of this Agreement pursuant to which the Company granted to the Warrant Holder the right to sell the Option Shares to the Company in the event the Shares are delisted from NASDAQ.

"Quasi-Security" has the meaning given to it in Clause [19.3\(b\)](#) (*Negative Pledge*).

"Relevant Interbank Market" means the London interbank market.

"Relevant Jurisdiction" means, in relation to the Company:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

"Repeating Representations" means each of the representations set out in Clauses [17.1](#) (*Status*) to [17.6](#) (*Governing law and enforcement*), [17.9\(b\)](#) (*No default*), [17.11\(c\)](#) and [17.11\(d\)](#) (*Financial statements*), [17.12](#) (*Pari passu ranking*) to [17.21\(a\)](#) and (c) (*Shares*), [17.24](#) (*Centre of main interests and establishments*) to [17.26](#) (*No immunity*), [17.28](#) (*Insurance*), [17.30](#) (*Environmental laws*) and [17.31\(b\)](#) (*Margin lending*).

"**Security**" means a mortgage, charge, pledge, lien or other security interest of any kind securing any obligation of any person or any other agreement or arrangement having a similar effect or any right conferring a priority payment in respect of any obligation of any person including any Quasi-Security, option, assignment, warrant, restriction, right of first refusal, right of pre-emption, third party right or interest.

"**Security Agreement**" means a pledge and security agreement dated on or about the date of this Agreement governed by New York law pursuant to which the Company granted in favour of the Lender first ranking Security over (i) all of its assets and (ii) the Loan Pledged Shares.

"**Security Documents**" means:

- (a) the Security Agreement;
- (b) the Account Charge;
- (c) the Option Share Pledge;
- (d) the BZinFin Security Agreement; and
- (e) any other document entered into by the Company or any other person creating or expressed to create any Security in respect of the Company's obligations under the Finance Documents.

"**Shares**" means the ordinary issued voting shares in the share capital of Ener1.

"**Share Warrant Instrument**" means the instrument evidencing the Share Warrants issued by the Company to the Warrant Holder.

"**Share Warrants**" means detachable share warrants in respect of the Option Shares issued to the Warrant Holder giving the right for a period from the Utilisation Date until the Maturity Date to subscribe for the Option Shares at a strike price of \$5.60 per Share (as adjusted pursuant to the Share Warrant Instrument).

"**Subordination Agreements**" means the BZinFin Subordination Agreement and the Arcadia Subordination Agreement.

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Transaction Documents**" means the Finance Documents, the Acquisition Documents and the BZinFin Loan Amendments.

"**Transaction Security**" means the Security constituted pursuant to the Security Documents.

"**Unpaid Sum**" means any sum due and payable but unpaid by the Company under the Finance Documents.

"**US GAAP**" means generally accepted accounting principles in the United States of America from time to time.

"**Utilisation**" means a utilisation of the Facility.

"**Utilisation Date**" means the date of a Utilisation, being the date on which the Loan is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in [Schedule 2](#) (*Utilisation Request*).

"**VAT**" means value added tax and any other tax of a similar nature.

"**Warrant Holder**" means JSC VTB Bank.

"**ZN Loan**" means the loan in the principal amount of \$14,725,648 granted by ZN LLC to the Company.

1.2 Construction

- (a) Unless a contrary indication appears, any reference in this Agreement to:
- (i) the "**Lender**", the "**Company**" or any "**Party**" shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) "**assets**" includes present and future properties, revenues and rights of every description;
 - (iii) a "**Finance Document**" or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
 - (iv) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (v) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
 - (vi) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) a provision of law is a reference to that provision as amended or re-enacted;
 - (viii) a time of day is a reference to London time; and
 - (ix) "**dollars**" or "**\$**" means the lawful currency of the United States of America.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

- (d) A Default is "**continuing**" if it has not been remedied or waived.
- (e) An indemnity includes compensation for all respective actual out-of-pocket costs and expenses and all losses, damages and liabilities incurred in connection with the Finance Documents and to indemnify will be construed accordingly.
- (f) If and to the extent that Russian law is relevant to any guarantee provided by any person under this Agreement, a reference to any such person will be deemed to include a reference to it as a surety and a reference to the guarantee provided by that person will be deemed to include a reference to a suretyship.

1.3 Third party rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Agreement.

2. THE FACILITY

The Facility

Subject to the terms of this Agreement, the Lender makes available to the Company a dollar term loan facility in an aggregate amount equal to the Commitment.

3. PURPOSE

3.1 Purpose

The Company shall apply all amounts borrowed by it under the Facility towards the payment to Ener1 of the purchase price for the additional Shares to be purchased by it under the Acquisition Agreement.

3.2 Monitoring

The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Company may not deliver a Utilisation Request unless the Lender has received all of the documents and other evidence listed in [Schedule 1](#) (*Conditions precedent*) in form and substance satisfactory to the Lender. The Lender shall notify the Company on the date it is so satisfied.

4.2 Further conditions precedent

The Lender will only be obliged to comply with Clause [5.4](#) (*Lender's participation*) if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) no Default is continuing or would result from the proposed Loan;

- (b) the Repeating Representations to be made by the Company are true in all material respects; and
- (c) the ratio of:
 - (i) the proposed Loan requested in the Utilisation Request to
 - (ii) the volume weighted average price per share for the Shares either:
 - (A) on the Valuation Day before the date of this Agreement; or
 - (B) for a period of two Valuation Days before the date of this Agreement, if the trading volume on NASDAQ in respect of the Shares on the Valuation Day before the date of this Agreement is below \$1,000,000,
 - in each case (as calculated by the Lender with reference to Bloomberg ticker HEV US) multiplied by the number of Loan Pledged Shares pledged pursuant to the Security Agreement as at the date of this Agreement, is equal to or lower than 0.4:1.

4.3 Maximum number of Loans

The Facility shall be available in a single Utilisation only.

5. UTILISATION

5.1 Delivery of a Utilisation Request

The Company may utilise the Facility by delivery to the Lender of a duly completed Utilisation Request not later than two Business Days prior to the proposed Utilisation Date.

5.2 Completion of a Utilisation Request

- (a) The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
 - (i) the proposed Utilisation Date is a Business Day within the Availability Period;
 - (ii) the currency and amount of the Utilisation comply with Clause [5.3](#) (*Currency and amount*); and
 - (iii) the proposed Interest Period complies with Clause [9](#) (*Interest Periods*).
- (b) Only one Loan may be requested in the Utilisation Request and the Company may deliver to the Lender only one Utilisation Request.

5.3 Currency and amount

- (a) The currency specified in the Utilisation Request must be dollars.
- (b) The amount of the proposed Loan must be an amount which is not more than the Commitment.

5.4 Lender's participation

If the conditions set out in this Agreement have been met or waived at the discretion of the Lender, the Lender shall make the Loan available by the Utilisation Date through its Facility Office.

5.5 Cancellation of Commitment

The Commitment shall be immediately cancelled at the end of the Availability Period.

6. REPAYMENT

6.1 Repayment of Loans

The Company shall repay the Loan in five instalments equal to 20% of the Loan (each a "**Repayment Instalment**") payable semi-annually, with the first Repayment Instalment being payable on the 731st calendar day after the Utilisation Date and the final Repayment Instalment being payable on the Maturity Date.

6.2 Reborrowing

The Company may not reborrow any part of the Facility which is repaid.

7. PREPAYMENT AND CANCELLATION

7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan:

- (a) the Lender shall promptly notify the Company upon becoming aware of that event;
- (b) upon the Lender notifying the Company, the Commitment will be immediately cancelled; and
- (c) the Company shall repay the Loan on the last day of the Interest Period for the Loan occurring after the Lender has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Company (being no earlier than the last day of any applicable grace period permitted by law).

7.2 Change of Control

If BZ ceases to directly or indirectly own and Control at least (i) 50.1% of the issued share capital of BZinFin and (ii) 35% of the issued share capital of the Company:

- (a) the Company shall promptly notify the Lender upon becoming aware of that event;
- (b) the Lender may, by not less than five Business Days' notice to the Company, cancel the Commitment and declare the outstanding Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Commitment will be cancelled and all such outstanding amounts will become immediately due and payable.

7.3 Mandatory prepayment of Loans - dividends

The Company shall promptly (but in any event within 15 days of receipt by it) apply any amount received by it in accordance with Clause [19.14\(b\)](#) in prepayment of the whole or any part of the Loan and pay to the Lender a fee equal to 4% of the amount to be prepaid. The Company shall give the Lender not less than ten (10) Business Days' prior notice of such prepayment.

7.4 Mandatory Prepayment of Loans – Liquidity Event

(a) Upon the occurrence of a Liquidity Event, the Company shall immediately notify the Lender and, if the Lender so requests, apply an amount equal to the Net Proceeds in prepayment of the whole or any part of the Loan within ten (10) days of the Lender's request.

(b) In this Clause [7.4](#):

"**Net Proceeds**" means the cash consideration receivable by the Company in respect of any Liquidity Event after deducting:

- (i) any reasonable expenses which are incurred by the Company with respect of that Liquidity Event; and
- (ii) any Tax incurred and required to be paid by the Company in connection with that Liquidity Event (as reasonably determined by the Company, on the basis of existing rates and taking account of any available credit, deduction or allowance).

7.5 Voluntary prepayment of Loans

The Company may, on the last day of any Interest Period on or after the 731st calendar day after the Utilisation Date, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of \$10,000,000), if it gives the Lender not less than ten (10) Business Days' prior notice and pays to the Lender a fee equal to 4% of the amount to be prepaid.

7.6 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause [7](#) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any prepayment fee and all applicable Break Costs, without premium or penalty.
- (c) The Company may not reborrow any part of the Facility which is prepaid.
- (d) The Company shall not repay or prepay all or any part of the Loan or cancel all or any part of the Commitment except at the times and in the manner expressly provided for or permitted in this Agreement.
- (e) No amount of the Commitment cancelled under this Agreement may be subsequently reinstated.

8. INTEREST

8.1 Calculation of interest

The rate of interest on the Loan for each Interest Period is 9.75 per cent. per annum.

8.2 Payment of interest

The Company shall pay accrued interest on the Loan on the last day of each Interest Period.

8.3 Default interest

(a) If the Company fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 5 (five) per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount. Any interest accruing under this Clause [8.3](#) shall be immediately payable by the Company on demand by the Lender.

(b) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

9. INTEREST PERIODS

9.1 Interest Periods

(a) Each Interest Period shall be six months, subject to any adjustment necessary to ensure that any Interest Period that falls on or about the 731st calendar day after the Utilisation Date and thereafter coincides with the payment of relevant Repayment Instalment in accordance with Clause [6.1](#) (*Repayment of Loans*).

(b) An Interest Period shall not extend beyond the Maturity Date.

(c) Each Interest Period for the Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.

9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10. BREAK COSTS

The Company shall, within three Business Days of demand by the Lender, pay to the Lender its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Company on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

11. UTILISATION FEE

No later than one Business Day prior to the Utilisation Date, the Company shall pay to the Lender an utilisation fee equal to the 0.75 per cent. of the amount of the proposed Loan specified in the Utilisation Request.

12. TAX GROSS UP AND INDEMNITIES

12.1 Definitions

(a) In this Agreement:

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

"**Tax Payment**" means either the increase in a payment made by the Company to the Lender under Clause [12.2](#) (*Tax gross-up*) or a payment under Clause [12.3](#) (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause [12](#) a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 Tax gross-up

(a) The Company shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Company shall as soon as reasonably practicable upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Lender accordingly. Similarly, the Lender shall notify the Company on becoming so aware in respect of a payment payable to the Lender by the Company.

(c) If a Tax Deduction is required by law to be made by the Company, the amount of the payment due from the Company shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If the Company is required to make a Tax Deduction, the Company shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Company shall deliver to the Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

- (a) The Company shall (within three Business Days of written demand by the Lender) pay to the Lender an amount equal to the loss, liability or cost which the Lender determines will be or has been (directly or indirectly) suffered for or on account of Tax by the Lender in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
- (i) with respect to any Tax assessed on the Lender:
- (A) under the law of the jurisdiction in which the Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Lender is treated as resident for tax purposes; or
- (B) under the law of the jurisdiction in which the Lender's Facility Office is located in respect of amounts received or receivable in that jurisdiction,
- if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Lender; or
- (ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause [12.2](#) (*Tax gross-up*).
- (c) If the Lender makes, or intends to make a claim under paragraph (a) above it shall promptly notify the Company of the event which will give, or has given, rise to the claim.

12.4 Tax Credit

If the Company makes a Tax Payment and the Lender determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and
- (b) the Lender has obtained, utilised and retained that Tax Credit,

the Lender shall pay an amount to the Company which the Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Company.

12.5 Stamp taxes

The Company shall pay and, within three Business Days of demand, indemnify the Lender against any cost, loss or liability the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 Value added tax

(a) All amounts set out, or expressed to be payable under a Finance Document by any Party to the Lender which (in whole or in part) constitute the consideration for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply, and accordingly, subject to paragraph (b) below, if VAT is chargeable on any supply made by the Lender to any Party under a Finance Document, that Party shall pay to the Lender (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT (and the Lender shall promptly provide a VAT invoice to such Party).

(b) Where a Finance Document requires any Party to reimburse the Lender for any costs or expenses, that Party shall also at the same time pay and indemnify the Lender against all VAT incurred by the Lender in respect of the costs or expenses to the extent that the Lender reasonably determines that neither it nor any other member of the group of which it is a member for VAT purposes is entitled to credit or repayment from the relevant tax authority in respect of the VAT.

13. INCREASED COSTS

13.1 Increased costs

(a) Subject to Clause [13.3](#) (*Exceptions*) the Company shall, within three Business Days of a written demand by the Lender, pay the amount of any Increased Costs actually incurred by the Lender or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.

(b) In this Agreement "**Increased Costs**" means:

- (i) a reduction in the rate of return from the Facility or on the Lender's (or its Affiliate's) overall capital;
- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 Increased cost claims

(a) If the Lender intends to make a claim pursuant to Clause [13.1](#) (*Increased costs*) it shall promptly notify the Company.

(b) The Lender shall, as soon as practicable after a demand by the Company, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

- (a) Clause [13.1](#) (*Increased costs*) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by the Company;
 - (ii) compensated for by Clause [12.3](#) (*Tax indemnity*) (or would have been compensated for under Clause [12.3](#) (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause [12.3](#) (*Tax indemnity*) applied); or
 - (iii) attributable to the gross negligence or wilful breach by the Lender or its Affiliates of any law or regulation.
- (b) In this Clause [13.3](#), a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause [12.1](#) (*Definitions*).

14. OTHER INDEMNITIES

14.1 Currency indemnity

- (a) If any sum due from the Company under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:
 - (i) making or filing a claim or proof against the Company;
 - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,the Company shall as an independent obligation, within three Business Days of a written demand, indemnify the Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) The Company waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 Other indemnities

- The Company shall, within three Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:
- (a) the occurrence of any Event of Default;
 - (b) a failure by the Company to pay any amount due under a Finance Document on its due date;

- (c) funding, or making arrangements to fund, its participation in a Loan requested by the Company in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by the Lender alone); or
- (d) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Company.

14.3 Indemnity to the Lender

The Company shall promptly indemnify the Lender against any cost, loss or liability incurred by the Lender (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

15. MITIGATION BY THE LENDER

15.1 Mitigation

- (a) The Lender shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause [7.1 \(Illegality\)](#), Clause [12 \(Tax gross-up and indemnities\)](#) or Clause [13 \(Increased costs\)](#) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of the Company under the Finance Documents.

15.2 Limitation of liability

- (a) The Company shall indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause [15.1 \(Mitigation\)](#).
- (b) The Lender is not obliged to take any steps under Clause [15.1 \(Mitigation\)](#) if, in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

16. COSTS AND EXPENSES

16.1 Transaction expenses

The Company shall within five Business Days of receipt of invoices or other documented costs or expenses pay the Lender the amount of all such costs and expenses (including legal fees) reasonably incurred by it in connection with the negotiation, preparation and execution of this Agreement and any other documents referred to in this Agreement and any Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If (a) the Company requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause [24.6](#) (*Change of currency*), the Company shall, within five Business Days of receipt of invoices, reimburse the Lender for the amount of all such costs and expenses (including legal fees) reasonably incurred by the Lender in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement costs

The Company shall, within five Business Days of written demand, pay to the Lender the amount of all costs and expenses (including legal fees) incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

17. REPRESENTATIONS

The Company makes the representations and warranties set out in this Clause [17](#) to the Lender on the date of this Agreement.

17.1 Status

- (a) It and each of its Subsidiaries is a corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

17.2 Binding obligations

Subject to the Legal Representations,

- (a) the obligations expressed to be assumed by it in each Finance Document are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Security Document to which it is a party creates the security interests which that Security Document purports to create and those security interests are valid, effective and enforceable.

17.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Transaction Documents and the granting of the Transaction Security do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its or any of its Subsidiaries' constitutional documents; or
- (c) any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets.

17.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by those Transaction Documents.

17.5 Validity and admissibility in evidence

- (a) All Authorisations required or desirable:
 - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and
 - (ii) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdiction, have been obtained or effected and are in full force and effect.
- (b) All Authorisations necessary for the conduct of the business and ordinary activities of members of the Group have been obtained or effected and are in full force and effect.

17.6 Governing law and enforcement

Subject to the Legal Reservations,

- (a) the choice of the laws of England and New York as the governing law of the Finance Documents, as applicable, will be recognised and enforced in its Relevant Jurisdiction.
- (b) Any judgment or arbitration award obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdiction.

17.7 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

17.8 No filing or stamp taxes

Under the law of its Relevant Jurisdiction it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

17.9 No default

- (a) No Event of Default is continuing or might reasonably be expected to result from the making of the Utilisation.

- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it, any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which would, or could reasonably be expected to, have a Material Adverse Effect.
- (c) No default notice, acceleration notice or demand has been given to the Company in connection with any Existing Indebtedness declaring a default or an event of default under such Existing Indebtedness or making all or any part of the Existing Indebtedness immediately due and payable or payable on demand.

17.10 No misleading information

- (a) Any factual information provided by any member of the Group in contemplation of, or in connection with, its entry into and performance of any Finance Document was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in the information provided under paragraph (a) above have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from the information provided under paragraph (a) above and no information has been given or withheld that results in that information above being untrue or misleading in any material respect.

17.11 Financial statements

- (a) The Original Financial Statements of Ener 1 were prepared in accordance with IFRS or US GAAP consistently applied and give a true and fair view of its financial position and operations and the consolidated financial condition of Ener1 during the relevant financial year.
- (b) There has been no material adverse change in the assets, business or financial condition of the Company or the consolidated assets, business or financial condition of Ener1, as applicable, since the date of the Original Financial Statements.
- (c) The most recent financial statements or management accounts delivered pursuant to Clause [18.1](#) (*Financial statements*):
 - (i) have been prepared in accordance with IFRS or US GAAP, as applicable; and
 - (ii) give a true and fair view of the financial condition (consolidated with respect to Ener1) as at the end of, and results of operations for, the period to which they relate.
- (d) Since the date of the most recent financial statements delivered pursuant to Clause [18.1](#) (*Financial statements*) there has been no material adverse change in the financial condition of the Company or the consolidated financial condition of Ener1.

17.12 Pari passu ranking

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

17.13 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it.

17.14 Insolvency

No:

- (i) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause [20.9](#) (*Insolvency proceedings*); or
- (ii) creditors' process described in Clause [20.10](#) (*Creditors' process*),

has been taken or, to the knowledge of the Company, threatened in relation to it or a member of the Group; and none of the circumstances described in Clause [20.8](#) (*Insolvency*) applies to it, a member of the Group.

17.15 No breach of laws

- (a) It has not (and no member of the Group has) breached any law or regulation applicable to it which would, or could reasonably be expected to, have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group.

17.16 Taxation

- (a) It is not (and no member of the Group is) materially overdue in the filing of any Tax returns and it is not (and no member of the Group is) overdue in the payment of any amount in respect of Tax of \$1,000,000 (or its equivalent in any other currency) or more, unless and to the extent that:
 - (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Lender under Clause [18.1](#) (*Financial statements*); and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

- (b) To its knowledge (having made due and careful enquiry) no claims or investigations are being made or conducted against it (or any member of the Group) with respect to Taxes.
- (c) It and each member of the Group is resident for Tax purposes only in the jurisdiction of its incorporation.

17.17 Security and Financial Indebtedness

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of the Company other than the Existing Encumbrances or as otherwise permitted by this Agreement. For the avoidance of doubt, the Existing Encumbrances do not constitute a mortgage, charge, pledge, lien or other security agreement over the Loan Pledged Shares or the Option Pledged Shares and the same have not been created pursuant to the Existing Encumbrances.
- (b) The Company has no Financial Indebtedness outstanding other than the Existing Indebtedness or as otherwise permitted by this Agreement.

17.18 Ranking

The Transaction Security has or will have first ranking priority and it is not subject to any prior ranking or pari passu ranking Security.

17.19 Good title to assets

It and each member of the Group has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to own and manage the assets necessary to carry on its business substantially as presently conducted.

17.20 Legal and beneficial ownership

It is the sole legal and beneficial owner of the respective assets over which it purports to grant Transaction Security free from any claims, third party rights or competing interests other than as permitted by this Agreement.

17.21 Shares

- (a) Other than as permitted pursuant to the Finance Documents, the Loan Pledged Shares are fully paid and not subject to any Security or any option to purchase or similar rights other than the Existing Encumbrances. The constitutional documents of Ener1 do not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security.
- (b) The Company owns and Controls at least 35% of the Shares as at the date of this Agreement.
- (c) The Company and BZinFin own and Control in the aggregate at least 40% of the Shares.
- (d) As at the date of this Agreement, the Company has sufficient number of Shares that will not constitute Loan Pledged Shares as at the Utilisation Date to satisfy (i) any outstanding obligations under the BIBA SPA and (ii) any exercise of rights pursuant to all or any of the Existing Warrants referred to in paragraphs (c) to (e) (inclusive) of its definition.

17.22 Group Structure Chart

The Group Structure Chart is true, complete and accurate in all material respects and shows all Subsidiaries of the Company and all persons in which the Company has any legal or beneficial interest which equals or exceeds one per cent (1%) of the issued capital or ownership interests in the relevant entity, including current name and company registration number, and its jurisdiction of incorporation and/or establishment.

17.23 Accounting reference date

The accounting reference date of each member of the Group is 31 December in each calendar year.

17.24 Centre of main interests and establishments

For the purposes of the Cross Border Insolvency Regulation 2006 (SI 2006/1030) on Insolvency Proceedings (the "**Regulation**"), its centre of main interest (as that term is used in the Regulation) is situated in its jurisdiction of incorporation and it has no "establishment" (as that term is used in Article 2(e) of the Regulation) in any other jurisdiction.

17.25 No adverse consequences

- (a) It is not necessary under the laws of its Relevant Jurisdiction or Ener1's jurisdiction of incorporation:
- (i) in order to enable the Lender to enforce its rights under any Finance Document; or
 - (ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,
- that the Lender should be licensed, qualified or otherwise entitled to carry on business in its Relevant Jurisdiction or Ener1's jurisdiction of incorporation.
- (b) The Lender is not or will not be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdiction or Ener1's jurisdiction of incorporation by reason only of the execution, performance and/or enforcement of any Finance Document.

17.26 No immunity

Neither it nor its assets is entitled to immunity from suit, execution, attachment or other legal process.

17.27 Holding Company

Except for the Existing Indebtedness and the Existing Encumbrances or as may arise under the Transaction Documents, prior to the date of this Agreement it has not traded or incurred any liabilities or commitments (actual or contingent, present or future) other than acting as a Holding Company of members of the Group.

17.28 Insurance

It and each member of the Group maintains insurances on and in relation to its business and assets against those risks and to the extent mandatorily required by any applicable law.

17.29 Registration of UK establishment by the Company

The Company is not an "overseas company that is registered" within the meaning of Part 3 of The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

17.30 Environmental laws

(a) Each member of the Group is in compliance with Clause [19.19](#) (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

(b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

17.31 Margin lending

(a) The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" (within the meaning of Regulation U and Regulation X of the Board of Governors of the Federal Reserve System (or any successor)), and the aggregate market value of all "margin stock" owned by the Company does not exceed 25% of the aggregate value of the assets thereof, as determined by the board of directors of the Company (and certified by a senior financial officer of the Company to the Lender) on the Utilisation Date.

(b) None of this Agreement, the extension of credit contemplated hereby or the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation U or Regulation X of the Board of Governors of the Federal Reserve System (or any successor), in each case as in effect now or as the same may hereafter be in effect.

17.32 Department of Energy grants

EnerI is in compliance in all material respects with the terms and conditions of the U.S. Department of Energy's Automotive Battery Manufacturing Initiative grant and no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect or which would result in the grant being fully or partially recalled, suspended, terminated or withdrawn or its terms amended in any material respect.

17.33 Repetition

The Repeating Representations are deemed to be made by the Company by reference to the facts and circumstances then existing on each day for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

18. INFORMATION UNDERTAKINGS

The undertakings in this Clause 18 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

18.1 Financial statements

The Company shall supply or shall procure the supply to the Lender of:

- (a) as soon as the same become available after the end of each of its financial year, but in any event by 15 August in the following financial year:
 - (i) in respect of the Company, its unaudited management accounts for that financial year together with a statement of the chief executive officer and chief financial officer of the Company stating that they reasonably believe such management accounts were prepared on the basis of IFRS or US GAAP (as applicable); and
 - (ii) in respect of Ener1, its audited consolidated financial statements for that financial year;
- (b) as soon as the same become available, but in any event within 45 days after the end of the first, second and third financial quarters of each financial year, Ener1's audited consolidated financial statements for that financial quarter.

18.2 Compliance Certificate

- (a) The Company shall procure that Ener1 shall supply to the Lender, with each set of financial statements delivered pursuant to Clause 18.1(a)(ii) and 18.1(b) (*Financial statements*), a Compliance Certificate.

Each Compliance Certificate shall be signed by two directors of Ener1 and Ener1's chief accountant (or equivalent officer) and shall confirm that such financial statements give a true and fair view of its financial condition as at the date as at which such financial statements were drawn up.
- (b)

18.3 Requirements as to financial statements

- (a) The Company shall procure that each set of financial statements or management accounts delivered pursuant to Clause 18.1 (*Financial statements*) is prepared using IFRS or US GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements or management accounts, it notifies the Lender that there has been a change in IFRS or US GAAP, as applicable, the accounting practices or reference periods and, in relation to Ener1 only, its auditors deliver to the Lender a description of any change necessary for those financial statements to reflect the IFRS or US GAAP, as applicable, accounting practices and reference periods upon which the Original Financial Statements were prepared.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

18.4 Information: miscellaneous

The Company shall supply to the Lender:

- (a) all documents dispatched by the Company to its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect; and
- (c) promptly, such further information regarding the financial condition, business and operations of any member of the Group as the Lender may reasonably request.

18.5 Notification of default

- (a) The Company shall notify the Lender of any Default (and the steps, in each case, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Lender, the Company shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

18.6 "Know your customer" checks

If:

- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
- (ii) any change in the status of the Company after the date of this Agreement; or
- (iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement,

obliges the Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

19. GENERAL UNDERTAKINGS

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or the Commitment is in force.

19.1 Authorisations

The Company shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply certified copies to the Lender of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable it to perform its obligations under the Finance Documents;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of any Finance Document; and
- (iii) enable it or Ener1 to carry on its business as it is presently conducted.

19.2 Compliance with laws

The Company shall comply in all respects with all laws to which it may be subject except where failure to do so could not reasonably be expected to have a Material Adverse Effect.

19.3 Negative pledge

Except as permitted under paragraph (c) below:

- (a) The Company shall not create or permit to subsist any Security over any of its assets.
- (b) The Company shall not:
 - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by the Company;
 - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
 - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

(each a "Quasi-Security"),

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraphs (a) and (b) above do not apply to:

(i) any Transaction Security;

(ii) any Existing Encumbrances (but only to the extent that the Existing Encumbrances do not constitute a mortgage, charge, pledge, lien or other security agreement over the Loan Pledged Shares or the Option Pledged Shares and the same is not created pursuant to the Existing Encumbrances);

(iii) any Security in favour of BZinFin over Shares acquired by the Company pursuant to the Acquisition Agreement from the proceeds of the Loan to secure any loans or credit facilities permitted in accordance with Clause [19.15\(c\)](#).

(iv) any netting or set-off arrangement entered into by the Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances; or

(v) any lien arising by operation of law or in the ordinary course of trading.

19.4 Disposals

(a) Subject to paragraph (b) below, the Company shall not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any of its assets (including, for the avoidance of doubt, any Loan Pledged Shares or Option Pledged Shares).

(b) Paragraph (a) above does not apply to any sale, transfer or other disposal of any Shares other than:

(i) any Shares released from Transaction Security pursuant to Clause [19.6\(c\)\(ii\)\(B\)](#) except in accordance with Clause [19.6\(e\)](#);

(ii) any Loan Pledged Shares; and

(iii) any Option Pledged Shares,

and provided that at all times the Company holds sufficient number of Shares that do not constitute Shares referred to in paragraphs (i) to (iii) above to satisfy (A) any outstanding obligations under the BIBA SPA and (B) any exercise of rights pursuant to all or any of the Existing Warrants referred to in paragraphs (c) to (e) (inclusive) of its definition.

19.5 Merger, Acquisitions and Joint Ventures

- (a) The Company shall not enter into any amalgamation, demerger, merger or corporate reconstruction.
- (b) The Company shall not acquire a company or any shares or securities or business or undertaking (or, in each case, any interest in any of them) or exercise any warrants to acquire any shares or securities (except as permitted pursuant to this Agreement) or incorporate a subsidiary.
- (c) The Company shall not:
 - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
 - (ii) transfer any assets or lend to or guarantee or give indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to any of the foregoing).

19.6 Collateral Coverage Ratio

- (a) If on any Valuation Day from and including the Utilisation Date, the Collateral Coverage Ratio is equal to or greater than 0.57:1 (a "**Collateral Coverage Breach**") as determined by the Lender, the Company shall within five Business Days of the occurrence of such Collateral Coverage Breach provide:
 - (i) Security over additional Shares on substantially similar terms as the Loan Pledged Shares (as determined by the Lender) together with:
 - (A) evidence that the certificates for the additional Shares pledged pursuant to this Clause [19.6\(a\)](#) for which the Company holds security certificates, together with endorsements to the collateral agent under the Security Agreement or in blank or share transfer powers or other instruments of transfer duly endorsed to the collateral agent under the Security Agreement or in blank, have been delivered to the Custodian.
 - (B) evidence that the additional Shares pledged pursuant to this Clause [19.6\(a\)](#) have been credited to or deposited in the securities account of the Company at the Custodian that is subject to the Loan Pledged Shares Custody Agreement; and/or
 - (ii) Cash Collateral,
- so that the Collateral Coverage Ratio immediately after such provision is no greater than 0.4:1.
- (b) If an Event of Default has occurred and is continuing and/or during a Collateral Coverage Breach, upon exercise by the Warrant Holder of its rights under the Share Warrant Instrument, the Company authorises the Warrant Holder to pay (and shall procure that the Warrant Holder pays) the strike price payable by the Warrant Holder to the Company under the Share Warrant Instrument directly into the Collateral Account.

- (c) If on any Valuation Day no Default is continuing and the Collateral Coverage Ratio has not exceeded 0.25:1:
- (i) at any time during the preceding 30 consecutive calendar days, the Company may request in writing that the Lender release:
 - (A) any Shares pledged in accordance with Clause [19.6\(a\)](#) from the Transaction Security; and/or
 - (B) Cash Collateral; or
 - (ii) at any time during the preceding 60 consecutive calendar days, the Company may request in writing that the Lender release:
 - (A) any Shares pledged in accordance with Clause [19.6\(a\)](#) from the Transaction Security; and/or
 - (B) any Shares pledged on or about the date of this Agreement from the Transaction Security provided that the remaining Loan Pledged Shares constitute at least 25% of the Shares in issuance as at the date of release; and/or
 - (C) Cash Collateral,
- provided that, in each case, the Collateral Coverage Ratio after such release is no greater than 0.33:1.

- (d) Upon receipt of such written request, and subject to compliance with Clause [19.6\(c\)](#), the Lender shall within five Business Days from its receipt of such written request, release such Shares from the Transaction Security so that the Collateral Coverage Ratio after such release is no greater than 0.33:1, provided that such written request:
- (A) confirms that no Default is continuing; and
 - (B) is accompanied by the necessary release instructions in compliance with the requirements of the Loan Pledged Shares Custody Agreement.
- (e) The Company shall not sell, transfer or otherwise dispose of, or grant any Security over, any Shares released from Transaction Security pursuant to Clause [19.6\(c\)\(ii\)\(B\)](#) without the Lender's prior written consent.
- (f) In this Clause [19.6](#):

"Cash Collateral" means cash in dollars held in the Collateral Account and charged in favour of the Lender pursuant to the Security Agreement.

"Collateral Coverage Ratio" means on any Valuation Day the ratio of (i) the outstanding Loan plus accrued unpaid interest less the amount of the Cash Collateral standing to the credit of the Collateral Account to (ii) the aggregate of the Value of the Loan Pledged Shares.

"Valuation Day" means any day (other than a Saturday or Sunday) on which NASDAQ is open for general business.

"Value of the Loan Pledged Shares" means on any Valuation Day the closing price per share for the Shares on such Valuation Day on NASDAQ as determined by the Lender multiplied by the number of Loan Pledged Shares on such Valuation Day.

19.7 Hedging arrangements

The Company shall ensure that the Lender (or any Affiliate of the Lender) is granted a first priority right to enter into any derivative transaction in connection with protection against or benefit from fluctuation in any rate or price, including without limitation currency and interest rate hedging in relation to the Company's exposure under this Agreement or any other credit line to be opened or credit facility to be granted by the Lender (or any Affiliate of the Lender) to the Company including in relation to any refinancing of the Loan.

19.8 Taxation

- (a) The Company shall pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
- (i) such payment is being contested in good faith;
 - (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Lender under Clause [18.1](#) (*Financial statements*); and
 - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) The Company may not change its residence for Tax purposes.

19.9 Preservation of Assets

The Company shall maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business.

19.10 Pari Passu Ranking

The Company shall ensure that at all times any unsecured and unsubordinated claims of the Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

19.11 Transactions

- (a) Except as permitted by paragraph (b) below, the Company shall not enter into any transaction with any person, including any Affiliate, except on arm's length terms and for full market value.
- (b) Fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Lender under Clause [4.1](#) (*Initial conditions precedent*) or agreed by the Lender shall not be a breach of this Clause [19.11](#).

19.12 Loans or Credit

Except with the prior written consent of the Lender, the Company shall not be a creditor in respect of any Financial Indebtedness.

19.13 No Guarantees or Indemnities

Except with the prior written consent of the Lender, the Company shall not incur or allow to remain outstanding any guarantee, suretyship or indemnity in respect of any obligation of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person other than a guarantee, suretyship or indemnity incurred in respect of any Financial Indebtedness incurred pursuant to the Finance Documents.

19.14 Dividends and Share Redemption

(a) The Company shall not:

- (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital or any warrants for the time being in issue);
- (ii) repay any dividend or share premium reserve or capital redemption reserve;
- (iii) pay any management, advisory or other fee to or to the order of any of its shareholders or any Affiliate (other than with respect to an amount of up to \$1,000,000 in aggregate for any calendar year, provided in all cases that such payments are to be made without the incurring by the Company of any contractual commitment to make such payment at any time); or
- (iv) redeem, repurchase, defease, retire or repay any of its share capital or any warrants for the time being in issue or resolve to do so.

(b) The Company shall ensure that any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) received from Ener1 on or in respect of the Loan Pledged Shares shall promptly be applied in prepayment of the Loan in accordance with Clause [7.3](#) (*Mandatory prepayment of Loans - dividends*).

19.15 Financial Indebtedness

Except with the prior written consent of the Lender, the Company shall not incur or allow to remain outstanding any Financial Indebtedness, other than:

- (a) the Financial Indebtedness incurred pursuant to the Finance Documents;

- (b) the Existing Indebtedness; and
- (c) any loans or credit facilities provided to the Company by BZinFin provided that such loans or credit facilities are fully subordinated to this Agreement and become subject to the BZinFin Subordination Agreement.

19.16 Share Capital

The Company shall not:

- (a) purchase, cancel or redeem any of its share capital;
- (b) issue any warrants or convertible instruments other than warrants or convertible instruments issued by the Company that are as at the date of their issuance fully subordinated to the Loan (in form and substance satisfactory to the Lender) and warrants issued in respect of any Shares; or
- (c) alter any rights attaching to its issued shares nor create any new class of shares,

without the prior written consent of the Lender.

19.17 Insurance

The Company shall maintain insurances on and in relation to its business and assets against those risks customarily insured against by companies operating similar businesses.

19.18 Holding Companies

The Company shall not trade, carry on any business, own any assets or incur any liabilities except for:

- (a) the provision of administrative services (excluding treasury services) to other members of the Group of a type customarily provided by a holding company to its Subsidiaries;
- (b) ownership of Shares, ownership of shares in its Subsidiaries, intra-Group debit balances, intra-Group credit balances and other credit balances in bank accounts, cash and cash equivalent investments;
- (c) the Existing Indebtedness and any liabilities under the Transaction Documents to which it is a party and professional fees and administration costs incurred in the ordinary course of business as a holding company.

19.19 Environmental compliance

The Company shall:

- (a) comply with all Environmental Law;
- (b) obtain, maintain and ensure compliance with all requisite Environmental Permits;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

19.20 Environmental claims

The Company shall, promptly upon becoming aware of the same, inform the Lender in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

19.21 Further Assurance

- (a) The Company shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender or its nominee(s)):

- (i) to perfect the Transaction Security created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, pledge, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to the Finance Documents or by law;
 - (ii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.

- (b) The Company shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Transaction Security conferred or intended to be conferred on the Finance Parties by or pursuant to the Finance Documents.

19.22 Conditions Subsequent

- (a) The Company shall ensure that promptly following the Utilisation Date (but in any event no later than three Business Days following the Utilisation Date) the Lender receives the following in form and substance satisfactory to it:

- (i) evidence that the certificates for the Option Pledged Shares for which the Company holds security certificates, together with endorsements to the collateral agent under the Option Share Pledge or in blank or share transfer powers or other instruments of transfer duly endorsed to the collateral agent under the Option Share Pledge or in blank, have been delivered to the Custodian; and
 - (ii) evidence that the Option Pledged Shares have been credited to or deposited in the securities account of the Company at the Custodian that is subject to the Option Pledged Shares Custody Agreement.

- (b) The Company shall ensure that promptly following the Utilisation Date (but in any event no later than three Business Days following the Utilisation Date) the Lender receives originals of all promissory notes evidencing the BZinFin Loans.
- (c) The Company shall ensure that promptly following the Utilisation Date (but in any event within five Business Days following Utilisation Date) the Lender receives (in form and substance satisfactory to it) a legal opinion of Conyers Dill & Pearman with respect to matters of the laws of the British Virgin Islands in respect of Arcadia's entry into the Arcadia Subordination Agreement.
- (d) The Company shall ensure that no later than 30 June 2010, the Lender receives (in form and substance satisfactory to it) evidence that the Shares due from the Company to BIBA Limited pursuant to the BIBA SPA have been transferred to BIBA Limited in accordance with the terms of the BIBA SPA and that the Company has no further obligations or liabilities under or in connection with the BIBA SPA.

20. EVENTS OF DEFAULT

Each of the events or circumstances set out in Clause [20](#) is an Event of Default (save for Clause [20.20](#) (*Acceleration*)).

20.1 Non-payment

The Company does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless its failure to pay is caused by administrative or technical error and payment is made within 2 Business Days of its due date.

20.2 Collateral Coverage Ratio

- (a) The Company fails to comply with its obligations under paragraph (a) of Clause [19.6](#) (*Collateral Coverage Ratio*).
- (b) The Collateral Coverage Ratio is equal to or greater than 0.8:1 as at close of business on any Valuation Day.

20.3 Conditions subsequent

Any requirement of Clause [19.22](#) (*Conditions subsequent*) is not satisfied within the time periods set out therein.

20.4 Other obligations

- (a) The Company does not comply with any provision of the Finance Documents (other than those referred to in Clause [20.1](#) (*Non-payment*), Clause [20.2](#) (*Collateral Coverage Ratio*) and Clause [20.3](#) (*Conditions subsequent*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the Lender giving notice to the Company or the Company becoming aware of the failure to comply.

20.5 Ener1 events

- (a) Any event set out in Schedule 4 (*Ener1 Events*) occurs.

- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the Lender giving notice to the Company or the Company or Ener1 becoming aware of the failure to comply. Failure to comply with paragraphs 1 (*Financial Covenants*), 8 (*Ener1 Shares*) and 10 (*Grants*) of Schedule 4 (*Ener1 Events*) shall be deemed to be not capable of remedy for the purposes of this paragraph.

20.6 Misrepresentation

Any representation or statement made or deemed to be made by the Company in the Finance Documents or any other document delivered by or on behalf of the Company under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

20.7 Cross default

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).
- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause [20.7](#) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above (i) is less than \$5,000,000 (or its equivalent in any other currency or currencies).

20.8 Insolvency

- (a) A member of the Group is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of any member of the Group is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any member of the Group. If a moratorium occurs, the ending of that moratorium will not remedy any Event of Default caused by that moratorium.

20.9 Insolvency proceedings

Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group;
- (b) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;
- (c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any member of the Group or any of their assets; or
- (d) enforcement of any Security over any assets of a member of the Group.

or any analogous procedure or step is taken in any jurisdiction.

20.10 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of a member of the Group having with respect to any member of the Group, an aggregate value of \$250,000 or more and is not discharged within seven days.

20.11 Unlawfulness and invalidity

- (a) It is or becomes unlawful for the Company to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Security Documents ceases to be effective or any subordination created under any Subordination Agreement is or becomes unlawful.
- (b) Any obligation or obligations of the Company under any Finance Documents are not or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lender under the Finance Documents.
- (c) Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created under any Subordination Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Lender) to be ineffective.

20.12 Subordination Agreements

- (a) Any party to a Subordination Agreement (other than the Lender) fails to comply with the provisions of, or does not perform its obligations under, that Subordination Agreement; or
- (b) any representation or warranty given by that party in a Subordination Agreement is incorrect in any material respect.

20.13 Cessation of business

Any member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

20.14 Change of Control

At any time after the Utilisation Date, the Company and BZinFin cease to own and Control in the aggregate at least 40% of the Shares (other than as a result of the exercise by the Warrant Holder of its rights under the Share Warrants).

20.15 Audit qualification

The auditors of Ener1 qualify the audited consolidated financial statements of Ener1 in any material respect.

20.16 Expropriation

The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its or their material assets.

20.17 Repudiation and rescission of agreements

The Company (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

20.18 Litigation

- (a) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to or against any member of the Group or its or their assets which has or is reasonably likely to have a Material Adverse Effect.
- (b) Any judgment or order for an amount in excess of \$250,000 with respect to any member of the Group is made against such member of the Group and is not stayed or discharged within seven days.

20.19 Material adverse change

An event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

20.20 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Lender may, by notice to the Company:

- (a) cancel the Commitment whereupon it shall immediately be cancelled; and/or
- (b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) declare that all or part of the Loan be payable on demand, whereupon they shall immediately become payable on demand by the Lender; and/or
- (d) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

21. CHANGES TO THE LENDER

21.1 Assignments and transfers by the Lender

Subject to this Clause [21](#), the Lender (the "**Existing Lender**") may:

- (a) assign any of its rights; or
 - (b) transfer by novation any of its rights and obligations,
- under any Finance Document to any person (the "**New Lender**").

21.2 Conditions of assignment or transfer

- (a) The consent of the Company is not required for an assignment or transfer by the Existing Lender.
- (b) If:
 - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Company would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause [12](#) (*Tax gross-up and indemnities*) or Clause [13](#) (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

21.3 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
 - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
 - (ii) the financial condition of the Company or Ener1;

- (iii) the performance and observance by the Company of its obligations under the Finance Documents or any other documents; or
- (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender that it:

- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of the Company and Ener1 in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

- (ii) will continue to make its own independent appraisal of the creditworthiness of the Company and Ener1 whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

- (c) Nothing in any Finance Document obliges an Existing Lender to:

- (i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause [21](#); or

- (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Company of its obligations under the Finance Documents or otherwise.

21.4 Procedure for transfer

On the Transfer Date:

- (a) to the extent that the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents each of the Company and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the "**Discharged Rights and Obligations**");

- (b) the Company and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Company or other member of the Group and the New Lender have assumed and/or acquired the same in place of the Company and the Existing Lender;

- (c) the New Lender shall become a Party as a "Lender".

21.5 Procedure for assignment

On the Transfer Date:

- (a) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security;
- (b) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the assignment (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
- (c) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

21.6 Disclosure of information

The Lender may not disclose to any person other than:

- (a) to any of its affiliates, employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Lender's rights, obligations and duties under the Finance Documents;
- (b) to (or through) whom the Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under any Finance Document;
- (c) with (or through) whom the Lender enters into (or may potentially enter into) any sub-participation in relation to, or any other transaction under which payments are to be made by reference to, any Finance Document or the Company; or
- (d) to any governmental, banking, taxation or other regulatory authority, stock exchange, rating agency or similar body, or where required by the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

any confidential information about the Company, the Group, Ener1 and the Finance Documents, provided that any person to whom such information is disclosed pursuant to paragraphs (a), (b) or (c) above shall (other than an affiliate of the Lender) agree to be bound by the provisions of this Clause [21.5](#).

22. CHANGES TO THE COMPANY

Assignments and transfer by the Company

The Company may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

23. CONDUCT OF BUSINESS BY THE LENDER

No provision of this Agreement will:

- (a) interfere with the right of the Lender to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige the Lender to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige the Lender to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

24. PAYMENT MECHANICS

24.1 Distributions to the Company

The Lender may (with the consent of the Company or in accordance with Clause [25](#) (*Set-off*)) apply any amount received by it for the Company in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Company under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

24.2 Partial payments

(a) If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Company under the Finance Documents, the Lender shall apply that payment towards the obligations of the Company under the Finance Documents in the following order:

- (i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Lender under the Finance Documents;
- (ii) **secondly**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;
- (iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and
- (iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) Paragraph (a) above will override any appropriation made by the Company.

24.3 No set-off by the Company

All payments to be made by the Company under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

24.4 Business Days

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

24.5 Currency of account

- (a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from the Company under any Finance Document.

- (b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

24.6 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the Company); and
 - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Lender (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

24.7 Lender Account Details

Payments to the Lender pursuant to this Agreement, shall, unless the Lender specifies otherwise, be made into the following account:

Bank: JPMorgan Chase Bank, New York
Payee: JSC VTB Bank
A/C Number:
VTB SWIFT code:
Bank's SWIFT code:
Reference: Facility Agreement dated 4 June 2010.

25. SET-OFF

The Lender may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to the Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

26. NOTICES

26.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

26.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company:

Address: Ener1, Inc., 1540 Broadway, Suite 25C, New York, NY 10036
Fax: +1 212 920 3510
Attention: Anthony Castano

(b) in the case of the Lender:

Address: Federation Tower West, Presnenskaya emb., 12, 125047, Moscow, Russian Federation
Fax : +7 (495) 589 2167
Attention: Boris Sergeev and Anton Gazizov

With a copy to:

Fax : +7 (495) 956 3892
Attention: Vladislav Labzin and Dmitry Soloviev

or any substitute address or fax number or department or officer as the Party may notify to the Lender (or the Lender may notify to the other Parties, if a change is made by the Lender) by not less than five Business Days' notice.

26.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form; or

(ii) if by way of letter, when it has been delivered by international courier with confirmation of receipt;

and, if a particular department or officer is specified as part of its address details provided under Clause [26.2](#) (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified in Clause [26.2](#) (*Addresses*) (or any substitute department or officer as the Lender shall specify for this purpose).

26.4 English language

- (a) Any notice given under or in connection with any Finance Document must be in English or Russian.
- (b) All other documents provided under or in connection with any Finance Document must be:
 - (i) in English or Russian; or
 - (ii) if not in English or Russian, and if so required by the Lender, accompanied by a certified English or Russian translation and, in this case, the English or Russian, as applicable, translation will prevail unless the document is a constitutional, statutory or other official document.

27. CALCULATIONS AND CERTIFICATES

27.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are, in the absence of fraud or manifest error, prima facie evidence of the matters to which they relate.

27.2 Certificates and Determinations

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

27.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

28. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

29. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of the Lender, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

30. AMENDMENTS AND WAIVERS

Any term of the Finance Documents may be amended or waived only with the consent of all parties to the relevant Finance Document and any such amendment or waiver will be binding on all Parties to such Finance Document.

31. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

32. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

33. ENFORCEMENT

33.1 Jurisdiction

(a) Subject to Clause [33.4](#) (*Arbitration*) below, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause [33.1](#) is for the benefit of the Lender only. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

33.2 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, the Company:

(i) irrevocably appoints Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(ii) agrees that failure by a process agent to notify the Company of the process will not invalidate the proceedings concerned.

- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Company must immediately (and in any event within ten (10) Business Days of such event taking place) appoint another agent for service of process on terms acceptable to the Lender; and
- (c) if the Company fails to appoint such replacement agent pursuant to paragraph (b) above, the Lender may in its absolute discretion appoint the agent for service of process on behalf of the Company.

33.3 No immunity

The Company hereby irrevocably and unconditionally:

- (a) agrees not to claim any immunity from proceedings brought by the Lender against the Company or any of its assets in relation to the Finance Documents and to ensure that no such claim is made on its behalf;
- (b) consents generally to the giving of any relief or the issue of any process in connection with any proceedings brought by the Lender; and
- (c) waives all rights of immunity in respect of it and its assets.

33.4 Arbitration

In addition to Clause [33.1](#) (*Jurisdiction*) above, the Lender shall have the right to refer any Dispute which may arise out of or in connection with this Agreement to final and binding arbitration in London, England, pursuant to the arbitration rules of LCIA (the "**LCIA Rules**"). The language of the arbitration proceedings shall be English. Such arbitration shall be conducted by three arbitrators appointed in accordance with LCIA Rules. The seat or legal place of arbitration shall be deemed to be England, and accordingly the substantive laws of England shall be applicable for purposes of the arbitration. The procedural law for any reference to arbitration shall be English law. Any right of appeal or reference on points of law to the courts is hereby waived, to the extent that such waiver can be validly made. The arbitral tribunal shall have the power to order on a provisional basis any relief which it would have power to grant in a final award. Any award given by the arbitrator shall be final and binding on the Parties and shall be in lieu of any other remedy.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

CONDITIONS PRECEDENT

1. Corporate documents

- (a) A copy of the constitutional documents of the Company, BZinFin and Arcadia.
- (b) A copy of a resolution of the board of directors or other authorised governing body of the Company, BZinFin and Arcadia:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons or appointing an attorney to execute the Finance Documents to which it is a party on its behalf;
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, each Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above in relation to the Finance Documents and related documents.
- (d) A certificate of the Company (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Commitment and the granting of security interests would not cause any borrowing, guaranteeing or similar limit binding on the Company to be exceeded or breach any restriction on the pledging of property or assets.
- (e) A certificate of an authorised signatory of the Company, BZinFin and Arcadia certifying that each copy document relating to it specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. Legal opinions

- (a) A legal opinion of Dewey & LeBoeuf with respect to matters of English law.
- (b) A legal opinion of Dewey & LeBoeuf with respect to matters of the laws of New York.
- (c) A legal opinion of Greenberg Traurig with respect to matters of the laws of Florida.
- (d) A legal opinion of Conyers Dill & Pearman with respect to matters of the laws of the British Virgin Islands.

3. Finance Documents

- (a) Originals of each Finance Document duly executed by all parties to it (other than the Lender).
- (b) Copies of all promissory notes evidencing the BZinFin Loans and the Arcadia Loan.
- (c) Original of Ener1 acknowledgement and agreement required under the Security Agreement and the Option Share Pledge.
- (d) Evidence that the Company has opened the Collateral Account with the Account Bank.
- (e) Evidence that the Company has opened the securities accounts required under the Finance Documents with the Custodian.
- (f) Evidence that the certificates for the Loan Pledged Shares for which the Company holds security certificates, together with endorsements to the collateral agent under the Security Agreement or in blank or share transfer powers or other instruments of transfer duly endorsed to the collateral agent under the Security Agreement or in blank, have been delivered to the Custodian.
- (g) Evidence that the Loan Pledged Shares have been credited to the securities account of the Company at the Custodian that is subject to the Loan Pledged Shares Custody Agreement.
- (h) Evidence confirming that each Security Document has been duly registered in accordance with its terms, including, where applicable, a UCC-1 financing statement against the Company filed with the Secretary of State of State of Florida and a UCC-1 financing statement against BZinFin filed with the District of Columbia's Office of Tax and Revenue, Recorder of Deeds.
- (i) Lien searches in the appropriate filing or recording offices for the Company.

4. Transaction Documents

A copy of each Transaction Document duly executed by all parties to it.

5. Other documents and evidence

- (a) Evidence that any process agent referred to in Clause [33.2](#) (*Service of process*), has accepted its appointment.
- (b) A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable (if it has notified the Company accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.
- (c) A copy of the shareholders' register from the registrar of Ener1.
- (d) The Original Financial Statements.

- (e) Evidence that all "know your customer requirements" have been satisfied with respect to the Group.
- (f) A copy of the Group Structure Chart.
- (g) Evidence that the Existing Share Pledge has been released by BZinFin.
- (h) Evidence that there are sufficient Shares in the securities account of the Company with UBS to satisfy the Company's obligations under or in connection with the BIBA SPA
- (i) Evidence that the Company's obligations under the ZN Loan have been irrevocably and unconditionally paid in full or otherwise satisfied, discharged or forgiven in full and that the Company has no further obligations or liabilities whatsoever under or in connection with the ZN Loan.
- (j) Certificate from a senior financial officer of the Company certifying that, as determined by the board of directors of the Company, it is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying "margin stock" (within the meaning of Regulation U and Regulation X of the Board of Governors of the Federal Reserve System (or any successor)), and the aggregate market value of all "margin stock" owned by the Company does not exceed 25% of the aggregate value of its assets.
- (k) Duly notarised consent from BZ's spouse to the provision by BZ of the BZ Guarantee.
- (l) Documents and other evidence confirming the granting of the U.S Department of Energy's Automotive Battery Manufacturing Initiative grant to Ener1 of \$118,500,000.
- (m) Evidence that the fees, costs and expenses then due from the Company pursuant to Clause 11 (*Utilisation Fee*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.

SCHEDULE 2

UTILISATION REQUEST

From: Ener1 Group Inc.

To: JSC VTB Bank

Dated:

Dear Sirs

Ener1 Group Inc. – \$100,000,000 Facility Agreement dated [] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Loan on the following terms

Proposed Utilisation Date: [] (or, if that is not a Business Day, the next Business Day)
Amount: \$[100,000,000]
Interest Period: 6 months

3. We confirm that each condition specified in Clause [4.2](#) (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.

4. The proceeds of this Loan should be credited to the account of the Company at VTB Capital plc with account number .

USD correspondent account: VTB Capital plc, London
Account No:
SWIFT:
USD correspondent bank: Deutsche Bank Trust Company Americas
60 Wall Street
New York, NY 10005
USA
SWIFT:

We hereby authorise the Lender to credit the proceeds of the Loan to such account directly.

5. This Utilisation Request is irrevocable.

Yours faithfully

.....

authorised signatory for

Ener1 Group Inc.

SCHEDULE 3

FORM OF COMPLIANCE CERTIFICATE

To: JSC VTB Bank as Lender

From: Ener1, Inc.

Dated:

Dear Sirs

Ener1 Group Inc. – \$100,000,000 Facility Agreement dated [] 2010 (the "Agreement")

1. We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
 - (a) the EBITDA of Ener1 for the Relevant Period ending 20[•] is \$[]; and
 - (b) the ratio of Total Liabilities to Net Tangible Assets for the Relevant Period ending [•] is [•]:[•].

Signed:
Director
Of
[]

.....
Director
Of
[]

SCHEDULE 4
ENER1 EVENTS

1. FINANCIAL COVENANTS

1.1 Financial definitions

In this Schedule:

"Acceptable Bank" means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa1 or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or
- (b) any other bank or financial institution approved by the Lender.

"Borrowings" means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Ener1 Group for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions including the DoE Loan or any other credit or similar facility provided by the U.S. Department of Energy;
- (b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirements for de-recognition under IFRS or US GAAP, as applicable);
- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Ener1 Group which liability would fall within one of the other paragraphs of this definition;
- (g) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Maturity Date or are otherwise classified as borrowings under IFRS or US GAAP, as applicable;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the transaction pursuant to the agreement is in respect of the supply of assets or services and payment is due more than 60 days after the date of supply;

- (i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under IFRS or US GAAP, as applicable; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

"**Cash**" means, at any time, cash denominated in dollars in hand or at bank and (in the latter case) credited to an account in the name of a member of the Ener1 Group with an Acceptable Bank and to which a member of the Ener1 Group is alone (or together with other members of the Ener1 Group) beneficially entitled and for so long as:

- (a) that cash is repayable on demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Ener1 Group or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security over that cash except for any Permitted Security constituted by a netting or set-off arrangement entered into by members of the Ener1 Group in the ordinary course of their banking arrangements; and
- (d) the cash is freely and immediately available to be applied in repayment or prepayment of the Facilities.

"**Cash Equivalent Investments**" means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America or the United Kingdom or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
 - (i) for which a recognised trading market exists;
 - (ii) issued by an issuer incorporated in the United States of America or the United Kingdom;
 - (iii) which matures within one year after the relevant date of calculation; and
- (iv) which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

- (d) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (iii) can be turned into cash on not more than 30 days' notice; or
- (e) any other debt security approved by the Lender,

in each case, denominated in dollars and to which any member of the Ener1 Group is alone (or together with other members of the Ener1 Group beneficially entitled at that time and which is not issued or guaranteed by any member of the Ener1 Group or subject to any Security.

"DoE Loan" means the loan to be provided to Ener1del, Inc. by the U.S. Department of Energy in the principal amount of up to \$291,635,005.

"EBIT" means, in respect of any Relevant Period, the consolidated operating profit of the Ener1 Group before taxation (excluding the results from discontinued operations):

- (a) before deducting any Finance Charges;
- (b) not including any accrued interest owing to any member of the Ener1 Group;
- (c) before taking into account any Exceptional Items;
- (d) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
- (e) before taking into account any gain arising from an upward revaluation of any other asset at any time after the most recent financial statements delivered in accordance with Clause [18.1](#) (*Financial statements*);

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Ener1 Group before taxation.

"EBITDA" means, in respect of any Relevant Period, EBIT for that Relevant Period after adding back any amount attributable to the amortisation and depreciation of assets of members of the Ener1 Group.

"Ener1 Group" means Ener1 and its Subsidiaries for the time being.

"Exceptional Items" means any material items of an unusual or non-recurring nature which represent gains or losses including those arising on:

- (a) disposals or revaluations of non-current assets; and
- (b) disposals of assets associated with discontinued operations.

"Finance Charges" means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings whether paid, payable or capitalised by any member of the Ener1 Group (calculated on a consolidated basis) in respect of that Relevant Period:

- (a) including any upfront fees or costs;
- (b) including the interest (but not the capital) element of payments in respect of Finance Leases;
- (c) including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Ener1 Group under any interest rate hedging arrangement;and
- (d) taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instruments which are accounted for on a hedge accounting basis,

and so that no amount shall be added (or deducted) more than once.

"Finance Lease" means any lease or hire purchase contract which would in accordance with IFRS or US GAAP, as applicable, be treated as a finance or capital lease.

"Financial Year" means the annual accounting period of the Ener1 Group ending on or about 31 December in each year.

"Material Adverse Effect" has the meaning given to it in Clause 1.1 (*Definitions*) except that in paragraph (a) the term "Group" shall be replaced with the term "Ener1 Group" and the words "the Company" shall be replaced with the term "Ener1".

"Net Tangible Assets" means, at the end of each Relevant Period, Ener1's stockholders' equity less any amounts attributable to intangible assets and goodwill.

"Permitted Security" means (i) Security over assets of the Ener1 Group securing any Borrowings permitted pursuant to paragraph 6(a) of this Schedule 4 provided that the aggregate book value of such secured assets does not exceed 150% of the aggregate principal amount of such Borrowings at any time; (ii) Security for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which Ener1 Group maintains adequate reserves on its books and records; (iii) Security in favour of financial institutions arising in connection with Ener1 Group's deposit or securities accounts held at such institutions and granted as part of that financial institutions' standard terms and conditions; (iv) Security of carriers, warehousemen, suppliers, or other persons that are possessory in nature arising in the ordinary course of business of Ener1 Group so long as such Security attaches only to inventory and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto; and (v) Security to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business of Ener1 Group.

"Relevant Period" mean each period of twelve months ending on or about the last day of the Financial Year and each period of twelve months ending on or about the last day of the first, second and third quarters of each Financial Year, as applicable.

"**Total Debt**" means, at the end of each Relevant Period, the aggregate consolidated amount of all obligations of members of the Ener1 Group for or in respect of Borrowings at that time (including, in the case of Finance Leases only, their capitalised value and deducting Cash and Cash Equivalent Investments held by any member of the Ener1 Group at that time) but, for avoidance of doubt, excluding accounts payable and accrued expenses or deferred grant proceeds.

1.2 Financial events of default

- (a) Ener1's EBITDA is less than:
 - (i) \$20,000,000 for the Relevant Period ending 31 December 2011;
 - (ii) \$80,000,000 for the Relevant Period ending 31 December 2012;
 - (iii) \$150,000,000 for the Relevant Period ending 31 December 2013.
- (b) The ratio of Total Debt to Net Tangible Assets exceeds 1:1 at any time.

1.3 Financial Testing

The financial covenants set out in paragraph 1.2 (*Financial events of default*) above shall be calculated in accordance with and tested by reference to the financial statements of Ener1 delivered pursuant to Clause [18.1](#) (*Financial statements*) and/or, in each case, each Compliance Certificate delivered pursuant to Clause [18.2](#) (*Compliance Certificate*) with the relevant set of financial statements.

2. AUTHORISATIONS

Ener1 fails to obtain, comply with and do all that is necessary to maintain in full force and effect (and supply certified copies to the Lender of) any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable Ener1 to carry on its business substantially as it is presently conducted which failure to comply has or is reasonably expected to have a Material Adverse Effect.

3. COMPLIANCE WITH LAWS

Ener1 fails to comply in all respects with all laws to which Ener1 may be subject except where such failure neither does nor is reasonably expected to have a Material Adverse Effect.

4. CHANGE OF BUSINESS

Ener1 makes a substantial change to the general nature of its business from that carried on at the date of this Agreement.

5. REORGANISATION

Ener1 enters into any amalgamation, demerger, merger, corporate reconstruction, reorganisation, arrangement or restructuring which is reasonably likely to have a Material Adverse Effect.

6. SECURITY AND FINANCIAL INDEBTEDNESS

Without the prior written consent of the Lender:

- (a) The consolidated Borrowings of the Ener1 Group exceed:
 - (i) \$150,000,000 at any time in the Financial Year ending 31 December 2010;
 - (ii) \$50,000,000 pursuant to the DoE Loan and \$175,000,000 in aggregate in respect of all other Borrowings at any time in the Financial Year ending 31 December 2011;
 - (iii) \$150,000,000 at any time pursuant to the DoE Loan and \$175,000,000 in aggregate in respect of all other Borrowings at any time in the Financial Year ending 31 December 2012; and
 - (iv) \$291,635,005 pursuant to the DoE Loan and \$175,000,000 in aggregate in respect of all other Borrowings at any time in the Financial Year ending 31 December 2013.
- (b) Ener1 creates or permits to subsist any Security over any of its assets without the prior written consent of the Lender other than Permitted Security.

7. CAPITAL INVESTMENT

The Ener1 Group makes capital investments in aggregate in excess of \$60,000,000 in any Financial Year (with any unused amount in any Financial Year being carried forward to succeeding Financial Years subject to a maximum aggregate of \$90,000,000 in any Financial Year), without the prior written consent of the Lender. For the purposes hereof, any capital investments made by any member of the Ener1 Group with funds derived from any grant or loan from the U.S. Department of Energy shall not be applied against the foregoing dollar thresholds or otherwise be subject to the limitations of this paragraph.

8. ENER1 SHARES

Any of the following events occurs:

- (a) trading in the Shares is suspended or a material limitation is imposed upon trading in Shares at any time on a Business Day following which such suspension or material limitation is lifted or no longer exists and a further suspension or material limitation occurs at any point during the next consecutive Business Day, irrespective of the duration of each suspension or material limitation, as the case may be, provided that such suspensions or material limitations occur when the relevant Exchange is open for operations and such suspensions or material limitations occur due to reasons other than an increase in the price of the Shares; or
- (b) trading in the Shares is suspended or a material limitation is imposed upon trading in Shares on a Business Day and the same suspension or material limitation continues until the next Business Day provided that such suspension or material limitation lasts more than two hours and such suspension or material limitation occurs when the relevant Exchange is open for operations and such suspension or material limitation occurs due to reasons other than an increase in the price of the Shares; or
- (c) trading in the Shares is suspended or a material limitation is imposed upon trading in Shares due to the fact that there is an increase in the price of the Shares provided that such suspension or material limitation lasts more than two entire Business Days; or

- (d) trading in the Shares is suspended or a material limitation is imposed upon trading in Shares as part of the trading of securities generally on an Exchange provided that such suspension or material limitation lasts more than five entire Business Days; or
- (e) the Shares fail to maintain a listing on an Exchange; or
- (f) the daily average trading volume in respect of the Shares falls below \$1,000,000 over any period of seven consecutive Business Days; or
- (g) Ener1 fails to comply with the listing rules of NASDAQ the relevant Exchange; or
- (h) Ener1 or any member of the Ener1 Group makes any amendments to its dividend and distribution policy, without the prior written consent of the Lender.

For the purposes of this paragraph 8, "**Exchange**" means any of NASDAQ, the New York Stock Exchange or the NYSE Amex Stock exchange, as applicable.

9. AMENDMENTS

- (a) Ener1 or any member of the Ener1 Group makes any amendments to its constitutional documents which have or are reasonably expected to have a Material Adverse Effect.
- (b) Ener1 replaces its auditors without the prior written consent of the Lender (except where the replacement firm of auditors is one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche, or any amalgamation of the same or any successor to the business of the same).

10. GRANTS

The U.S Department of Energy's Automotive Battery Manufacturing Initiative grant to Ener1 of \$118,500,000 is fully or partially recalled, suspended, terminated or withdrawn or the terms and conditions of the grant are amended in any material respect.

11. BUSINESS PLAN

Ener1 fails to comply with its annual business plan or makes material amendments thereto without the prior written consent of the Lender.

SCHEDULE 5

BZINFIN LOANS¹

No.	Description	Outstanding Principal	Accrued Interest
1.	Credit Line from BZinFin pursuant to a Credit Line Agreement dated 26 July 2007	\$11,900,000	\$4,920,612
2.	Loan from BZinFin pursuant to a Loan Restructuring Agreement dated 1 October 2007	\$66,406,231	\$33,944,729
3.	Loan from BZinFin pursuant to a Loan Agreement dated 12 May 2008	\$100,000	\$29,425
4.	Loan from BZinFin pursuant to a Consolidated Replacement Loan Agreement dated 18 August 2009	\$2,765,934	\$357,387
5.	Loan from BZinFin pursuant to a Loan Agreement dated 31 May 2010	\$1,500,000	\$0
6.	Loan from BZinFin pursuant to a Loan Agreement dated 2 June 2010	\$3,000,000	\$0

¹ In each case as at the date of this Agreement.

SIGNATURES

THE COMPANY

ENER1 GROUP INC.

By:
Signature

Name:

Title:

THE LENDER

JSC VTB BANK

By:
Signature

Name:

Title:

MIA1812740272

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION OR QUALIFICATION THEREFROM.

WARRANT NO. R-1

June 4, 2010

WARRANT TO PURCHASE
2,400,000 SHARES OF COMMON STOCK OF ENER1, INC.

FOR VALUE RECEIVED, ENER1 GROUP, INC. (the "COMPANY"), hereby certifies that JSC VTB BANK (the "HOLDER") is entitled to purchase, on the terms and subject to the conditions contained herein, TWO MILLION FOUR HUNDRED THOUSAND (2,400,000) shares (the "WARRANT SHARES") of the common stock of Ener1, Inc. (the "ISSUER"), par value \$0.01 per share ("COMMON STOCK"), at the exercise price of \$5.60 per Warrant Share (the "WARRANT PURCHASE PRICE") at any time and from time to time during the Exercise Period (as such term is defined below). The number of Warrant Shares and the Warrant Purchase Price shall be subject to adjustment as set forth in SECTION 3.

This Warrant (this "WARRANT") is the "Share Warrant Instrument" evidencing the "Share Warrants" referred to in, and is being issued in connection with the consummation of the transactions contemplated by, that certain Facility Agreement, dated as of the date hereof (as amended, supplemented, modified, renewed or extended, from time to time in accordance with the provisions thereof, the "FACILITY AGREEMENT"), by and among Company and JSC VTB Bank, as lender, and is subject to the following terms and conditions:

1. DEFINITIONS. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Facility Agreement. In addition, for the purposes of this Warrant, the following terms shall have the respective meanings set forth below:

"APPLICABLE LAW" means all provisions of statutes, rules and regulations, interpretations and orders of any Governmental Authority applicable to a Person, and all orders and decrees of all courts and arbitrators in proceedings or actions in which the Person in question is a party including applicable federal, state and local laws and regulations thereunder.

"BUSINESS DAY" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Moscow and New York.

"CASH SETTLEMENT AMOUNT" means the difference (per share), if positive, between (a) the closing sales price on such day on NASDAQ or the principal stock exchange on which the Common Stock is then listed or admitted to or trading on, as applicable, on the trading day immediately preceding the date of the applicable Exercise Notice and (b) the Warrant Purchase Price.

"COMMON STOCK" has the meaning set forth in the preamble of this Warrant.

"COMPANY" has the meaning set forth in the preamble of this Warrant.

"CONVERTIBLE SECURITIES" means, with respect to any Person, any securities or other obligations issued or issuable by such Person or any other Person that are exercisable or exchangeable for, or convertible into, any Equity Interests of the Issuer.

"CURRENT MARKET PRICE" per share of Common Stock means, as of any specified date on which the Common Stock is publicly traded, the average of the daily market prices of the Common Stock over the twenty (20) consecutive trading days immediately preceding (and not including) such date. The 'daily market price' for each such trading day shall be (i) the closing sales price on such day on NASDAQ or the principal stock exchange on which the Common Stock is then listed or admitted to trading or on, as applicable, (ii) if no sale takes place on such day on any such exchange or system, the average of the closing bid and asked prices, regular way, on such day for the Common Stock as officially quoted on any such exchange or system, (iii) if the Common Stock is not then listed or admitted to trading on any stock exchange or system, the last reported sale price, regular way, on such day for the Common Stock, or if no sale takes place on such day, the average of the closing bid and asked prices for the Common Stock on such day, as reported by NASDAQ or the National Quotation Bureau, or (iv) if the Common Stock is not then listed or admitted to trading on any securities exchange and if no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in New York City customarily published on each Business Day. If the daily market price cannot be determined for the twenty (20) consecutive trading days immediately preceding such date in the manner specified in the foregoing sentence, then the Common Stock shall not be deemed to be publicly traded as of such date.

"DESIGNATED OFFICE" has the meaning set forth in SECTION 2.1.

"DILUTIVE ISSUANCE" has the meaning set forth in SECTION 3.9.

"DISTRIBUTION" has the meaning set forth in SECTION 3.3.

"DISTRIBUTION AMOUNT" has the meaning set forth in SECTION 3.3.

"DOJ" has the meaning set forth in SECTION 2.4.

"EQUITY INTERESTS" means, with respect to any Person, (i) if such Person is a corporation, any and all shares of capital stock, participations in profits or other equivalents (however designated) or other equity interests of such Person, including any preferred stock of such Person, (ii) if such Person is a limited liability company, any and all membership interests, or (iii) if such Person is a partnership or other entity, any and all partnership or entity interests or other units.

"EQUITY RIGHTS" means any warrants, options or other rights to subscribe for or purchase, or obligations to issue, any Equity Interests of the Issuer, or any Convertible Securities, or any stock appreciation rights, including any options or similar rights issued or issuable under any employee stock option plan, pension plan or other employee benefit plan of the Issuer.

"EXCLUDED SHARES" means Common Stock, Equity Rights or Convertible Securities issued in any of the transactions described in SECTIONS 3.1, 3.2, 3.3 or 3.5 relating to this Warrant or any securities issued in connection with the exercise hereof.

"EXERCISE NOTICE" has the meaning set forth in SECTION 2.1.

"EXERCISE PERIOD" means the period commencing on the Issuance Date and ending on (and including) the Expiration Date.

"EXPIRATION DATE" means the date falling 48 months after the Utilisation Date.

"FAIR MARKET VALUE" per share of Common Stock as of any specified date means (i) if the Common Stock is publicly traded on such date, the Current Market Price per share, or (ii) if the Common Stock is not publicly traded (or deemed not to be publicly traded) on such date, the fair market value per share of Common Stock as determined in good faith by the Board of Directors of the Company and set forth in a written notice to the Holder, subject to the Holder's right to dispute such determination under SECTION 3.8(E).

"FTC" has the meaning set forth in SECTION 2.4.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof, any municipality and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government. Without limiting the generality of the foregoing, with respect to the United States, a "Governmental Authority" shall include any United States federal, state, county, municipal or other local governmental, judicial or regulatory authority, agency, arbitration board, body, commission, instrumentality, court or quasi-governmental authority or tribunal..

"HOLDER" has the meaning set forth in the preamble of this Warrant.

"HSR ACT" has the meaning set forth in SECTION 2.4.

"ISSUANCE DATE" means June 4, 2010.

"ISSUER" has the meaning set forth in the preamble of this Warrant.

"LIEN" means a pledge, assignment, lien, charge, mortgage, encumbrance or other security interest obtained with respect to any present or future assets, property, contract rights or revenues in order to secure the payment of indebtedness of the party referred to in the context in which the term is used.

"NASDAQ" means the Nasdaq Stock Market or any successor reporting system thereof.

"OTHER PROPERTY" has the meaning set forth in SECTION 3.5.

"PERSON" means any natural person, corporation, general or limited partnership, limited liability company, joint venture, trust, association or entity of any kind.

"REFERENCE PRICE" means, as of any time, the higher of (i) the Warrant Purchase Price in effect as of such time, and (ii) the Fair Market Value per share of Common Stock in effect at such time.

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

"WARRANT" means this Warrant, any amendment of this Warrant, and any warrants issued upon transfer, division or combination of, or in substitution for, this Warrant or any other such warrant. All such Warrants shall at all times be identical as to terms and conditions and date, except as to the number of Warrant Shares for which they may be exercised.

"WARRANT PURCHASE PRICE" has the meaning set forth in the preamble of this Warrant (as adjusted in accordance with the terms of this Warrant).

"WARRANT SHARES" has the meaning set forth in the preamble of this Warrant.

2. EXERCISE;

2.1. EXERCISE; DELIVERY OF CERTIFICATES; CASH SETTLEMENT. Subject to the provisions of SECTION 2.4, this Warrant may be exercised, in whole or in part, at the option of the Holder, at any time and from time to time during the Exercise Period, by (a) Holder delivering to the Company at its principal executive office (the "DESIGNATED OFFICE") (i) a notice of exercise, in substantially the form of EXHIBIT 1 attached hereto (the "EXERCISE NOTICE"), duly completed and signed by the Holder, and (ii) this Warrant, and (b) either (at Holder's election (in its sole discretion)) (i) Holder paying the Warrant Purchase Price pursuant to SECTION 2.2 for the number of Warrant Shares proposed to be purchased in the Exercise Notice and designated for "Physical Settlement" in such Exercise Notice or (ii) Company paying to Holder the Cash Settlement Amount pursuant to SECTION 2.2 for the number of Warrant Shares proposed to be purchased in the Exercise Notice and designated for "Cash Settlement" in such Exercise Notice. Subject to the provisions of SECTION 2.4, the Warrant Shares being purchased under this Warrant designated (at Holder's option) for "Physical Settlement" in any Exercise Notice will be deemed to have been issued to the Holder, as the record owner of such Warrant Shares, as of the close of business on the date on which payment therefor is made by the Holder pursuant to SECTION 2.2. Stock certificates representing the Warrant Shares designated (at the Holder's option) for "Physical Settlement" in any Exercise Notice so purchased shall be delivered to the Holder, or, if requested by the Holder (in its sole discretion) in the applicable Exercise Notice with respect to any of the Warrant Shares designated for "Physical Settlement" therein, transmitted by the Issuer's transfer agent to the Holder (or, subject to compliance with Applicable Laws, such other name as designated by the Holder) by crediting the account of Holder (or, subject to compliance with Applicable Laws, such other name as designated by the Holder) through the Depository Trust Company's Deposit Withdrawal Agent Commission system, in either case, within three (3) Business Days after this Warrant has been exercised (or, if applicable, immediately after the conditions set forth in SECTION 2.4 have been satisfied). Payment of the Cash Settlement Amount with respect to any Warrant Shares designated (at the Holder's option) for "Cash Settlement" in any Exercise Notice shall be made pursuant to SECTION 2.2 to the Holder within seven (7) Business Days after this Warrant has been exercised. Each stock certificate representing Warrant Shares purchased pursuant to this Warrant shall be registered in the name of the Holder or, subject to compliance with Applicable Laws, such other name as designated by the Holder. In the case of a purchase of less than all of the Warrant Shares issuable upon exercise of this Warrant (whether by cash settlement or physical settlement), the Company shall cancel this Warrant and, within three (3) Business Days after this Warrant has been surrendered, and execute and deliver to the Holder a new Warrant of like tenor for the number of unexercised Warrant Shares; PROVIDED HOWEVER, that, with respect to any such surrender in which "Cash Settlement" of Warrant Shares has been requested, such period shall be seven (7) Business Days after this Warrant has been surrendered.

2.2. PAYMENT OF WARRANT PURCHASE PRICE; PAYMENT OF CASH SETTLEMENT

AMOUNT. Payment of the Warrant Purchase Price for Warrant Shares designated for "Physical Settlement" in any Exercise Notice shall be made, at the option of the Holder, by (i) check from the Holder, (ii) wire transfer, (iii) instructing the Company to withhold a number of Warrant Shares then deliverable upon exercise of this Warrant with respect to which the excess, if any, of the Fair Market Value over the Warrant Purchase Price for such withheld Warrant Shares is at least equal to the Warrant Purchase Price for the Warrant Shares being purchased, (iv) surrendering to the Company of shares of Common Stock previously acquired by the Holder with a Fair Market Value equal to the Warrant Purchase Price for the Warrant Shares then being purchased, or (v) any combination of the foregoing; PROVIDED HOWEVER that, notwithstanding any provision hereof to the contrary, if an Event of Default has occurred and is continuing and/or at any time during a Collateral Coverage Breach, at the option of the Holder (in its sole discretion) payment may be made by deposit of the Warrant Purchase Price directly into the Collateral Account (and such payment shall remain in the Collateral Account until the release of such amounts may be released in accordance with Section 19.6 of the Facility Agreement). Payment of the Cash Settlement Amount for Warrant Shares designated for "Cash Settlement" in any Exercise Notice shall be made by wire transfer of immediately available funds as directed in the applicable Exercise Notice.

2.3. NO FRACTIONAL SHARES. The Company shall not be required to deliver fractional shares of Common Stock upon the exercise of this Warrant. If any fraction of a share of Common Stock would, except for the provisions of this paragraph, be deliverable on the exercise of this Warrant (or specified portion thereof), the Company shall pay to the Holder an amount in cash calculated by it to be equal to the then Fair Market Value per share of Common Stock multiplied by such fraction computed to the nearest whole cent.

2.4. ANTITRUST NOTIFICATION. If the Holder determines, in its sole judgment upon the advice of counsel, that an exercise of this Warrant pursuant to the terms hereof is subject to the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR ACT"), the Holder shall notify the Company and the Issuer, and the Company and the Holder shall (and the Company shall cause the Issuer to), prior to the payment of the Warrant Purchase Price, file with the United States Federal Trade Commission (the "FTC") and the United States Department of Justice (the "DOJ") the notification and report form, if any, required in connection with the exercise of this Warrant, and any supplemental information required in connection therewith, pursuant to the HSR Act. Any information required to be provided by or with respect to the Company or the Issuer shall be provided by the Company (or the Company shall cause the Issuer to provide such information) within seven (7) Business Days after receiving notification from the Holder of the applicability of the HSR Act. Any such notification, report form and supplemental information will be in full compliance with the requirements of the HSR Act. The Company will furnish (and will cause the Issuer to furnish) to the Holder such necessary information and such assistance as the Holder may reasonably request in connection with the preparation of any filing or submission which is necessary under the HSR Act.

The Company shall (and shall cause the Issuer to) respond promptly after receiving any inquiries or requests for additional information from the FTC or the DOJ (and in no event more than five (5) Business Days after receipt of such inquiry or request). The Company shall (and shall cause the Issuer to) keep the Holder apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC or the DOJ, and shall respond promptly to any such inquiries or requests. The Company shall bear all filing or other fees required to be paid by the Company, the Issuer and/or the Holder (or the "ultimate parent entity" of the Holder, if any) under the HSR Act or any other Applicable Law and the Company shall bear all costs and expenses (including, without limitation, attorneys' fees) incurred by the Company, the Issuer and/or the Holder (or the "ultimate parent entity" of the Holder, if any) in connection with the preparation of such filings, responses to inquiries or requests and compliance with the HSR Act and other Applicable Laws. In the event that this SECTION 2.4 is applicable to any exercise of this Warrant, the purchase of the Warrant Shares subject to the Exercise Notice and designated for "Physical Settlement" therein, and the payment of the Warrant Purchase Price, will be subject to the expiration or earlier termination of the waiting period under the HSR Act.

3. ADJUSTMENTS TO THE NUMBER OF WARRANT SHARES AND TO THE WARRANT PURCHASE PRICE. The number of Warrant Shares for which this Warrant is exercisable and the Warrant Purchase Price shall be subject to adjustment from time to time as set forth in this SECTION 3.

3.1. STOCK DIVIDENDS, SUBDIVISIONS AND COMBINATIONS. If at any time the Issuer:

(a) pays a dividend or other distribution on its Common Stock in shares of Common Stock or shares of any other class or series of Capital Stock;

(b) subdivides its outstanding shares of Common Stock (by stock split, reclassification or otherwise) into a larger number of shares of Common Stock; or

(c) combines (by reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares of Common Stock, then the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior to the record date for such dividend or distribution or the effective date of such subdivision or combination shall be adjusted so that the Holder shall thereafter be entitled to receive upon exercise of this Warrant the kind and number of shares of Common Stock that the Holder would have owned or have been entitled to receive immediately after such record date or effective date had this Warrant been exercised immediately prior to such record date or effective date. Any adjustment made pursuant to this SECTION 3.1 shall become effective immediately after the effective date of such event, but be retroactive to the record date, if any, for such event.

Upon any adjustment of the number of Warrant Shares purchasable upon the exercise of this Warrant as herein provided, the Warrant Purchase Price per share shall be adjusted by multiplying the Warrant Purchase Price immediately prior to such adjustment by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such adjustment and the denominator of which shall be the number of Warrant Shares so purchasable immediately thereafter.

3.2. RIGHTS; OPTIONS; WARRANTS. If, at any time after the Issuance Date, the Issuer issues (without payment of any consideration) to all holders of outstanding Common Stock any rights, options or warrants to subscribe for or purchase shares of Common Stock or securities convertible into or exchangeable for Common Stock, then the Holder shall be entitled to receive upon exercise of this Warrant the kind and number of such rights, options, warrants or securities as if this Warrant had been exercised immediately prior to the record date for such issuance.

3.3. DISTRIBUTION OF ASSETS OR SECURITIES. If at any time the Issuer makes a distribution (other than a distribution covered by SECTION 3.1 or 3.2) to its shareholders of any asset, including cash or securities (such distribution, a "DISTRIBUTION", and the total of the cash, assets or securities so distributed, the "DISTRIBUTION AMOUNT"), then, the Warrant Purchase Price shall be adjusted and shall be equal to the Warrant Purchase Price in effect immediately prior to the close of business on the date fixed for the determination of shareholders entitled to receive such Distribution, multiplied by a fraction (which shall not be less than zero), the numerator of which shall be the Fair Market Value per share of Common Stock on the date fixed for such determination, less the amount of cash, the then-fair market value of the portion of the assets, or the fair market value of the portion of the securities, as the case may be (as determined in good faith by the Board of Directors of the Company, subject to the Holder's rights under SECTION 3.8(E)), so distributed applicable to one share of Common Stock, and the denominator of which shall be the Fair Market Value per share of Common Stock. Such adjustment to the Warrant Purchase Price shall become effective immediately prior to the opening of business on the day immediately following the date fixed for the determination of shareholders entitled to receive such Distribution. Upon any adjustment to the Warrant Purchase Price as provided for in this SECTION 3.3(ii), the number of Warrant Shares issuable upon the exercise of this Warrant shall also be adjusted and shall be equal to the number of Warrant Shares issuable upon exercise of this Warrant immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

3.4. ISSUANCE OF EQUITY SECURITIES AT LESS THAN FAIR MARKET VALUE OR WARRANT PURCHASE PRICE.

(a) If, at any time after the Issuance Date, the Issuer shall issue or sell (or, in accordance with SECTION 3.4(b), shall be deemed to have issued or sold) shares of Common Stock, Equity Rights or Convertible Securities representing the right to subscribe for or purchase shares of Common Stock (other than any Excluded Shares) at a price per share of Common Stock that is lower than the Reference Price in effect immediately prior to such sale and issuance, then the Warrant Purchase Price shall be adjusted so that it shall equal the price determined by multiplying the Warrant Purchase Price in effect immediately prior thereto by a fraction, the numerator of which shall be an amount equal to the sum of (A) the number of shares of Common Stock outstanding immediately prior to such sale and issuance plus (B) the number of shares of Common Stock which the aggregate consideration received by the Issuer (and in the case of adjustments triggered in full or in part by the issuance of Equity Rights or Convertible Securities, the aggregate consideration deemed received in respect of such issuance determined as provided in SECTION 3.4(b) below) for such sale or issuance would purchase at such Reference Price per share, and the denominator of which shall be the total number of shares of Common Stock outstanding (and in the case of adjustments triggered in full or in part by the issuance of Equity Rights or Convertible Securities, the number of shares of Common Stock deemed to be outstanding as a result of such issuance determined as provided in SECTION 3.4(b) below) immediately after such sale or issuance.

Adjustments shall be made successively whenever such an issuance is made. Upon any adjustment in the Warrant Purchase Price as provided in this SECTION 3.4(a), the number of shares of Common Stock purchasable upon the exercise of this Warrant shall also be adjusted and shall be that number determined by multiplying the number of Warrant Shares issuable upon exercise immediately prior to such adjustment by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

(b) For the purpose of determining the adjusted Warrant Purchase Price under SECTION 3.4(a), the following shall be applicable:

(i) If the Issuer in any manner issues or grants any Equity Rights (including Equity Rights to acquire Convertible Securities), and the price per share for which shares of Common Stock are issuable upon the exercise of such Equity Rights or upon conversion or exchange of such Convertible Securities is less than the Reference Price determined as of the date of such issuance or grant of such Equity Rights, then the total maximum number of shares of Common Stock issuable upon the exercise of such Equity Rights (or upon conversion or exchange of the total maximum amount of such Convertible Securities issuable upon the exercise of such Equity Rights) shall be deemed to be outstanding and to have been issued and sold by the Issuer for such lower price per share. For purposes of this paragraph, the price per share for which shares of Common Stock are issuable upon exercise of Equity Rights or upon conversion or exchange of Convertible Securities issuable upon exercise of Equity Rights shall be determined by dividing (A) the total amount, if any, received or receivable by the Issuer as consideration for the issuing or granting of such Equity Rights, plus the minimum aggregate amount of additional consideration payable to the Issuer upon the exercise of all such Equity Rights, plus in the case of such Equity Rights which relate to Convertible Securities, the minimum aggregate amount of additional consideration, if any, payable to the Issuer upon the issuance or sale of such Convertible Securities and the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon exercise of such Equity Rights or upon the conversion or exchange of all such Convertible Securities issuable upon the exercise of such Equity Rights.

(ii) If the Issuer in any manner issues or grants any Convertible Securities having an exercise or conversion or exchange price per share which is less than the Reference Price determined as of the date of issuance or sale, then the maximum number of shares of Common Stock issuable upon the conversion or exchange of such Convertible Securities shall be deemed to be outstanding and to have been issued and sold by the Issuer for such lower price per share. For purposes of this paragraph, the price per share for which shares of Common Stock are issuable upon conversion or exchange of Convertible Securities is determined by dividing (A) the total amount received by the Issuer as consideration for the issuance or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Issuer upon the conversion or exchange thereof, by (B) the total maximum number of shares of Common Stock issuable upon the conversion or exchange of all such Convertible Securities.

(iii) If the purchase price provided for in any Equity Rights, the additional consideration, if any, payable upon the issuance, conversion or exchange of any Convertible Securities or the rate at which any Convertible Securities are convertible into or exchangeable for shares of Common Stock decreases at any time, or if the number of shares of Common Stock issuable upon the exercise, issuance, conversion or exchange of any Equity Rights or Convertible Securities increases at any time, then the Warrant Purchase Price in effect at the time of such decrease (or increase) shall be readjusted to the Warrant Purchase Price which would have been in effect at such time had such Equity Rights or Convertible Securities still outstanding provided for such decreased purchase price, additional consideration, changed conversion rate or increased shares, as the case may be, at the time initially granted, issued or sold and the number of Warrant Shares shall be correspondingly readjusted, by taking the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Warrant Purchase Price in effect immediately prior to such adjustment and the denominator of which is the Warrant Purchase Price as so adjusted.

(iv) If at any time the Issuer sells and issues shares of Common Stock or Equity Rights or Convertible Securities containing the right to subscribe for or purchase shares of Common Stock for a consideration consisting, in whole or in part, of property other than cash or its equivalent, then in determining the "price per share of Common Stock" and the "consideration received by the Issuer" for purposes of the preceding paragraphs of this SECTION 3.4, the Board of Directors of the Company shall determine, in good faith, the fair market value of property, subject to the Holder's rights under SECTION 3.8(E).

(v) There shall be no adjustment of the Warrant Purchase Price in respect of the Common Stock pursuant to this SECTION 3.4 if the amount of such adjustment is less than \$0.00001 per share of Common Stock; PROVIDED, HOWEVER, that any adjustments which by reason of this provision are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(c) Notwithstanding the foregoing, the provisions of this Section 3.4 shall not apply to any such issuance or sale made (i) to BZinFin in connection with an exercise of the BZinFin Conversion Rights or (ii) pursuant to and in accordance with stock option plans or other benefit plans of the Issuer for management or employees of the Issuer.

3.5. REORGANIZATION, RECLASSIFICATION, MERGER, CONSOLIDATION OR DISPOSITION OF ASSETS. If at any time the Issuer reorganizes its capital, reclassifies its capital stock, consolidates, merges or combines with or into another Person (where the Issuer is not the surviving corporation or where there is any change whatsoever in, or distribution with respect to, the outstanding Common Stock), or the Issuer sells, transfers or otherwise disposes of all or substantially all of its property, assets or business to another Person, other than in a transaction provided for in SECTION 3.1, 3.2, 3.3, 3.4 or 3.6, and, pursuant to the terms of such reorganization, reclassification, consolidation, merger, combination, sale, transfer or other disposition of assets, (i) shares of common stock of the successor or acquiring Person or of the Issuer (if it is the surviving corporation) or (ii) any cash, shares of stock or other securities or property of any nature whatsoever (including warrants or other subscription or purchase rights) in addition to or in lieu of common stock of the successor or acquiring Person or the Issuer ("OTHER PROPERTY") are to be received by or distributed to the holders of Common Stock who are holders immediately prior to such transaction, then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the number of shares of Common Stock, common stock of the successor or acquiring Person, and/or Other Property which holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event would have owned or received immediately after and as a result of such event. In such event, the aggregate Warrant Purchase Price otherwise payable for the Warrant Shares issuable upon exercise of this Warrant shall be allocated among such securities and Other Property in proportion to the respective fair market values of such securities and Other Property as determined in good faith by the Board of Directors of the Company, subject to the Holder's rights under SECTION 3.8(e).

For purposes of this SECTION 3.5, "common stock of the successor or acquiring Person" shall include stock or other equity securities, or securities that are exercisable or exchangeable for or convertible into equity securities, of such corporation, or other securities if such Person is not a corporation, of any class that is not preferred as to dividends or assets over any other class of stock of such corporation or Person and that is not subject to redemption and shall also include any evidences of indebtedness, shares of stock or other securities that are convertible into or exchangeable for any such stock, either immediately or upon the arrival of a specified date or the happening of a specified event and any warrants or other rights to subscribe for or purchase any such stock. The foregoing provisions of this SECTION 3.5 shall similarly apply to successive reorganizations, reclassifications, consolidations, mergers, sales, transfers and other dispositions of assets.

3.6. DISSOLUTION, TOTAL LIQUIDATION OR WINDING-UP. If at any time there is a voluntary or involuntary dissolution, total liquidation or winding-up of the Issuer, other than as contemplated by SECTION 3.5, then the Company shall cause to be mailed (by registered or certified mail, return receipt requested, postage prepaid) to the Holder at the Holder's address as shown on the Warrant register, at the earliest practicable time (and, in any event, not less than thirty (30) calendar days before any date set for definitive action) written notice of the date on which such dissolution, liquidation or winding-up shall take place, as the case may be. Such notice shall also specify the date as of which the record holders of shares of Common Stock shall be entitled to exchange their shares for securities, money or other property deliverable upon such dissolution, liquidation or winding-up, as the case may be. On such date, the Holder shall be entitled to receive upon surrender of this Warrant the cash or other property, less the Warrant Purchase Price for this Warrant then in effect, that the Holder would have been entitled to receive had this Warrant been exercised immediately prior to such dissolution, liquidation or winding-up.

3.7. OTHER DILUTIVE EVENTS. If any event occurs as to which the other provisions of this SECTION 3 are not strictly applicable but as to which the failure to make any adjustment would not protect the purchase rights represented by this Warrant in accordance with the intent and principles hereof then, in each such case, the Holder (or if the Warrant has been divided up, the Holders of Warrants exercisable for the purchase of more than fifty percent (50%) of the aggregate number of Warrant Shares then issuable upon exercise of all of the then exercisable Warrants) may appoint an independent investment bank or firm of independent public accountants which shall give its opinion as to the adjustment, if any, on a basis consistent with the intent and principles established herein, necessary to preserve the purchase rights represented by this Warrant (or such Warrants). Upon receipt of such opinion, the Company will mail (by registered or certified mail, return receipt requested, postage prepaid) a copy thereof to the Holder within three (3) Business Days and shall make the adjustments described therein. The fees and expenses of such investment bank or independent public accountants shall be borne by the Company.

3.8. OTHER PROVISIONS APPLICABLE TO ADJUSTMENTS UNDER THIS SECTION. The following provisions shall be applicable to the adjustments provided for pursuant to this SECTION 3:

(a) WHEN ADJUSTMENTS TO BE MADE. The adjustments required by this SECTION 3 shall be made whenever and as often as any specified event requiring such an adjustment shall occur. For the purpose of any such adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence.

(b) RECORD DATE. If the Issuer fixes a record date of the holders of Common Stock for the purpose of entitling them to (i) receive a dividend or other distribution payable in shares of Common Stock or in shares of any other class or series of capital stock or securities convertible into or exchangeable for Common Stock or shares of any other class or series of capital stock or (ii) subscribe for or purchase shares of Common Stock or such other shares or securities, then all references in this SECTION 3 to the date of the issuance or sale of such shares of Common Stock or such other shares or securities shall be deemed to be references to that record date.

(c) WHEN ADJUSTMENT NOT REQUIRED. If the Issuer fixes a record date of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution or subscription or purchase rights to which the provisions of SECTION 3.1 would apply, but shall, thereafter and before the distribution to shareholders, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then thereafter no adjustment shall be required by reason of the taking of such record and any such adjustment previously made in respect thereof shall be rescinded and annulled.

(d) NOTICE OF ADJUSTMENTS. Whenever the number of shares of Common Stock for which this Warrant is exercisable or the Warrant Purchase Price shall be adjusted or recalculated pursuant to this SECTION 3, the Company shall immediately prepare a certificate to be executed by the chief financial officer of the Company setting forth, in reasonable detail, the event requiring the adjustment or recalculation and the method by which such adjustment or recalculation was calculated, specifying the number of shares of Common Stock for which this Warrant is exercisable and (if such adjustment was made pursuant to SECTION 3.5) describing the number and kind of any other shares of stock or Other Property for which this Warrant is exercisable, and any related change in the Warrant Purchase Price, after giving effect to such adjustment, recalculation or change. The Company shall mail (by registered or certified mail, return receipt requested, postage prepaid) a signed copy of the certificate to be delivered to the Holder within three (3) Business Days of the event which caused the adjustment or recalculation. The Company shall keep at the Designated Office copies of all such certificates and cause them to be available for inspection at the Designated Office during normal business hours by the Holder or any prospective transferee of this Warrant designated by the Holder.

(e) **CHALLENGE TO GOOD FAITH DETERMINATION.** Whenever the Board of Directors of the Company is required to make a determination in good faith of the fair market value of any item under this Warrant, or any item that may affect the value of this Warrant, that determination may be challenged or disputed by the Holder (or if the Warrant has been divided up, the Holders of Warrants exercisable for more than fifty percent (50%) of the aggregate number of Warrant Shares then issuable upon exercise of all of the then exercisable Warrants), and any such challenge or dispute shall be resolved promptly, but in no event in more than thirty (30) days, by an investment banking firm of recognized national standing or one of the four (4) largest national accounting firms agreed upon by the Company and the Holders and whose decision shall be binding on the Company and the Holders. If the Company and the Holders cannot agree on a mutually acceptable investment bank or accounting firm, then the Holders, jointly, and the Company shall within five (5) Business Days each choose one investment bank or accounting firm and the respective chosen firms shall within five (5) Business Days jointly select a third investment bank or accounting firm, which shall make the determination promptly, but in no event in more than thirty (30) days, and such determination shall be binding upon all parties thereto. The Company shall bear all costs in connection with such determination, including without limitation, fees of the investment bank(s) or accounting firm(s).

(f) **INDEPENDENT APPLICATION.** Except as otherwise provided herein, all subsections of this SECTION 3 are intended to operate independently of one another (but without duplication). If an event occurs that requires the application of more than one subsection, all applicable subsections shall be given independent effect without duplication.

4. MISCELLANEOUS.

4.1. **RESTRICTIVE LEGEND.** This Warrant, any Warrant issued upon transfer of this Warrant and, unless registered under the Securities Act, any Warrant Shares delivered upon exercise of this Warrant or any portion thereof shall be imprinted with the following legend, in addition to any legend required under applicable state securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT IN COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION OR QUALIFICATION THEREFROM.

The legend shall be appropriately modified upon issuance of certificates for shares of Common Stock.

Upon request of the holder of a Common Stock certificate, the Company shall cause the Issuer to issue and deliver to that holder a new certificate free of the foregoing legend, if, with such request, such holder provides the Company with an opinion of counsel to the effect that the securities evidenced by such certificate may be sold without restriction under Rule 144 (or any other rule permitting resales of securities without restriction) promulgated under the Securities Act.

4.2. **HOLDER ENTITLED TO BENEFITS.** This Warrant is the "Share Warrant" referred to in the Facility Agreement. The Holder is entitled to certain rights, benefits and privileges with respect to this Warrant and the Warrant Shares pursuant to the terms of this Warrant and the Facility Agreement.

4.3. **OTHER COVENANTS.** The Company covenants and agrees that, as long as this Warrant remains outstanding or any Warrant Shares are deliverable with respect to this Warrant, the Company will perform (or cause the Issuer to perform) all of the following covenants for the express benefit of the Holder: (a) the Warrant Shares shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable shares of Common Stock; (b) the Holder shall, upon the exercise hereof in accordance with the terms hereof, receive good and marketable title to the Warrant Shares, free and clear of all voting and other trust arrangements to which the Company or the Issuer is a party or by which it is bound, preemptive rights of any shareholder, liens, encumbrances, equities and claims whatsoever, including, but not limited to, all Taxes, Liens and other charges with respect to the issuance thereof; (c) at all times prior to the Expiration Date, the Company shall own a sufficient number of authorized but unissued shares of Common Stock, or other securities or property for which this Warrant may then be exercisable, to permit this Warrant (or if this Warrant has been divided, all outstanding Warrants) to be exercised in full; (d) the Company shall deliver to the Holder the information and reports received by the Company as a holder of the Issuer's common stock; and (e) the Company shall provide the Holder with written notice of all corporate actions of the Issuer, including, without limitation, prior written notice of any dividends in the same manner and to the same extent as the shareholders of the Issuer.

4.4. ISSUE TAX. The issuance, transfer and delivery of shares of Common Stock upon the exercise of this Warrant shall be made without charge to the Holder for any stamp, documentary, issue or similar tax in respect thereof.

4.5. CLOSING OF BOOKS. The Company will not, and will not permit the Issuer to, close their respective transfer books against the transfer of this Warrant or of any Warrant Shares in any manner which interferes with the timely exercise hereof.

4.6. NO VOTING RIGHTS; LIMITATION OF LIABILITY. Except as expressly set forth in this Warrant, nothing contained in this Warrant shall be construed as conferring upon the Holder (a) the right to vote or to consent as a shareholder in respect of meetings of shareholders for the election of directors of the Issuer or any other matter, or (b) the right to receive dividends except as set forth in Section 3. No provisions hereof, in the absence of affirmative action by the Holder to purchase shares of Common Stock, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the Warrant Purchase Price or as a shareholder of the Issuer, whether such liability is asserted by the Issuer, the Company or by their respective creditors.

4.7. MODIFICATION AND WAIVER. This Warrant and any provision hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement is sought.

4.8. NOTICES. All notices, requests, demands and other communications which are required or may be given under this Warrant shall be in writing and shall be deemed to have been duly given if transmitted by telecopier with receipt acknowledged, or upon delivery, if delivered personally or by recognized commercial courier with receipt acknowledged, or upon receipt, if mailed by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company: c/o Ener1, Inc.,
1540 Broadway, Suite 25C
New York, New York 10036
Attention: Anthony Castano
Telecopier No: +1 212 920 3510

If to the initial Holder: Federation Tower West,
Presnenskaya emb., 12, 125047
Moscow, Russian Federation
Attention: Boris Sergeev and Anton Gazizov
Telecopier No: +7 (495) 589 2167

With a copy to: Telecopier No: +7 (495) 956 3892
Attention: Vladislav Labzin and Dmitry Soloviev

or at such other address or addresses as the Holder or the Company, as the case may be, may specify by written notice given in accordance with this SECTION 4.8.

4.9. **SUCCESSORS AND ASSIGNS.** The Company may not assign any of its rights, or delegate any of its obligations, under this Warrant without the prior written consent of the Holder (which consent may be withheld for any reason or no reason at all). The Holder may make an Assignment of this Warrant, in whole or in part, at any time or from time to time, without the consent of the Company. Each Assignment of this Warrant, in whole or in part, shall be registered on the books of the Company to be maintained for such purpose, upon surrender of this Warrant at the Designated Office, together with appropriate instruments of assignment, duly completed and executed. Upon such surrender, the Company shall, at its own expense, within three (3) Business Days of surrender, execute and deliver a new Warrant or Warrants in the name of the assignee or assignees specified in such assignment and in the denominations specified therein and this Warrant shall promptly be canceled. If any portion of this Warrant is not being assigned, the Company shall, at its own expense, within three (3) Business Days issue to the Holder a new Warrant evidencing the part not so assigned. If the Holder makes an assignment of this Warrant to one or more Persons, any decisions that the Holder is entitled to make at any time hereunder shall be made by the Holders holding more than fifty percent (50%) of the aggregate number of Warrant Shares issuable upon exercise of all of the then exercisable Warrants.

In addition, the Holder may, without notice to or the consent of the Company, grant or sell participations to one or more participants in all or any part of its right, title and interest in and to this Warrant.

This Warrant shall be binding upon and inure to the benefit of the Company, the Holder and their respective successors and permitted assigns, and shall include, with respect to the Company, any Person succeeding the Company by merger, consolidation, combination or acquisition of all or substantially all of the Company's assets, and in such case, except as expressly provided herein, all of the obligations of the Company hereunder shall survive such merger, consolidation, combination or acquisition.

4.10. **CONSTRUCTION AND INTERPRETATION.** The headings of the paragraphs of this Warrant are for convenience of reference only and do not constitute a part of this Warrant and are not to be considered in construing or interpreting this Warrant. No party, nor its counsel, shall be deemed the drafter of this Warrant for purposes of construing the provisions of this Warrant, and all provisions of this Warrant shall be construed in accordance with their fair meaning, and not strictly for or against any party.

4.11. **LOST WARRANT.** Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an indemnity reasonably satisfactory to the Company or, in the case of any such mutilation, upon surrender and cancellation of the Warrant, the Company shall make and deliver to the Holder, within three (3) Business Days of receipt by the Company of such documentation, a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant or stock certificate.

4.12. NO IMPAIRMENT. The Company shall not, and shall not permit the Issuer to, by any action, including, without limitation, amending their respective charter documents or regulations or through any reorganization, reclassification, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist (and cause the Issuer to assist) in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder against impairment. Without limiting the generality of the foregoing, the Company (i) will not (and will not permit the Issuer to) increase the par value (if any) of any shares of Common Stock receivable upon the exercise of this Warrant above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) will (and will cause the Issuer to) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, free and clear of all liens, encumbrances, equities and claims, and (iii) will (and will cause the Issuer to) use its best efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof as may be necessary to enable the Company to perform its obligations under this Warrant.

4.13. NO IMPLIED WAIVER. Nothing in this Warrant, including any reference herein to an act or transaction, shall be construed as, or imply, a waiver of any provision of the Facility Agreement, including any prohibition therein against such an act or transaction.

4.14. GOVERNING LAW. THIS WARRANT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

4.15. CONSENT TO JURISDICTION AND VENUE. ALL JUDICIAL PROCEEDINGS ARISING OUT OF OR RELATING HERETO MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE, COUNTY AND CITY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, COMPANY, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (i) ACCEPTS GENERALLY AND UNCONDITIONALLY THE NONEXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS; (ii) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (iii) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO IT AT ITS ADDRESS GIVEN IN ACCORDANCE WITH SECTION 27 OF THE FACILITY AGREEMENT IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER IT IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT; AND (iv) AGREES THAT HOLDER RETAINS THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST COMPANY IN THE COURTS OF ANY OTHER JURISDICTION.

4.16. REMEDIES. If the Company fails to perform, comply with or observe any covenant or agreement to be performed, complied with or observed by it under this Warrant, the Holder may proceed to protect and enforce its rights by suit in equity or action at law, whether for specific performance of any term contained in this Warrant or for an injunction against the breach of any such term or in aid of the exercise of any power granted in this Warrant or to enforce any other legal or equitable right, or to take any one or more of such actions. The Company hereby agrees that the Holder shall not be required or otherwise obligated to, and hereby waives any right to demand that the Holder, post any performance or other bond in connection with the enforcement of its rights and remedies hereunder. The Company agrees to pay all fees, costs, and expenses, including, without limitation, fees and expenses of attorneys, accountants and other experts retained by the Holder, and all fees, costs and expenses of appeals, incurred or expended by the Holder in connection with the enforcement of this Warrant or the collection of any sums due hereunder, whether or not suit is commenced. None of the rights, powers or remedies conferred under this Warrant shall be mutually exclusive, and each right, power or remedy shall be cumulative and in addition to any other right, power or remedy whether conferred by this Warrant or now or hereafter available at law, in equity, by statute or otherwise.

4.17. ENTIRE AGREEMENT. This Warrant constitutes the full and entire agreement and understanding between the Holder and the Company with respect to the subject matter hereof and supersedes all prior oral and written, and all contemporaneous oral, agreements and understandings relating to the subject matter hereof.

4.18. WAIVER OF JURY TRIAL. **THE COMPANY HEREBY AGREES TO WAIVE ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OTHER DOCUMENTS ENTERED INTO IN CONNECTION HERewith OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER HEREOF OR THE RELATIONSHIP THAT IS ESTABLISHED HEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER HEREOF, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THE COMPANY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO THE HOLDER TO ENTER INTO A BUSINESS RELATIONSHIP, THAT HOLDER HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND THAT HOLDER WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS WITH THE COMPANY. COMPANY FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION AND EXECUTED BY COMPANY AND HOLDER), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT OR ANY OTHER DOCUMENTS ENTERED INTO IN CONNECTION WITH THIS AGREEMENT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed and issued by its duly authorized representative on the date first written above.

ENER1 GROUP, INC.

By: /s/ _____
Name
Title

EXHIBIT 1

NOTICE OF EXERCISE]

TO: ENER1 GROUP, INC.
c/oEner1, Inc.,
1540 Broadway, Suite 25C
New York, New York 10036
Attention: Anthony Castano
Telecopier No: +1 212 920 3510

The undersigned hereby irrevocably elects to purchase [Insert Number] shares of the Common Stock, \$.01 par value per share, of Ener1, Inc. covered by the Warrant, dated as of June 4, 2010 according to the terms thereof and herewith makes payment of the Warrant Price of such shares in full by: [To specify method of exercise pursuant to Section 2.2 of the Warrant]

[If physical settlement is selected by the Holder for any Warrant Shares include the following] **Physical Settlement:** Please deliver a certificate or certificates representing [] shares of Common Stock in the name of the undersigned or in such other name as is specified below:

[] [To insert name in which certificates are to be issued – if different from the undersigned]

[If physical settlement is selected by the Holder for any Warrant Shares - insert IF Applicable: Physical Settlement: Please deliver [] shares of Common Stock in the name of the undersigned or in such other name as is specified below by crediting the account specified below through the Depository Trust Company's Deposit Withdrawal Agent Commission system:

[] [To insert name and relevant DTC DWAC information]

[If cash settlement is selected by the Holder for any Warrant Shares include the following:] **Cash Settlement:** Please pay (by wire transfer in immediately available funds) the Cash Settlement Amount with respect to the exercise of the Warrant for [] shares of Common Stock as specified below:

[]

Dated: [Insert Date]

[HOLDER]

By:

Name
Title

ENER1, INC. WARRANT SHARE PUT OPTION AGREEMENT

between

ENER1 GROUP, INC.

And

JSC VTB BANK

Dated as of June 4, 2010

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Exhibit A PUT EXERCISE NOTICE

THIS ENER1, INC. WARRANT SHARE PUT OPTION AGREEMENT, dated as of June 4, 2010 (this "Agreement"), is by and between ENER1 GROUP, INC., a Florida corporation ("EGI") and JSC VTB BANK (the "Holder").

WITNESSETH

WHEREAS, pursuant to the Facility Agreement, dated as of the date hereof (as amended, supplemented, modified, renewed or extended, from time to time in accordance with the provisions thereof, the "Facility Agreement"), by and among Borrower, and JSC VTB Bank as lender thereunder (in such capacity, the "Lender"), Lender has agreed to provide to the Borrower a term loan of up to US\$100,000,000 (the "Loan");

WHEREAS, concurrently herewith and with execution and delivery of the Facility Agreement, and as consideration for the obligations of Lender to enter into the transactions set forth in the Finance Documents, EGI has executed and delivered the Share Warrant Instrument evidencing the Share Warrants to the Holder, whereby EGI grants Holder the right to purchase the Option Shares from EGI subject to the terms and conditions set forth therein;

WHEREAS, by this Agreement, as further consideration for the obligations of Lender to enter into the transactions set forth in the Finance Documents, EGI wishes to grant to Holder the right to sell the Option Shares to EGI subject to the terms and conditions set forth herein;

WHEREAS, EGI will receive substantial benefits from the execution, delivery and performance of the obligations under the Finance Documents the receipt and sufficiency of which are hereby acknowledged; and

WHEREAS, it is a condition precedent to the obligations of Lender to enter into the transactions set forth in the Finance Documents that the Borrower execute and deliver the applicable Finance Documents, including this Agreement;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, each of EGI and the Holder hereby agrees as follows:

ARTICLE I.

DEFINITIONS AND RULES OF INTERPRETATION

Section 1.01. Definitions.

All capitalized terms used herein shall, unless defined herein, have the respective meanings set forth in the Facility Agreement.

Section 1.02. Rules of Interpretation.

The rules of construction set forth in Section 1.2 of the Facility Agreement shall apply to this Agreement.

ARTICLE II.

OPTION

Section 2.01. Granting of Option.

EGI hereby grants to Holder an irrevocable option, which will become effective on the Utilisation Date, to require EGI to purchase all of the Option Shares owned by Holder at the Put Option Price(s) (as defined below) on the Put Settlement Date(s) (as defined below) described in the Put Exercise Notice(s) (as defined below) applicable to any Option Shares in accordance with the terms of this Agreement (the "Put Option"). The Put Option may be exercised by Holder on one or more occasions with respect to any Option Shares then owned by Holder and described in the applicable Put Exercise Notice. Holder will, upon exercise of such right pursuant to Section 2.02(a) with respect to any Option Shares described in a Put Exercise Notice, become entitled to receive the Put Option Price for such Option Shares from EGI against delivery of such Option Shares in accordance with Section 2.03. The Put Option shall expire on the date falling 48 months after the Utilisation Date.

Section 2.02. Exercise of Option.

(a) Holder may, so long as a Put Trigger Event (as defined below) has occurred, elect on one or more occasions to exercise the Put Option with respect to all (or if Holder so elects in its sole discretion) any portion of the Option Shares owned by it by giving written notice of such election, substantially in the form of Exhibit A (such notice, the "Put Exercise Notice"), to EGI. Except as provided in Section 2.02(c), a Put Exercise Notice shall be irrevocable upon the delivery thereof.

(b) The Put Option shall be settled with respect to the Option Shares that are the subject of any Put Exercise Notice, and EGI shall purchase and Holder shall sell all of such Option Shares at the Put Option Price, on the settlement date (the "Put Settlement Date") specified in the applicable Put Option Notice, which date shall be no earlier than the tenth, and no later than the twentieth, Business Day following the date of such Put Exercise Notice.

Section 2.03. Completion of Sale of the Option Shares.

(a) If the Put Option is exercised pursuant to Section 2.02, the completion of the sale and purchase of the Option Shares that are the subject of the applicable Put Exercise Notice shall take place on the Put Settlement Date at the offices of Dewey & LeBoeuf LLP, 1301 Avenue of the Americas, New York, New York 10019, at 10:00 a.m. (New York time), or at such other place to be mutually agreed upon by the parties hereto.

(b) The completion of any sale and purchase of the Option Shares that are the subject of the applicable Put Exercise Notice pursuant to the exercise of the Put Option on the Put Settlement Date shall take place as follows:

(i) Subject to Section 2.05(a) EGI shall pay the Put Option Price to Holder on the Put Settlement Date by wire transfer of immediately available funds; and

(ii) upon completion of step (i) above, Holder's right, title and interest in and to the Option Shares that are the subject of the applicable Put Exercise Notice shall be transferred to EGI (or any designee thereof specified by EGI to Holder prior to the Put Settlement Date) by Holder.

(c) The parties hereto agree to do such further things and to execute such further documents as may be reasonably necessary so that upon payment in full of the Put Option Price, EGI (or its designee) may obtain, title to the Option Shares that are the subject of the applicable Put Exercise Notice.

Section 2.04. Encumbrances.

Holder represents, warrants and covenants that upon transfer of the Option Shares to EGI (or its designee) in accordance with Section 2.03(b)(ii), Holder shall have delivered to EGI (or its designee) all of Holder's right, title and interest in, to and under the Option Shares that are the subject of a Put Exercise Notice, free and clear of any pledge, assignment, lien, charge, mortgage, encumbrance or other security interest (each, an "Encumbrance") (other than any other Encumbrance created by or at the direction of EGI (or its designee) or any of its Affiliates).

Section 2.05. Determination of Put Option Price.

(a) The "Put Option Price" means the then-current sales price for the Option Shares described in the applicable Put Exercise Notice that would be realized in an arm's-length sale at such time between an informed and willing buyer and an informed and willing seller (neither being under a compulsion to buy or sell), as reasonably determined by Holder.

(b) Holder shall deliver notice of its calculation of the Put Option Price to EGI no later than the third Business Day following the delivery of the Put Exercise Notice. If (i) EGI does not agree with Holder's calculation of the Put Option Price, EGI shall immediately (but in any event not later than the second Business Day following the delivery of the notice of calculation referred to in the immediately preceding sentence) provide written notice to Holder to such effect (which notice shall contain EGI's calculation of the Put Option Price) and (ii) such dispute is not resolved by the Business Day preceding the Put Settlement Date, the Put Option Price shall be paid as follows: on the Put Settlement Date, EGI shall pay to Holder the Put Option Price as specified by Holder in the notice of calculation referred to in the first sentence of this paragraph (such amount, the "Initial Installment").

(c) If the parties hereto are unable to agree on the Put Option Price as provided in Section 2.05(b), then within twenty Business Days following the Put Settlement Date, the Appraiser (as defined below) appointed by Holder shall (i) recalculate (which determination shall be made as of the Put Settlement Date) the Put Option Price; (ii) determine the difference between such amount and the Initial Installment (the "Adjustment Amount") and (iii) provide Holder and EGI with written notice of the Adjustment Amount. Not later than the fifth Business Day following the date of the written notice delivered in accordance with the immediately preceding sentence, if the Adjustment Amount is (x) *positive*, EGI shall pay Holder an amount equal to the sum of (1) the Adjustment Amount and (2) interest thereon, accruing from and including the Put Settlement Date to but not including the date of payment thereof, at a rate of 9.75% per annum (accrued daily on the basis of a year of 360 days and the actual number of days elapsed) or (y) *negative*, Holder shall refund to EGI the Adjustment Amount. All determinations made by the Appraiser shall in the absence of fraud or manifest error be conclusive for all purposes and binding on the parties.

(d) The term "Appraiser" means any one of the following firms following their appointment by Holder to act as "Appraiser" hereunder pursuant to this Section 2.05: Deloitte Touche Tohmatsu; Ernst & Young; KPMG; or PricewaterhouseCoopers.

(e) EGI shall be responsible for the Appraiser's expenses, disbursements and advances incurred or made by the Appraiser in connection with the services rendered by it under this Section 2.05.

(f) Without prejudice to EGI's obligation to pay the Put Option Price following a valid exercise of the Put Option, if EGI shall fail to pay any portion of the Put Option Price on the date required under Section 2.03 (the "Default Date"), EGI shall pay interest on such portion to Holder from the Default Date up to the time of actual payment of the Put Option Price at the rate of 14.75% per cent per annum. Interest under this Section 2.05(d) shall accrue daily on the basis of a year of 360 days and the actual number of days elapsed and shall be payable on demand..

ARTICLE III.

PUT TRIGGER EVENT

Section 3.01. Put Trigger Event.

The de-listing by or other removal from listing for trading on the Nasdaq Stock Market, a New York based electronic stock exchange ("NASDAQ"), for any reason, of Ener1, Inc.'s common equity interests listed with NASDAQ on the Utilisation Date shall, unless either (a) such equity interests are at such time (and at all times thereafter continue to be) listed for trading on the New York Stock Exchange or the NYSE Amex stock exchange or (b) such equity interests are re-listed for trading without restriction on the NASDAQ (or, if applicable, the New York Stock Exchange or the NYSE Amex stock exchange) within five Business Days of such de-listing, constitute a "Put Trigger Event" hereunder.

ARTICLE IV.

MISCELLANEOUS

Section 4.01. Counterparts.

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

Section 4.02. Further Assurances.

Each of the parties hereto agrees to cooperate and take such further action and to execute and deliver such additional instruments and documents as any other party hereto may from time to time reasonably request for the purposes of giving effect to the terms of this Agreement or any other Finance Document at the cost of the requesting party.

Section 4.03. GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS, WITH THE EXCEPTION OF SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

Section 4.04. Entire Agreement.

This Agreement and the other Finance Documents contain the entire understanding of the parties hereto with respect to the subject matter contained herein and therein, and supersede and cancel all prior agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, regarding such subject matter.

Section 4.05. Amendments.

This Agreement may be amended only by a written instrument executed by the parties hereto or their respective successors or permitted assigns.

Section 4.06. Severability.

If any term, provision, covenant, or condition of this Agreement, or the application thereof to any party or circumstance, is held to be invalid or unenforceable (in whole or in part) for any reason, the remaining terms, provisions, covenants and conditions hereof will continue in full force and effect as if this Agreement has been executed with the invalid or unenforceable portion severed from this Agreement to the extent necessary to comply with applicable law and permit enforcement unless such modification would materially impair the respective benefits (in the reasonable judgment of such party) of either of the parties hereto.

Section 4.07. **WAIVER OF TRIAL BY JURY.**

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING (WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OTHER FINANCE DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 4.08. Waiver.

The failure of any party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in anyway to affect the validity of this Agreement or any part hereof or the right of such party thereafter to enforce each and every such provisions. No waiver of any breach hereof or non-compliance herewith shall be held to be a waiver of any other or subsequent breach hereof or non-compliance herewith.

Section 4.09. Specific Performance.

(a) Holder acknowledges that EGI will have no adequate remedy at law if Holder fails to perform its obligations under this Agreement. In such event, Holder agrees that EGI shall have the right, to the fullest extent permitted by law, in addition to any other rights it may have, to specific performance of such obligations and that it will not take any action to impede EGI's efforts to enforce such right of specific performance.

(b) EGI acknowledges that Holder will have no adequate remedy at law if EGI fails to perform its obligations under this Agreement. In such event, EGI agrees that Holder shall have the right, to the fullest extent permitted by law, in addition to any other rights it may have, to specific performance of such obligations and that it will not take any action to impede Holder's efforts to enforce such right of specific performance.

PUT EXERCISE NOTICE

_____ , _____

To: ENER1 GROUP, INC.
c/oEner1, Inc.,
1540 Broadway, Suite 25C
New York, New York 10036
Attention: Anthony Castano
Telecopier No: +1 212 920 3510

Re: ENER1, INC. WARRANT SHARE PUT OPTION AGREEMENT – PUT EXERCISE NOTICE

Ladies and Gentlemen:

Reference is made to the Ener1, Inc. Warrant Share Put Option Agreement dated as of June 4, 2010 (as amended or otherwise modified through the date hereof, the "Agreement"), between Ener1 Group, Inc. ("EGI") and JSC VTB Bank ("Holder"). Terms used but not otherwise defined herein have the meaning assigned to them in the Agreement.

Pursuant to Section 2.02(a) of the Agreement, we hereby exercise the Put Option following a Put Trigger Event set forth in Article III with respect to the following number of Option Shares: [_____].

The Put Settlement Date with respect to such Option Shares shall be the date set out below:

Put Settlement Date: [_____]

JSC VTB BANK

By: /s/ _____
Name
Title

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**CLASS A WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: June 8, 2010

This Class A Warrant (this "*Warrant*") entitles ENER1 GROUP, INC., a Florida corporation, or any subsequent holder hereof (the "*Holder*"), to purchase from ENER1, INC., a Florida corporation (the "*Company*"), up to three million (3,000,000) fully paid and nonassessable shares (the "*Warrant Shares*") of the Company's common stock, par value \$0.01 per share (the "*Common Stock*"), at a price per share equal to \$3.48 (the "*Exercise Price*"), on the terms and subject to the conditions set forth herein. This Warrant is issued pursuant to the terms of a Securities Purchase Agreement, dated as of June 1, 2010 (the "*Purchase Agreement*"), and the date on which this Warrant is referred to herein as the "*Issue Date*". Capitalized terms used herein and not otherwise defined have the meanings set forth in the Purchase Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the date that is six (6) months from the Issue Date (the "*Commencement Date*") and ending on the fifth (5th) anniversary of the Commencement Date (the "*Expiration Date*"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the immediately following Business Day shall be deemed to be the Expiration Date. The Holder may pay the Exercise Price in either of the following forms or, at the election of the Holder, a combination thereof:

- (i) through a cash exercise (a “**Cash Exercise**”) by delivering immediately available funds, or
- (ii) through a cashless exercise (a “**Cashless Exercise**”) by noting on the Exercise Notice that the Holder wishes to effect a Cashless Exercise, in which case the Company shall issue to the Holder a number of Warrant Shares determined as follows:

$$X = Y \times (A-B)/A$$

where:

- X = the number of Warrant Shares to be issued to the Holder;
- Y = the number of Warrant Shares with respect to which this Warrant is being exercised;
- A = the Market Price (as defined below) as of the Exercise Date; and
- B = the Exercise Price.

For purposes of Rule 144, it is intended and acknowledged that the Warrant Shares issued in a Cashless Exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares required by Rule 144 shall be deemed to have been commenced, on the Issue Date. “**Market Price**” means, as of any date, the arithmetical average of daily VWAP during the ten (10) trading days immediately preceding (but not including) such date, and “**VWAP**” means the volume weighted average price of the Common Stock on the Principal Market as reported by Bloomberg Financial Markets or by a comparable reporting service

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) in the case of a Cash Exercise, the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment to the Exercise Price or the Warrant Shares pursuant to **Section 5** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “**Dispute Procedure**”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares subject, in the case of a Cash Exercise, to payment of the Exercise Price. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the third (3rd) Business Day following the later to occur of (i) the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company has received payment of the Exercise Price (such later date being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Purchase Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Purchase Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. [Intentionally Omitted]

5. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 5**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares issuable hereunder proportionately increased. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased and the number of Warrant Shares issuable hereunder proportionately reduced.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to the Holder, the Company shall indicate whether the Company has elected (A) to deliver to the Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holder of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 5**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 5**.

6. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but instead shall be rounded up or down to the nearest whole share amount.

7. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

8. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

9. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

10. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
1540 Broadway, Suite 25C
New York, NY 10036
Attn: Chief Financial Officer
Tel: 212-920-3500
Fax: 212-920-3510

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 10**.

11. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

12. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification, change or waiver is set forth in writing and is signed by the Company and the Holder.

13. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

14. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____
Name
Title

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("***Warrant Shares***") of Ener1, Inc. (the "***Company***") evidenced by the attached Class A Warrant (the "***Warrant***"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a Cash Exercise with respect to _____ Warrant Shares; and/or

_____ a Cashless Exercise with respect to _____ Warrant Shares, as permitted by Section 1(a) of the attached

Warrant.

2. Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Class A Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _shares of the Common Stock of _____ evidenced by the attached Class A Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**CLASS B WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: June 8, 2010

This Class B Warrant (this “*Warrant*”) entitles ENER1 GROUP, INC., a Florida corporation, or any subsequent holder hereof (the “*Holder*”), to purchase from ENER1, INC., a Florida corporation (the “*Company*”), up to five million (5,000,000) fully paid and nonassessable shares (the “*Warrant Shares*”) of the Company’s common stock, par value \$0.01 per share (the “*Common Stock*”), at a price per share equal to \$4.40 (the “*Exercise Price*”), on the terms and subject to the conditions set forth herein. This Warrant is issued pursuant to the terms of a Securities Purchase Agreement, dated as of June 1, 2010 (the “*Purchase Agreement*”), and the date on which this Warrant is referred to herein as the “*Issue Date*”. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Purchase Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the date that is six (6) months from the Issue Date (the “*Commencement Date*”) and ending on the fifth (5th) anniversary of the Commencement Date (the “*Expiration Date*”); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the immediately following Business Day shall be deemed to be the Expiration Date. The Holder may pay the Exercise Price in either of the following forms or, at the election of the Holder, a combination thereof:

- (i) through a cash exercise (a “**Cash Exercise**”) by delivering immediately available funds, or
- (ii) through a cashless exercise (a “**Cashless Exercise**”) by noting on the Exercise Notice that the Holder wishes to effect a Cashless Exercise, in which case the Company shall issue to the Holder a number of Warrant Shares determined as follows:

$$X = Y \times (A-B)/A$$

where:

X = the number of Warrant Shares to be issued to the Holder;

Y = the number of Warrant Shares with respect to which this Warrant is being exercised;

A = the Market Price (as defined below) as of the Exercise Date; and

B = the Exercise Price.

For purposes of Rule 144, it is intended and acknowledged that the Warrant Shares issued in a Cashless Exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares required by Rule 144 shall be deemed to have been commenced, on the Issue Date. “**Market Price**” means, as of any date, the arithmetical average of daily VWAP during the ten (10) trading days immediately preceding (but not including) such date, and “**VWAP**” means the volume weighted average price of the Common Stock on the Principal Market as reported by Bloomberg Financial Markets or by a comparable reporting service

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) in the case of a Cash Exercise, the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment to the Exercise Price or the Warrant Shares pursuant to **Section 5** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “**Dispute Procedure**”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares subject, in the case of a Cash Exercise, to payment of the Exercise Price. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the third (3rd) Business Day following the later to occur of (i) the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company has received payment of the Exercise Price (such later date being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Purchase Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Purchase Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. [Intentionally Omitted]

5. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 5**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares issuable hereunder proportionately increased. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased and the number of Warrant Shares issuable hereunder proportionately reduced.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to the Holder, the Company shall indicate whether the Company has elected (A) to deliver to the Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holder of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 5**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 5**.

6. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but instead shall be rounded up or down to the nearest whole share amount.

7. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

8. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

9. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

10. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
1540 Broadway, Suite 25C
New York, NY 10036
Attn: Chief Financial Officer
Tel: 212-920-3500
Fax: 212-920-3510

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 10**.

11. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

12. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification, change or waiver is set forth in writing and is signed by the Company and the Holder.

13. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

14. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: /s/

Name

Title

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("***Warrant Shares***") of Ener1, Inc. (the "***Company***") evidenced by the attached Class B Warrant (the "***Warrant***"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a Cash Exercise with respect to _____ Warrant Shares; and/or

_____ a Cashless Exercise with respect to _____ Warrant Shares, as permitted by Section 1(a) of the attached

Warrant.

2. Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Class B Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Class B Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

WARRANT

THE WARRANT EVIDENCED OR CONSTITUTED HEREBY, AND ALL SHARES OF COMMON STOCK ISSUABLE HEREUNDER, HAVE BEEN AND WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") AND MAY NOT BE SOLD, OFFERED FOR SALE, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER THE ACT UNLESS EITHER (i) THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY, TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED IN CONNECTION WITH SUCH DISPOSITION OR (ii) THE SALE OF SUCH SECURITIES IS MADE PURSUANT TO SECURITIES AND EXCHANGE COMMISSION RULE 144.

WARRANT TO PURCHASE COMMON STOCK OF ENER1, INC.

(Subject to Adjustment)

WARRANT NO. 062907

THIS CERTIFIES THAT, for value received, Ener1 Group, Inc., or its permitted registered assigns ("**Holder**"), is entitled, subject to the terms and conditions of this Warrant, at any time or from time to time after June 29, 2007 (the "**Effective Date**"), and before 5:00 p.m. Central Time on June 29, 2012 (the "**Expiration Date**"), to purchase from Ener1, Inc., a Florida corporation (the "**Company**"), SEVEN MILLION SEVEN HUNDRED TWENTY-FOUR THOUSAND (7,724,000) shares of Common Stock of the Company at a price per share of \$0.30 (the "**Purchase Price**"). Both the number of shares of Common Stock purchasable upon exercise of this Warrant and the Purchase Price are subject to adjustment and change as provided herein.

1. CERTAIN DEFINITIONS. As used in this Warrant the following terms shall have the following respective meanings:

"**Actively Traded**" shall mean attainment of an average of 20,000 or more shares per business day arm's length trading volume of Common Stock over a period of twenty (20) trading days as reported by the over-the-counter or other established quotation agencies.

"**Fair Market Value**" of a share of Common Stock as of a particular date shall mean:

(a) If traded on a securities exchange or the NASDAQ National Market, the Fair Market Value shall be deemed to be the average of the closing prices of the Common Stock of the Company on such exchange or market over the 5 business days ending immediately prior to the applicable date of valuation;

(b) If Actively Traded over-the-counter, the Fair Market Value shall be deemed to be the average of the closing bid prices over the 30-day period ending immediately prior to the applicable date of valuation; and

(c) If not Actively Traded over-the-counter or traded on a securities exchange or the NASDAQ National Market, the Fair Market Value shall be the value thereof, as agreed upon by the Company and the Holder; provided, however, that if the Company and the Holder cannot agree on such value, such value shall be determined by an independent valuation firm experienced in valuing businesses such as the Company and jointly selected in good faith by the Company and the Holder. Fees and expenses of the valuation firm shall be paid for by the Company.

“**HSR Act**” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“**Registered Holder**” shall mean any Holder in whose name this Warrant is registered upon the books and records maintained by the Company.

“**SEC**” shall mean the United States Securities and Exchange Commission.

“**Warrant**” as used herein, shall include this Warrant and any warrant delivered in substitution or exchange therefore as provided herein.

“**Warrant Shares**” shall mean the shares of Common Stock to be issuable upon exercise of this Warrant (or any shares of stock or other securities at the time issuable upon exercise of this Warrant).

“**Common Stock**” shall mean the Common Stock of the Company and any other securities at any time receivable or issuable upon exercise of this Warrant.

2. EXERCISE OF WARRANT

2.1. **Payment.** Subject to compliance with the terms and conditions of this Warrant and applicable securities laws, this Warrant may be exercised, in whole or in part at any time or from time to time, on or before the Expiration Date by the delivery (including, without limitation, delivery by facsimile) of the form of Notice of Exercise attached hereto as Exhibit 1 (the “**Notice of Exercise**”), duly executed by the Holder, at the principal office of the Company, and as soon as practicable after such date, surrendering

(a) this Warrant at the principal office of the Company, and

(b) payment in cash (by check) or by wire transfer, of an amount equal to the product obtained by multiplying the number of shares of Common Stock being purchased upon such exercise by the then effective Purchase Price (the “**Exercise Amount**”), except that if Holder is subject to HSR Act Restrictions (as defined in Section 2.4 below), the Exercise Amount shall be paid to the Company within five (5) business days of the termination of all HSR Act Restrictions.

2.2. **“Easy Sale” Exercise.** In lieu of the payment methods set forth in Section 2.1(b) above, when permitted by law and applicable regulations (including NYSE, NASDAQ and NASD rules, as applicable), the Holder may pay the Purchase Price through a “same day sale” commitment from the Holder (and if applicable a broker-dealer that is a member of the National Association of Securities Dealers (a “**NASD Dealer**”)) whereby the Holder irrevocably elects to exercise this Warrant and to sell a portion of the Shares so purchased to pay for the Purchase Price and the Holder for, if applicable, the NASD Dealer) commits upon sale (or, in the case of the NASD Dealer, upon receipt) of such Shares to forward the Purchase Price directly to the Company.

2.3. Stock Certificates; Fractional Shares. As soon as practicable on or after such date, the Company shall issue and deliver to the person or persons entitled to receive the same a certificate or certificates for the number of whole shares of Common Stock issuable upon such exercise, together with cash in lieu of any fraction of a share equal to such fraction of the current Fair Market Value of one whole share of Common Stock as of the date of exercise of this Warrant. No fractional shares or scrip representing fractional shares shall be issued upon an exercise of this Warrant.

2.4. HSR Act. The Company hereby acknowledges that exercise of this Warrant by Holder may subject the Company and/or the Holder to the filing requirements of the HSR Act and that Holder may be prevented from exercising this Warrant until the expiration or early termination of all waiting periods imposed by the HSR Act ("**HSR Act Restrictions**"). If on or before the Expiration Date, Holder has sent the Notice of Exercise to Company and Holder has not been able to complete the exercise of this Warrant prior to the Expiration Date because of HSR Act Restrictions, the Holder shall be entitled to complete the process of exercising this Warrant in accordance with the procedures contained herein notwithstanding the fact that completion of the exercise of this Warrant would take place after the Expiration Date.

2.5. Partial Exercise; Effective Date of Exercise. In case of any partial exercise of this Warrant, the Company shall cancel this Warrant upon surrender hereof and shall execute and deliver a new Warrant of like tenor and date for the balance of the shares of Common Stock purchasable hereunder. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above. However, if Holder is subject to HSR Act filing requirements this Warrant shall be deemed to have been exercised on the date immediately following the date of the expiration of all HSR Act Restrictions. The person entitled to receive the shares of Common Stock issuable upon exercise of this Warrant shall be treated for all purposes as the holder of record of such shares as of the close of business on the date the Holder is deemed to have exercised this Warrant.

3. VALID ISSUANCE: TAXES. All shares of Common Stock issued upon the exercise of this Warrant shall be validly issued, fully paid and non-assessable, and the Company shall pay all taxes and other governmental charges that may be imposed in respect of the issue or delivery thereof. The Company shall not be required to pay any tax or other charge imposed in connection with any transfer involved in the issuance of any certificate for shares of Common Stock in any name other than that of the Registered Holder of this Warrant, and in such case the Company shall not be required to issue or deliver any stock certificate or security until such tax or other charge has been paid, or it has been established to the Company's reasonable satisfaction that no tax or other charge is due.

4. **ADJUSTMENT OF PURCHASE PRICE AND NUMBER OF SHARES.** The number of shares of Common Stock issuable upon exercise of this Warrant (or any shares of stock or other securities or property receivable or issuable upon exercise of this Warrant) and the Purchase Price are subject to adjustment upon occurrence of the following events:

4.1. Adjustment for Stock Splits, Stock Subdivisions or Combinations of Shares. The Purchase Price of this Warrant shall be proportionally decreased and the number of Warrant Shares shall be proportionally increased to reflect any stock split or subdivision of the Company's Common Stock. The Purchase Price of this Warrant shall be proportionally increased and the number of Warrant Shares shall be proportionally decreased to reflect any combination of the Company's Common Stock.

4.2. Reclassification. If the Company, by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Purchase Price therefore shall be appropriately adjusted, all subject to further adjustment as provided in this Section 4. No adjustment shall be made pursuant to this Section 4.2 upon any conversion or redemption of the Common Stock which is the subject of Section 4.4.

4.3. Adjustment for Capital Reorganization, Merger or Consolidation. In case of any capital reorganization of the capital stock of the Company (other than a combination, reclassification, exchange or subdivision of shares otherwise provided for herein), or any merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all the assets of the Company then, and in each such case, as a part of such reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the Holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Purchase Price then in effect, the number of shares of stock or other securities or property of the successor corporation resulting from such reorganization, merger, consolidation, sale or transfer that a holder of the shares deliverable upon exercise of this Warrant would have been entitled to receive in such reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reorganization, merger, consolidation, sale or transfer, all subject to further adjustment as provided in this Section 4. The foregoing provisions of this Section 4.3 shall similarly apply to successive reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to the Holder hereof for shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any shares or other property deliverable after that event upon exercise of this Warrant.

4.4. Conversion of Common Stock. In case all of the authorized and outstanding shares of Common Stock of the Company are redeemed or converted or reclassified into other securities or property pursuant to the Company's Articles of Incorporation or otherwise, or the Common Stock otherwise ceases to exist, then, in such case, the Holder of this Warrant, upon exercise hereof at any time after the date on which the Common Stock is so redeemed or converted, reclassified or ceases to exist (the "**Termination Date**"), shall receive, in lieu of the number of shares of Common Stock that would have been issuable upon such exercise immediately prior to the Termination Date, the securities or property that would have been received if this Warrant had been exercised in full and the Common Stock received thereupon had been simultaneously converted immediately prior to the Termination Date, all subject to further adjustment as provided in this Warrant. Additionally, the Purchase Price shall be immediately adjusted to equal the quotient obtained by dividing (x) the aggregate Purchase Price of the maximum number of shares of Common Stock for which this Warrant was exercisable immediately prior to the Termination Date by (y) the number of shares of Common Stock of the Company for which this Warrant is exercisable immediately after the Termination Date, all subject to further adjustment as provided herein.

5. CERTIFICATE AS TO ADJUSTMENTS. In each case of any adjustment in the Purchase Price, or number or type of shares issuable upon exercise of this Warrant, the Chief Financial Officer or Controller of the Company shall compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment and showing in detail the facts upon which such adjustment is based, including a statement of the adjusted Purchase Price. The Company shall promptly send (by facsimile and by either first class mail, postage prepaid or overnight delivery) a copy of each such certificate to the Holder.

6. LOSS OR MUTILATION. Upon receipt of evidence reasonably satisfactory to the Company of the ownership of and the loss, theft, destruction or mutilation of this Warrant, and of indemnity reasonably satisfactory to it, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver in lieu thereof a new Warrant of like tenor as the lost, stolen, destroyed or mutilated Warrant.

7. RESERVATION OF COMMON STOCK. The Company hereby covenants that at all times there shall be reserved for issuance and delivery upon exercise of this Warrant such number of shares of Common Stock or other shares of capital stock of the Company as are from time to time issuable upon exercise of this Warrant and, from time to time, will take all steps necessary to amend its Articles of Incorporation to provide sufficient reserves of shares of Common Stock issuable upon exercise of this Warrant (and shares of its Common Stock for issuance on conversion of such Common Stock). All such shares shall be duly authorized, and when issued upon such exercise, shall be validly issued, fully paid and non-assessable, free and clear of all liens, security interests, charges and other encumbrances or restrictions on sale and free and clear of all preemptive rights, except encumbrances or restrictions arising under federal or state securities laws or restrictions provided for in Section 9 below. Issuance of this Warrant shall constitute full authority to the Company's officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for shares of Common Stock upon the exercise of this Warrant.

8. TRANSFER AND EXCHANGE. Subject to the terms and conditions of this Warrant and compliance with all applicable securities laws, this Warrant and all rights hereunder may be transferred in whole or in part, on the books of the Company maintained for such purpose at the principal office of the Company referred to above, to any Registered Holder parent, subsidiary or affiliate, by the Registered Holder hereof in person, or by duly authorized attorney, upon surrender of this Warrant properly endorsed and upon payment of any necessary transfer tax or other governmental charge imposed upon such transfer. Upon any permitted partial transfer, the Company will issue and deliver to the Registered Holder a new Warrant or Warrants with respect to the shares of Common Stock not so transferred. Each taker and holder of this Warrant, by taking or holding the same, consents and agrees that when this Warrant shall have been so endorsed, the person in possession of this Warrant may be treated by the Company, and all other persons dealing with this Warrant, as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented hereby, any notice to the contrary notwithstanding; provided, however that until a transfer of this Warrant is duly registered on the books of the Company, the Company may treat the Registered Holder hereof as the owner for all purposes.

9. RESTRICTIONS ON TRANSFER. The Holder, by acceptance hereof, agrees that:

(a) it will not sell, transfer, pledge or hypothecate any or all of this Warrant without the prior written consent of the Company, which consent may be withheld in the Company's sole and absolute discretion; and

(b) notwithstanding any consent given by the Company under Section 9(a) hereof, absent an effective registration statement filed with the SEC under the Securities Act of 1933, as amended (the "**1933 Act**"), covering the disposition or sale of this Warrant or the Common Stock issued or issuable upon exercise hereof or the Common Stock issuable upon conversion thereof, as the case may be, and registration or qualification under applicable state securities laws, such Holder will not sell, transfer, pledge, or hypothecate any or all such Warrants or Common Stock, as the case may be, unless either (i) the Company has received an opinion of counsel, in form and substance reasonably satisfactory to the Company, to the effect that such registration is not required in connection with such disposition or (ii) the sale of such securities is made pursuant to SEC Rule 144.

10. COMPLIANCE WITH SECURITIES LAWS. By acceptance of this Warrant, the holder hereby represents, warrants and covenants that any shares of stock purchased upon exercise of this Warrant or acquired upon conversion thereof shall be acquired for investment only and not with a view to, or for sale in connection with, any distribution thereof; that the Holder has had such opportunity as such Holder has deemed adequate to obtain from representatives of the Company such information as is necessary to permit the Holder to evaluate the merits and risks of its investment in the company: that the Holder is able to bear the economic risk of holding such shares as may be acquired pursuant to the exercise of this Warrant for an indefinite period; that the Holder understands that the shares of stock acquired pursuant to the exercise of this Warrant or acquired upon conversion thereof will not be registered under the 1933 Act (unless otherwise required pursuant to exercise by the Holder of registration rights, if any, previously granted to the registered Holder) and will be "restricted securities" within the meaning of Rule 144 under the 1933 Act and that the exemption from registration under Rule 144 will not be available for at least one year from the date of exercise of this Warrant, subject to any special treatment by the SEC for exercise of this Warrant pursuant to Section 2.2, and even then will not be available unless a public market then exists for the stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 are complied with: and that all stock certificates representing shares of stock issued to the Holder upon exercise of this Warrant or upon conversion of such shares may have affixed thereto a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM, INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

11. NO RIGHTS OR LIABILITIES AS STOCKHOLDERS. This Warrant shall not entitle the Holder to any voting rights or other rights as a stockholder of the Company. In the absence of affirmative action by such Holder to purchase Common Stock by exercise of this Warrant, no provisions of this Warrant, and no enumeration herein of the rights or privileges of the Holder hereof shall cause such Holder hereof to be a stockholder of the Company for any purpose.

12. NOTICES. All notices and other communications from the Company to the Holder shall be given in accordance with the Exchange Agreement.

13. HEADINGS. The headings in this Warrant are for purposes of convenience in reference only, and shall not be deemed to constitute a part hereof.

14. LAW GOVERNING. This Warrant shall be construed and enforced in accordance with, and governed by, the laws of the State of Florida without regard to its conflict of laws provisions and venue shall rest solely in the Federal or state courts located in Broward County, Florida.

15. NO IMPAIRMENT. The Company will not, by amendment of its Articles of Incorporation or bylaws, or through reorganization, consolidation, merger, dissolution, issue or sale of securities, sale of assets or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Registered Holder of this Warrant against impairment. Without limiting the generality of the foregoing, the Company (a) will not increase the par value of any shares of stock issuable upon the exercise of this Warrant above the amount payable therefore upon such exercise, and (b) will take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon exercise of this Warrant.

16. NOTICES OF RECORD DATE. In case:

16.1. the Company shall take a record of the holders of its Common Stock (or other stock or securities at the time receivable upon the exercise of this Warrant), for the purpose of entitling them to receive any dividend or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities or to receive any other right; or

16.2. of any consolidation or merger of the Company with or into another corporation, any capital reorganization of the Company, any reclassification of the Capital Stock of the Company, or any conveyance of all or substantially all of the assets of the Company to another corporation in which holders of the Company's stock are to receive stock, securities or property of another corporation; or

16.3. of any voluntary dissolution, liquidation or winding-up of the Company; or

16.4. of any redemption or conversion of all outstanding Common Stock;

then, and in each such case, the Company will mail or cause to be mailed to the Registered Holder of this Warrant a notice specifying, as the case may be, (i) the date on which a record is to be taken for the purpose of such dividend, distribution or right, or (ii) the date on which such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation, winding-up, redemption or conversion is to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock or (such stock or securities as at the time are receivable upon the exercise of this Warrant), shall be entitled to exchange their shares of Common Stock (or such other stock or securities), for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, conveyance, dissolution, liquidation or winding-up. Such notice shall be delivered at least thirty (30) days prior to the date therein specified.

17. SEVERABILITY. If any term, provision, covenant or restriction of this Warrant is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

18. COUNTERPARTS. For the convenience of the parties, any number of counterparts of this Warrant may be executed by the parties hereto and each such executed counterpart shall be, and shall be deemed to be, an original instrument.

19. SATURDAYS, SUNDAYS AND HOLIDAYS. If the Expiration Date falls on a Saturday, Sunday or legal holiday, the Expiration Date shall automatically be extended until 5:00 p.m. the next business day.

20. DERIVATIVES. If for any reason, this Warrant or any provision thereof be interpreted or deemed to result in Issuer derivative liability under generally accepted accounting principles, as interpreted and enforced by the U.S. Securities and Exchange Commission, then the parties will amend this Warrant, *ab initio*, to the full extent necessary to eliminate such derivative liability.

IN WITNESS WHEREOF, the parties hereto have executed this Warrant as of the Effective Date.

[HOLDER]

Ener1 Group, Inc.

By: _____
Name: Curtis Wolfe
Title: General Counsel

[ISSUER]

Ener1, Inc.,
a Florida corporation

By: _____
Name: Peter Novak
Title: Chief Executive Officer

EXHIBIT 1

NOTICE OF EXERCISE

(To be executed upon exercise of Warrant)

ENER1, INC.

WARRANT NO. 062907

The undersigned hereby irrevocably elects to exercise the right of purchase represented by the within Warrant Certificate for, and to purchase thereunder, the securities of Ener1, Inc., as provided for therein, and (check the applicable box):

- Tenders herewith payment of the exercise price in full in the form of cash or a certified or official bank check in same-day funds in the amount of \$ _____ for _____ such securities.
- Elects the Easy Sale Exercise option pursuant to Section 2.2 of the Warrant, and accordingly requests delivery of a net of _____ of such securities.

Please issue a certificate or certificates for such securities in the name of, and pay any cash for any fractional share to (please print name, address and social security number):

Name: _____

Address: _____

Signature: _____

Note: The above signature should correspond exactly with the name on the first page of this Warrant Certificate or with the name of the assignee appearing in the assignment form below.

If said number of shares shall not be all the shares purchasable under the within Warrant Certificate, a new Warrant Certificate is to be issued in the name of said undersigned for the balance remaining of the shares purchasable thereunder rounded up to the next higher whole number of shares.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.

Issue Date: August 7, 2007

THIS CERTIFIES that ENER1 GROUP, INC., a Florida corporation, or any subsequent holder hereof (the “**Holder**”), has the right to purchase from ENER1, INC., a Florida corporation (the “**Company**”), up to three million six hundred thousand (3,600,000) fully paid and nonassessable shares of the Company’s common stock, par value \$0.01 per share (the “**Common Stock**”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “**Issue Date**”) and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the “**Expiration Date**”); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of an Investment Agreement, dated as of August 7, 2007 (the “**Investment Agreement**”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Investment Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to thirty cents (\$0.30), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “Exercise Date”), (i) a notice of exercise in substantially the form attached hereto as Exhibit A (the “Exercise Notice”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “*Dispute Procedure*”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Investment Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Investment Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 9.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cypress Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer

Tel: 954 556-4020
Fax: 954 556-4031

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

Mazzeo Song LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to a Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this Section 11.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: September 28, 2007

THIS CERTIFIES that ENER1 GROUP, INC., a Florida corporation, or any subsequent holder hereof (the “**Holder**”), has the right to purchase from ENER1, INC., a Florida corporation (the “**Company**”), up to eight million four hundred thousand (8,400,000) fully paid and nonassessable shares of the Company’s common stock, par value \$0.01 per share (the “**Common Stock**”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “**Issue Date**”) and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the “**Expiration Date**”); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of an Investment Agreement, dated as of August 7, 2007 (the “**Investment Agreement**”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Investment Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to thirty cents (\$0.30), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “Exercise Date”), (i) a notice of exercise in substantially the form attached hereto as Exhibit A (the “Exercise Notice”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “*Dispute Procedure*”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Investment Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Investment Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 9.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cypress Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer
Tel: 954 556-4020
Fax: 954 556-4031

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

Mazzeo Song LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to a Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: November 5, 2007

THIS CERTIFIES that ENER1 GROUP, INC., a Florida corporation, or any subsequent holder hereof (the “**Holder**”), has the right to purchase from ENER1, INC., a Florida corporation (the “**Company**”), up to four million four hundred thirty-eight thousand two hundred ninety (4,438,290) fully paid and nonassessable shares of the Company’s common stock, par value \$0.01 per share (the “**Common Stock**”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “**Issue Date**”) and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the “**Expiration Date**”); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of an Investment Agreement, dated as of August 7, 2007 (the “**Investment Agreement**”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Investment Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to thirty cents (\$0.30), subject to adjustment for the events specified in *Section 6* below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “Exercise Date”), (i) a notice of exercise in substantially the form attached hereto as Exhibit A (the “Exercise Notice”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to *Section 6* below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in *Section 2* below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “*Dispute Procedure*”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Investment Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Investment Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 9.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cypress Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer
Tel: 954 556-4020
Fax: 954 556-4031

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

Mazzeo Song LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to a Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: November 14, 2007

THIS CERTIFIES that ENER1 GROUP, INC., a Florida corporation, or any subsequent holder hereof (the “**Holder**”), has the right to purchase from ENER1, INC., a Florida corporation (the “**Company**”), up to one million two hundred eighty thousand (1,280,000) fully paid and nonassessable shares of the Company’s common stock, par value \$0.01 per share (the “**Common Stock**”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “**Issue Date**”) and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the “**Expiration Date**”); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of an Investment Agreement, dated as of August 7, 2007 (the “**Investment Agreement**”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Investment Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to thirty cents (\$0.30), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “Exercise Date”), (i) a notice of exercise in substantially the form attached hereto as Exhibit A (the “Exercise Notice”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “*Dispute Procedure*”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Investment Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Investment Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 9.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cypress Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer
Tel: 954 556-4020
Fax: 954 556-4031

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

Mazzeo Song LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to a Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: November 14, 2007

THIS CERTIFIES that ENER1 GROUP, INC., or any subsequent holder hereof (the “*Holder*”), has the right to purchase from ENER1, INC., a Florida corporation (the “*Company*”), up to six hundred twelve thousand three hundred eighty four (612,384) fully paid and nonassessable shares of the Company’s common stock, par value \$0.01 per share (the “*Common Stock*”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “*Issue Date*”) and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the “*Expiration Date*”); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of an Amendment Agreement, dated as of August 14, 2007 (the “*Amendment Agreement*”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Amendment Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to forty cents (\$0.40), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the "Exercise Date"), (i) a notice of exercise in substantially the form attached hereto as Exhibit A (the "Exercise Notice"), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company's regularly retained accountants) within two (2) Business Days following the date on which the Holder's Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the "**Dispute Procedure**"). Such accountant's calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a "**Delivery Date**"), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company's designated transfer agent (the "**Transfer Agent**") participates in the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer program ("**FAST**") and no restrictive legend is required pursuant to the terms of this Warrant or the Amendment Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Amendment Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cypress Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer
Tel: 954 556-4020
Fax: 954 556-4031

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

Mazzeo Song LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

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EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.

Issue Date: March 26, 2008

THIS CERTIFIES that ENER1 GROUP, INC., or any subsequent holder hereof (the "**Holder**"), has the right to purchase from ENER1, INC., a Florida corporation (the "**Company**"), up to one hundred forty two thousand eight hundred fifty eight (142,858) fully paid and nonassessable shares of the Company's common stock, par value \$0.01 per share (the "**Common Stock**"), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the "**Issue Date**") and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the "**Expiration Date**"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the "**Warrant Shares**"). The "**Exercise Price**" for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to (\$5.95), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “Exercise Date”), (i) a notice of exercise in substantially the form attached hereto as Exhibit A (the “Exercise Notice”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “**Dispute Procedure**”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder’s representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days’ prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cypress Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer
Tel: 954 556-4020
Fax: 954 556-4031

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Warrant are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

ENER1 GROUP, INC.

Warrant Shares: 1,600,000

Initial Exercise Date: May 10, 2007

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, Morgan Stanley & Co. Incorporated (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the fifth year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Ener1 Group, Inc., a Florida corporation (the "Company"), up to 1,600,000 shares (the "Warrant Shares") of common stock, \$0.01 par value (the "Common Stock") of Ener1, Inc. (the "Issuer"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated May 10, 2007, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company); and, within 3 Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within 3 Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within 1 Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **\$0.30**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time there is no effective Registration Statement registering, or no current prospectus available for, the transfer to the Holder or the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

d) Exercise Limitations. The Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock transferable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be received upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (B) exercise, exchange or conversion of the unexercised, unexchanged or nonconverted portion of any other securities of the Company or the Issuer (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 2(d) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Issuer's most recent Form 10-QSB or Form 10-KSB, as the case may be, (y) a more recent public announcement by the Issuer or (z) any other notice by the Issuer or the Issuer's Transfer Agent setting forth the number of shares of Common Stock outstanding. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after the transfer of shares of Common Stock transferable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this Section 2(d) may be waived by the Holder, at the election of the Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after transfer of shares of Common Stock upon exercise of this Warrant, and the provisions of this Section 2(d) shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by the Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

e) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by crediting the account of the Holder's prime broker with the Depository Trust Company within 5 Trading Days from the delivery to the Company of the Notice of Exercise Form, surrender of this Warrant (if required) and payment of the aggregate Exercise Price as set forth above, provided that if the Warrant Shares issuable at such time require a legend pursuant to Section 4.1 of the Purchase Agreement, such shares shall be delivered via certificated form to the Holder ("Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been transferred, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(e)(vi) prior to the transfer of such shares, have been paid. If the Company fails for any reason to deliver to the Holder certificates evidencing the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, and the Company has received written notice of such failure, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$2,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day for each Trading Day after such Warrant Share Delivery Date until such certificates are delivered.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to deliver the Warrant Shares pursuant to this Section 2(e)(ii) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to deliver the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (1) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round to the nearest whole share.

vi. Charges, Taxes and Expenses. The transfer of the Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the transfer of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 3.

Certain Adjustments.

a) Stock Dividends and Splits. If the Issuer, at any time while this Warrant is outstanding: (A) pays a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Issuer, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If the Company, the Issuer or any Subsidiary of either of them, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at an effective price per share less than the then Exercise Price (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance), then the Exercise Price shall be reduced and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. **Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Exempt Issuance.** The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 3(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

c) Subsequent Rights Offerings. If the Issuer, at any time while this Warrant is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to Holders) entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the average of the 5 VWAPs immediately prior to the record date mentioned below, then the Exercise Price shall be multiplied by a fraction, of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming receipt by the Issuer in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such average of the VWAPs. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

d) Pro Rata Distributions. If the Issuer, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to Holders of the Warrants) its assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock (which shall be subject to Section 3(b)), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the average of the 5 VWAPs determined immediately prior to the record date mentioned above, and of which the numerator shall be such average of the VWAPs on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (A) the Issuer effects any merger or consolidation of the Issuer with or into another Person, (B) the Issuer effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Issuer or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Issuer effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Issuer, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction that is (1) an all cash transaction, (2) a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Securities Exchange Act of 1934, as amended, or (3) a Fundamental Transaction involving a person or entity not traded on a national securities exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, or the Nasdaq Capital Market, the Company shall pay, at the Holder's option, exercisable at any time concurrently with or within 30 days after the consummation of the Fundamental Transaction, an amount of cash equal to the value of this Warrant as determined in accordance with the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg L.P. using (i) a price per share of Common Stock equal to the VWAP of the Common Stock for the Trading Day immediately preceding the date of consummation of the applicable Fundamental Transaction, (ii) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of the date of consummation of the applicable Fundamental Transaction and (iii) an expected volatility equal to the 100 day volatility obtained from the "HVT" function on Bloomberg L.P. determined as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

h) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If the Company enters into a Variable Rate Transaction (as defined in the Purchase Agreement), despite the prohibition thereon in the Purchase Agreement, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised.

ii. Notice to Allow Exercise by Holder. If (A) the Issuer shall declare a dividend (or any other distribution in whatever form) on the Common Stock; (B) the Issuer shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Issuer shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Issuer shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Issuer is a party, any sale or transfer of all or substantially all of the assets of the Issuer, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company or the Issuer shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company or the Issuer, as the case may be; then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 15 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 4.

Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Issue Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 4.1 of the Purchase Agreement.

Section 5.

Miscellaneous.

a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Issuer prior to the exercise hereof as set forth in Section 2(e)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that during the period the Warrant is outstanding, it will reserve from its holdings of Common Stock a sufficient number of shares to provide for the transfer of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and transfer the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be transferred as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed.

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be reasonably necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ENER1 GROUP, INC.

By: _____

Name:

Title:

NOTICE OF EXERCISE

TO: ENER1 GROUP, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

[if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

The Holder represents and warrants that the Warrant Shares have been sold or will be sold pursuant to a prospectus.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

ENER1 GROUP, INC.

Warrant Shares: 228,572

Initial Exercise Date: May 10, 2007

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, Anchorage Capital Master Offshore, Ltd. (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the fifth year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Ener1 Group, Inc., a Florida corporation (the "Company"), up to 228,572 shares (the "Warrant Shares") of common stock, \$0.01 par value (the "Common Stock") of Ener1, Inc. (the "Issuer"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated May 10, 2007, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company); and, within 3 Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within 3 Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within 1 Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **\$2.10**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time there is no effective Registration Statement registering, or no current prospectus available for, the transfer to the Holder or the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

d) Exercise Limitations. The Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock transferable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be received upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (B) exercise, exchange or conversion of the unexercised, unexchanged or nonconverted portion of any other securities of the Company or the Issuer (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 2(d) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Issuer's most recent Form 10-QSB or Form 10-KSB, as the case may be, (y) a more recent public announcement by the Issuer or (z) any other notice by the Issuer or the Issuer's Transfer Agent setting forth the number of shares of Common Stock outstanding. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after the transfer of shares of Common Stock transferable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this Section 2(d) may be waived by the Holder, at the election of the Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after transfer of shares of Common Stock upon exercise of this Warrant, and the provisions of this Section 2(d) shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by the Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

e) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by crediting the account of the Holder's prime broker with the Depository Trust Company within 5 Trading Days from the delivery to the Company of the Notice of Exercise Form, surrender of this Warrant (if required) and payment of the aggregate Exercise Price as set forth above, provided that if the Warrant Shares issuable at such time require a legend pursuant to Section 4.1 of the Purchase Agreement, such shares shall be delivered via certificated form to the Holder ("Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been transferred, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(e)(vi) prior to the transfer of such shares, have been paid. If the Company fails for any reason to deliver to the Holder certificates evidencing the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, and the Company has received written notice of such failure, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$2,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day for each Trading Day after such Warrant Share Delivery Date until such certificates are delivered.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to deliver the Warrant Shares pursuant to this Section 2(e)(ii) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to deliver the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (1) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round to the nearest whole share.

vi. Charges, Taxes and Expenses. The transfer of the Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the transfer of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Issuer, at any time while this Warrant is outstanding: (A) pays a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Issuer, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If the Company, the Issuer or any Subsidiary of either of them, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at an effective price per share less than the then Exercise Price (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance), then the Exercise Price shall be reduced and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. **Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Exempt Issuance.** The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 3(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

c) Subsequent Rights Offerings. If the Issuer, at any time while this Warrant is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to Holders) entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the average of the 5 VWAPs immediately prior to the record date mentioned below, then the Exercise Price shall be multiplied by a fraction, of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming receipt by the Issuer in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such average of the VWAPs. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

d) Pro Rata Distributions. If the Issuer, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to Holders of the Warrants) its assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock (which shall be subject to Section 3(b)), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the average of the 5 VWAPs determined immediately prior to the record date mentioned above, and of which the numerator shall be such average of the VWAPs on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (A) the Issuer effects any merger or consolidation of the Issuer with or into another Person, (B) the Issuer effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Issuer or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Issuer effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Issuer, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction that is (1) an all cash transaction, (2) a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Securities Exchange Act of 1934, as amended, or (3) a Fundamental Transaction involving a person or entity not traded on a national securities exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, or the Nasdaq Capital Market, the Company shall pay, at the Holder's option, exercisable at any time concurrently with or within 30 days after the consummation of the Fundamental Transaction, an amount of cash equal to the value of this Warrant as determined in accordance with the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg L.P. using (i) a price per share of Common Stock equal to the VWAP of the Common Stock for the Trading Day immediately preceding the date of consummation of the applicable Fundamental Transaction, (ii) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of the date of consummation of the applicable Fundamental Transaction and (iii) an expected volatility equal to the 100 day volatility obtained from the "HVT" function on Bloomberg L.P. determined as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

h) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If the Company enters into a Variable Rate Transaction (as defined in the Purchase Agreement), despite the prohibition thereon in the Purchase Agreement, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised.

ii. Notice to Allow Exercise by Holder. If (A) the Issuer shall declare a dividend (or any other distribution in whatever form) on the Common Stock; (B) the Issuer shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Issuer shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Issuer shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Issuer is a party, any sale or transfer of all or substantially all of the assets of the Issuer, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company or the Issuer shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company or the Issuer, as the case may be; then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 15 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 4.

Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Issue Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 4.1 of the Purchase Agreement.

Section 5.

Miscellaneous.

a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Issuer prior to the exercise hereof as set forth in Section 2(e)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that during the period the Warrant is outstanding, it will reserve from its holdings of Common Stock a sufficient number of shares to provide for the transfer of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and transfer the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be transferred as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed.

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be reasonably necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment.

- e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.
- f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.
- g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date.
- h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.
- i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.
- j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.
- k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.
- l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.
- m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ENER1 GROUP, INC.

By: _____

Name:

Title:

NOTICE OF EXERCISE

TO: ENER1 GROUP, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

[if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

The Holder represents and warrants that the Warrant Shares have been sold or will be sold pursuant to a prospectus.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

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THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

ENER1 GROUP, INC.

Warrant Shares: 228,572

Initial Exercise Date: May 10, 2007

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, Venor Capital Master Fund Ltd. (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the fifth year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Ener1 Group, Inc., a Florida corporation (the "Company"), up to 228,572 shares (the "Warrant Shares") of common stock, \$0.01 par value (the "Common Stock") of Ener1, Inc. (the "Issuer"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated May 10, 2007, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company); and, within 3 Trading Days of the date said Notice of Exercise is delivered to the Company, the Company shall have received payment of the aggregate Exercise Price of the shares thereby purchased by wire transfer or cashier's check drawn on a United States bank. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within 3 Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within 1 Business Day of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **\$2.10**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time there is no effective Registration Statement registering, or no current prospectus available for, the transfer to the Holder or the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date of such election;

(B) = the Exercise Price of this Warrant, as adjusted; and

(X) = the number of Warrant Shares issuable upon exercise of this Warrant in accordance with the terms of this Warrant by means of a cash exercise rather than a cashless exercise.

d) **Exercise Limitations.** The Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other person or entity acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock transferable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be received upon (A) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (B) exercise, exchange or conversion of the unexercised, unexchanged or nonconverted portion of any other securities of the Company or the Issuer (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 2(d) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(d), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (x) the Issuer's most recent Form 10-QSB or Form 10-KSB, as the case may be, (y) a more recent public announcement by the Issuer or (z) any other notice by the Issuer or the Issuer's Transfer Agent setting forth the number of shares of Common Stock outstanding. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after the transfer of shares of Common Stock transferable upon exercise of this Warrant. The Beneficial Ownership Limitation provisions of this Section 2(d) may be waived by the Holder, at the election of the Holder, upon not less than 61 days' prior notice to the Company to change the Beneficial Ownership Limitation to 9.99% of the number of shares of the Common Stock outstanding immediately after transfer of shares of Common Stock upon exercise of this Warrant, and the provisions of this Section 2(d) shall continue to apply. Upon such a change by a Holder of the Beneficial Ownership Limitation from such 4.99% limitation to such 9.99% limitation, the Beneficial Ownership Limitation may not be further waived by the Holder. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(d) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

e) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by crediting the account of the Holder's prime broker with the Depository Trust Company within 5 Trading Days from the delivery to the Company of the Notice of Exercise Form, surrender of this Warrant (if required) and payment of the aggregate Exercise Price as set forth above, provided that if the Warrant Shares issuable at such time require a legend pursuant to Section 4.1 of the Purchase Agreement, such shares shall be delivered via certificated form to the Holder ("Warrant Share Delivery Date"). This Warrant shall be deemed to have been exercised on the date the Exercise Price is received by the Company. The Warrant Shares shall be deemed to have been transferred, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised by payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(e)(vi) prior to the transfer of such shares, have been paid. If the Company fails for any reason to deliver to the Holder certificates evidencing the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, and the Company has received written notice of such failure, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$2,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day for each Trading Day after such Warrant Share Delivery Date until such certificates are delivered.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to Holder a new Warrant evidencing the rights of Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to deliver the Warrant Shares pursuant to this Section 2(e)(ii) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to deliver the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (1) pay in cash to the Holder the amount by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (A) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (B) the price at which the sell order giving rise to such purchase obligation was executed, and (2) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (1) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which Holder would otherwise be entitled to purchase upon such exercise, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round to the nearest whole share.

vi. Charges, Taxes and Expenses. The transfer of the Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the transfer of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder; and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Issuer, at any time while this Warrant is outstanding: (A) pays a stock dividend or otherwise make a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (B) subdivides outstanding shares of Common Stock into a larger number of shares, (C) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (D) issues by reclassification of shares of the Common Stock any shares of capital stock of the Issuer, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Equity Sales. If the Company, the Issuer or any Subsidiary of either of them, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents entitling any Person to acquire shares of Common Stock, at an effective price per share less than the then Exercise Price (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share which is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance), then the Exercise Price shall be reduced and only reduced to equal the Base Share Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. **Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Exempt Issuance.** The Company shall notify the Holder in writing, no later than the Trading Day following the issuance of any Common Stock or Common Stock Equivalents subject to this Section 3(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, after the date of such Dilutive Issuance the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise.

c) Subsequent Rights Offerings. If the Issuer, at any time while this Warrant is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to Holders) entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the average of the 5 VWAPs immediately prior to the record date mentioned below, then the Exercise Price shall be multiplied by a fraction, of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming receipt by the Issuer in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such average of the VWAPs. Such adjustment shall be made whenever such rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

d) Pro Rata Distributions. If the Issuer, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to Holders of the Warrants) its assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock (which shall be subject to Section 3(b)), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the average of the 5 VWAPs determined immediately prior to the record date mentioned above, and of which the numerator shall be such average of the VWAPs on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (A) the Issuer effects any merger or consolidation of the Issuer with or into another Person, (B) the Issuer effects any sale of all or substantially all of its assets in one or a series of related transactions, (C) any tender offer or exchange offer (whether by the Issuer or another Person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (D) the Issuer effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the number of shares of Common Stock of the successor or acquiring corporation or of the Issuer, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such merger, consolidation or disposition of assets by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such event. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction that is (1) an all cash transaction, (2) a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Securities Exchange Act of 1934, as amended, or (3) a Fundamental Transaction involving a person or entity not traded on a national securities exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, or the Nasdaq Capital Market, the Company shall pay, at the Holder's option, exercisable at any time concurrently with or within 30 days after the consummation of the Fundamental Transaction, an amount of cash equal to the value of this Warrant as determined in accordance with the Black Scholes Option Pricing Model obtained from the "OV" function on Bloomberg L.P. using (i) a price per share of Common Stock equal to the VWAP of the Common Stock for the Trading Day immediately preceding the date of consummation of the applicable Fundamental Transaction, (ii) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the remaining term of this Warrant as of the date of consummation of the applicable Fundamental Transaction and (iii) an expected volatility equal to the 100 day volatility obtained from the "HVT" function on Bloomberg L.P. determined as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction.

f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

g) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

h) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. If the Company enters into a Variable Rate Transaction (as defined in the Purchase Agreement), despite the prohibition thereon in the Purchase Agreement, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised.

ii. Notice to Allow Exercise by Holder. If (A) the Issuer shall declare a dividend (or any other distribution in whatever form) on the Common Stock; (B) the Issuer shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock; (C) the Issuer shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights; (D) the approval of any stockholders of the Issuer shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Issuer is a party, any sale or transfer of all or substantially all of the assets of the Issuer, of any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property; (E) the Company or the Issuer shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company or the Issuer, as the case may be; then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 15 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. The Holder is entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice.

Section 4.

Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. A Warrant, if properly assigned, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Issue Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 4.1 of the Purchase Agreement.

Section 5.

Miscellaneous.

a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Issuer prior to the exercise hereof as set forth in Section 2(e)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that during the period the Warrant is outstanding, it will reserve from its holdings of Common Stock a sufficient number of shares to provide for the transfer of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and transfer the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be transferred as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed.

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be reasonably necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of Holder, shall give rise to any liability of Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of all Holders from time to time of this Warrant and shall be enforceable by any such Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

ENER1 GROUP, INC.

By: _____

Name:

Title:

NOTICE OF EXERCISE

TO: ENER1 GROUP, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

[if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

The Holder represents and warrants that the Warrant Shares have been sold or will be sold pursuant to a prospectus.

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

WARRANT
TO PURCHASE COMMON STOCK
FROM
ENER1 GROUP, INC.

Issue Date: October 1, 2007

THIS CERTIFIES that BZINFIN S.A., or any subsequent holder hereof (the "**Holder**"), has the right to purchase from ENER1 GROUP, INC., a Florida corporation (the "**Company**"), up to eighty million (80,000,000) fully paid and nonassessable shares of the common stock, par value \$0.01 per share, of Ener1, Inc., a Florida corporation (the "**Issuer**"), that are outstanding and held by the Company (the "**Common Stock**"), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the "**Issue Date**") and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the "**Expiration Date**"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of Loan Restructuring Agreement, dated as of October 1, 2007 (the "**Loan Agreement**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Loan Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the "**Warrant Shares**"). The "**Exercise Price**" for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to thirty cents (\$0.30), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are deliverable on such exercise shall be registered.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, (each, a “**Delivery Date**”), deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares delivered by the Company pursuant to such exercise).

4. **Exercise Limitations.** In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder’s representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty one (61) days’ prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. **Anti-Dilution Adjustments.** The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Issuer, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Issuer, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Additional Shares. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of delivering any such fractional share, round the number of Warrant Shares up or down, as the case may be, to the nearest whole integer.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Warrant, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1 GROUP, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase from Ener1 Group, Inc. (the "***Company***") _____ shares of Common Stock of Ener1, Inc. evidenced by the attached Warrant (the "***Warrant***"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase from Ener1 Group, Inc. _____ shares of the Common Stock of Ener1, Inc. evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____
Name:
Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
FROM
ENER1 GROUP, INC.**

Issue Date: October 1, 2007

THIS CERTIFIES that BZINFIN S.A., or any subsequent holder hereof (the “Holder”), has the right to purchase from ENER1 GROUP, INC., a Florida corporation (the “Company”), up to eighty seven million seven hundred ninety nine thousand three hundred and forty four (87,799,344) fully paid and nonassessable shares of the common stock, par value \$0.01 per share, of Ener1, Inc., a Florida corporation (the “Issuer”), that are outstanding and held by the Company (the “Common Stock”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “Issue Date”) and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the “Expiration Date”); provided, however, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of Loan Restructuring Agreement, dated as of October 1, 2007 (the “Loan Agreement”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Loan Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to thirty cents (\$0.30), subject to adjustment for the events specified in *Section 6* below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are deliverable on such exercise shall be registered.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); provided, however, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, (each, a “**Delivery Date**”), deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares delivered by the Company pursuant to such exercise).

4. **Exercise Limitations.** In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder’s representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty one (61) days’ prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. **Anti-Dilution Adjustments.** The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Issuer, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Issuer, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Additional Shares. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of delivering any such fractional share, round the number of Warrant Shares up or down, as the case may be, to the nearest whole integer.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Warrant, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1 GROUP, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase from Ener1 Group, Inc. (the "**Company**") _____ shares of Common Stock of Ener1, Inc. evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase from Ener1 Group, Inc. _____ shares of the Common Stock of Ener1, Inc. evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
FROM
ENER1 GROUP, INC.**

Issue Date: October 1, 2007

THIS CERTIFIES that BZINFIN S.A., or any subsequent holder hereof (the "**Holder**"), has the right to purchase from ENER1 GROUP, INC., a Florida corporation (the "**Company**"), up to forty five million (45,000,000) fully paid and nonassessable shares of the common stock, par value \$0.01 per share, of Ener1, Inc., a Florida corporation (the "**Issuer**"), that are outstanding and held by the Company (the "**Common Stock**"), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the "**Issue Date**") and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the "**Expiration Date**"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of Loan Restructuring Agreement, dated as of October 1, 2007 (the "**Loan Agreement**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Loan Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the "**Warrant Shares**"). The "**Exercise Price**" for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to ten cents (\$0.10), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are deliverable on such exercise shall be registered.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, (each, a “**Delivery Date**”), deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares delivered by the Company pursuant to such exercise).

4. **Exercise Limitations.** In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder’s representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty one (61) days’ prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. **Anti-Dilution Adjustments.** The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Issuer, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Issuer, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Additional Shares. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of delivering any such fractional share, round the number of Warrant Shares up or down, as the case may be, to the nearest whole integer.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Warrant, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1 GROUP, INC.

By: _____

Name:

Title:

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EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase from Ener1 Group, Inc. (the "**Company**") _____ shares of Common Stock of Ener1, Inc. evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase from Ener1 Group, Inc. _____ shares of the Common Stock of Ener1, Inc. evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
FROM
ENER1 GROUP, INC.**

Issue Date: October 1, 2007

THIS CERTIFIES that BZINFIN S.A., or any subsequent holder hereof (the "**Holder**"), has the right to purchase from ENER1 GROUP, INC., a Florida corporation (the "**Company**"), up to two million nine hundred eighty thousand (2,980,000) fully paid and nonassessable shares of the common stock, par value \$0.01 per share, of Ener1, Inc., a Florida corporation (the "**Issuer**"), that are outstanding and held by the Company (the "**Common Stock**"), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the "**Issue Date**") and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the "**Expiration Date**"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of Loan Restructuring Agreement, dated as of October 1, 2007 (the "**Loan Agreement**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Loan Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the "**Warrant Shares**"). The "**Exercise Price**" for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to twenty eight cents (\$0.28), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are deliverable on such exercise shall be registered.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, (each, a “**Delivery Date**”), deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares delivered by the Company pursuant to such exercise).

4. **Exercise Limitations.** In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder’s representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty one (61) days’ prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. **Anti-Dilution Adjustments.** The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Issuer, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Issuer, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Additional Shares. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of delivering any such fractional share, round the number of Warrant Shares up or down, as the case may be, to the nearest whole integer.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Warrant, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1 GROUP, INC.

By: _____

Name:

Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase from Ener1 Group, Inc. (the "*Company*") _____ shares of Common Stock of Ener1, Inc. evidenced by the attached Warrant (the "*Warrant*"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase from Ener1 Group, Inc. shares of the Common Stock of Ener1, Inc. evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

LINE OF CREDIT AGREEMENT

This Line of Credit Agreement (this "**Agreement**"), dated as of July 26, 2007, is made by and between BZINFIN, S.A., a BVI company ("**Lender**"), and ENER1 GROUP, INC., a Florida corporation ("**Borrower**").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. **LINE OF CREDIT.** Lender hereby agrees to establish a line of credit (the "**Credit Line**") for Borrower in the aggregate principal amount of Fifteen Million United States Dollars (US\$15,000,000) (the "**Credit Limit**"), subject to adjustment as set forth in this Agreement. The amount of Three Million Four Hundred United States Dollars (US\$3,400,000) advanced by Lender to Borrower (of which: \$2,000,000 was advanced on June 28, 2007; \$1,000,000 was advanced on July 13, 2007 and \$400,000 was advanced on July 26, 2007) shall be regarded as advanced pursuant to this Agreement and shall therefore reduce the Credit Limit to Eleven Million Six Hundred Thousand United States Dollars (US\$11,400,000). The Credit Limit shall be further reduced on a dollar-for-dollar basis by the amount of debt or equity financing raised during the Draw Period (as defined below) by Borrower or by Borrower's subsidiary, Ener1, Inc., a Florida corporation ("**Ener1, Inc.**"), it being understood, however, that a reduction in the Credit Limit shall not trigger the repayment by Borrower of amounts already advanced under the Credit Line in excess of the Credit Limit. For purposes of this Agreement, "Draw Period" means the period beginning on the date of this Agreement and ending at 5:00 p.m., Eastern Time, on December 31, 2007.

2. **CREDIT LINE DOCUMENTATION.** All sums advanced pursuant to the Credit Line (each, an "**Advance**") shall be documented by Lender in Schedule I to this Agreement.

3. **ADVANCES.** Borrower may request an Advance at any time during the Draw Period in minimum increments of One Hundred Thousand United States Dollars (US\$100,000) (or, if less, the remaining balance of the Credit Line); *provided, however*, that any requested Advance shall not (when added to the amount of all previous Advances, exceed the Credit Limit. Borrower shall make requests for Advances by delivering to Lender a written notice thereof specifying the amount of the requested Advance (a "**Draw Notice**"). On or before the fifth (5th) Business Day following the receipt by Lender of a Draw Notice, Lender shall issue instructions for the delivery, by wire transfer to an account specified by Borrower in such Draw Notice, of the amount of the Advance set forth in such notice. Lender may refuse to make a requested Advance if (a) such Advance would exceed the Credit Limit, or (b) any Milestone (as defined in Section 12 below) is not achieved on or before the date specified in the definition thereof, or (c) an Event of Default occurs and is outstanding, or (d) Borrower more than once fails to comply with the provisions of the last sentence of clause 7 below.

4. *INTEREST.* All funds advanced pursuant to this Agreement shall bear simple interest from the date on which each Advance is made until it is paid in full at a rate of fourteen percent (14%) per year consisting of 360 days.

5. *REPAYMENT.* Borrower shall repay to Lender the entire outstanding principal of and all unpaid interest accrued on the Credit Line on the eighteen (18) month anniversary of the date on which the first Advance is made hereunder (the "**Repayment Date**") or, if such date is not a Business Day, on the next succeeding Business Day. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Lender in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal. Borrower may prepay its indebtedness hereunder at any time without penalty, in which case Lender shall record the amount of each such prepayment by appropriately annotating Schedule I to this Agreement.

6. *LIQUIDITY EVENT.* In the event that a Liquidity Event (as defined below) occurs, all proceeds of such event (minus any such proceeds that the Borrower has to apply to repay any of its debts that must be repaid in preference to its indebtedness hereunder) must be used to repay amounts due under the Credit Line before any distribution may be made to holders of the common stock of Borrower. A "**Liquidity Event**" means that Borrower has sold assets in a transaction, or series of related transactions, for cash proceeds exceeding Five Million United States Dollars (US\$5,000,000).

7. *USE OF FUNDS.* Borrower will contribute the funds it receives pursuant to each Advance to Ener1, Inc., through the purchase of newly-issued shares of stock. Borrower will cause Ener1, Inc. to use such funds exclusively for expenses incurred in connection with its operations and those of its subsidiaries, Enerdel, Inc. ("**Enerdel**") and Enerfuel, Inc. ("**Enerfuel**") but, for avoidance of doubt, not including NanoEner, Inc., as such expenses and operations are set forth in the Summary Plan for Ener1 Inc Subsidiaries and Cost Reduction Initiatives dated 14 June 2007 (the "**Plan**") and the Budget of Borrower, Ener1, Inc. and its subsidiaries accompanying such Plan (the "**Budget**"). The Borrower shall provide the Lender with weekly written reports describing in reasonable detail the progress of Ener1, Inc, Enerdel and Enerfuel in achieving the Milestones and other goals set forth in the Plan as well as the use of funds provided to Borrower hereunder in accordance with the Budget;

8. *OTHER OBLIGATIONS OF THE BORROWER.* Borrower shall be obligated to Lender as follows until Borrower has performed all of its obligations to Lender under this Agreement:

- (i) To provide Lender with a written notification of any Event of Default immediately upon learning of it; and
- (ii) To timely inform the Lender of any circumstances that may substantially affect the volume and the valuation of assets, or a substantial increase in the obligations of the Borrower.

9. *REPRESENTATIONS AND WARRANTIES.* In order to induce Lender to enter into this Agreement and to make Advances on the terms specified herein, Borrower represents and warrants to Lender as follows:

(i) Borrower is duly organized, validly existing, and in good standing under the laws of the State of Florida, with the power to own its assets and to transact business in Florida and New York and in such other states where its business is presently conducted.

(ii) Borrower has the authority and power to execute and deliver this Agreement and to perform any condition or obligation imposed under the terms hereof or thereof.

(iii) The execution, delivery and performance of this Agreement by Borrower will not violate any provision of any applicable law, regulation, order, judgment, decree, charter document, indenture, contract, agreement, or other undertaking to which Borrower is a party, or which is binding on Borrower or its assets, and will not result in the creation or imposition of a lien on any of its assets.

10. *EVENTS OF DEFAULT.* The occurrence of any of the following shall constitute an “*Event of Default*” under this Agreement:

(i) Voluntary Bankruptcy or Insolvency Proceedings. Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator, or custodian of itself or of all or a substantial part of its property, (b) admit in writing its inability to pay its debts generally as they mature, (c) make a general assignment for the benefit of any of its creditors, (d) be dissolved or liquidated in full or in part, (e) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (f) take any action for the purpose of effecting any of the foregoing.

(ii) Involuntary Bankruptcy or Insolvency Proceedings. Borrower seeks the appointment of a receiver, trustee, liquidator, or custodian of Borrower or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization, or other relief with respect to Borrower or the debts thereof under any bankruptcy, insolvency, or other similar law or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within sixty (60) days of commencement.

(iii) Failure to Pay Loan Amount when Due. Borrower fails to pay the entire principal amount of and accrued interest on the Credit Line on the Repayment Date.

(iv) Breach of Reps and Warranties. Any representation, warranty or statement made or deemed to be made by Borrower in this Agreement or in any notice or other document, certificate or statement delivered by it pursuant to or in connection herewith proves to have been incorrect or misleading in any material respect when made or deemed made and such defect may be, in the reasonable opinion of Lender, prejudicial to the interests of Lender;

If an Event of Default occurs, Lender may demand immediate repayment of all amounts due under this Agreement.

11. **CONVERSION.** At any time prior to repayment of the entire principal amount of and accrued interest on the Credit Line, Lender may convert all or any part of such unpaid principal amount (and, if Lender so elects, unpaid interest accrued thereon) into shares of the common stock of Ener1, Inc. held by Borrower ("**Ener1 Stock**") at the rate of thirty cents (US\$0.30) per share (subject to adjustment for stock splits, stock dividends and similar events) by delivering to Borrower written notice of its intent to exercise the option to convert (a "**Conversion Notice**"). Notwithstanding the foregoing, in the event that Borrower intends to sell the common stock of Borrower ("**Ener1 Group Stock**") to an unaffiliated third party, Lender shall be entitled to convert any part of principal of and/or interest on the Credit Line into outstanding and/or newly issued shares of Ener1 Group Stock at the rate of twenty cents (US\$0.20) per share (subject to adjustment for stock splits, stock dividends and similar events), to the extent (and only to the extent) necessary in order to prevent dilution of Lender's percentage ownership interest in Borrower. In the event that Lender intends to convert any amount of principal or interest outstanding under the Credit Line into Ener1 Inc. Stock or Ener1 Group Stock, it shall so indicate in the Conversion Notice along with a calculation of the number of shares of such common stock to which it is entitled. Upon receipt of a Conversion Notice and delivery to Lender of the appropriate number of shares of Ener1 Stock or Ener1 Group Stock, as the case may be, the outstanding principal of or interest accrued on the Credit Line (as the case may be) shall be reduced accordingly, and Lender shall record the amount of each such reduction by appropriately annotating Schedule I to this Agreement.

12. **COMMITMENT FEE.** As a commitment fee to Lender for providing the Credit Line, Borrower hereby grants an option (the "**Commitment Fee Option**") to Lender to purchase from Borrower a number of shares of Ener1 Stock equal to (A) sixty percent (60%) of the aggregate dollar amount of Advances made under the Credit Line during the Draw Period divided by (B) thirty cents (US\$0.30) (subject to adjustment for stock splits, stock dividends and similar events) at a purchase price of thirty cents

(US\$0.30) per share (subject to adjustment for stock splits, stock dividends and similar events). In the event that Borrower, Ener1, Inc. or their respective subsidiaries are unable to raise sufficient equity or debt financing in order to (i) retire the debentures issued by Ener1, Inc. that are outstanding as of the date of this Agreement on or before December 31, 2007, (ii) fully fund the approved budgets of Borrower, Ener1, Inc. and their respective subsidiaries from September 1 through December 31, 2007 and (iii) fully fund the operations of Borrower and Ener1, Inc. through the Repayment Date, the option granted above shall be modified such that the percentage specified in clause (A) above shall be increased to one hundred percent (100%).

13. **CERTAIN DEFINITIONS.** For purposes of this Agreement, "**Business Day**" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or commercial banks in the city of New York or Geneva, Switzerland are permitted or required by law to close; and "**Milestone**" means each of the following: (i) Enerdel must deliver at least three (3) fully functional hybrid battery packs on or before September 14, 2007; (ii) Enerdel must produce at least six (6) fully functional hybrid battery packs in each of the three months of October, November and December 2007; (iii) Enerdel must conclude one or more customer funded contracts to develop specific applications of its lithium ion batter technology on or before November 30, 2007; (iv) Enerdel must be awarded a USABC phase II contract on or before October 31, 2007; (v) a vehicle using Enerdel's lithium ion battery technology must be functional on or before December 31, 2007; (vi) Enerdel must deliver a fully functional hybrid battery pack to ONR on or before December 31, 2007; (vii) Enerfuel must begin shipping its wireless surveillance camera on or before August 31, 2007; (viii) Enerfuel must achieve sales of (1) one hundred-fifty (150) camera units by September 31, 2007 and (2) one thousand one hundred-fifty (1,150) camera units by December 31, 2007; and (ix) Enerfuel must achieve at least ninety percent (90%) of its "non-camera milestones" as specified on page 8 of the Summary.

14. **GOVERNING LAW AND DISPUTE SETTLEMENT.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Agreement, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

15. *NOTICES.* All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day and (ii) on the next Business

Day after timely delivery to a reputable overnight courier, to the parties at the following addresses:

(a) If to BZinfin, to:

Bzinfin S.A.
c/o BUDIN & ASSOCIES
20, rue Jean-Sénébier
CH-1211 GENEVE 11
Switzerland
Attn.: Mr. Patrick Bittel
Fax: +41-22 818 08 18

(b) If to Ener1 Group, to:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

or to such other person or address as either party shall furnish by notice to the other party in writing.

16. *ATTORNEYS' FEES.* In the event of a dispute between the parties, the prevailing party shall be entitled to all reasonable attorneys' fees and costs incurred in connection with any trial, arbitration, or other proceeding as well as all other relief granted in any suit or other proceeding.

17. *REMEDIES AND WAIVERS.* No failure by Lender to exercise, and no delay in exercising, any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

18. *U.S. DOLLAR DENOMINATED.* Except where specifically provided otherwise, all transactions herein shall be in U.S. Dollars.

19. *ENTIRE AGREEMENT.* This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreements, understandings, and arrangements relating to the subject matter hereof No amendment, modification or other change to, or waiver of any provision of, this Agreement may be made unless such amendment, modification or change is set forth in writing and is signed by each of the parties hereto.

20. *COUNTERPARTS*. This Agreement may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission.

21. *ASSIGNMENT*. Lender may transfer all or part of its rights and obligations hereunder without any prior notice to Borrower. Upon such transfer, the rights and obligations of Lender hereunder so transferred shall be assigned automatically to the transferee thereof, and such transferee shall thereupon be deemed to be a party to this Agreement as though an original signatory hereto, as long as Borrower is, within a reasonable period of time following such transfer, furnished with written notice of the name and address of such transferee.

22. *HEADINGS*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof

23. *THIRD PARTY BENEFICIARIES*. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

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

BZINFIN, S.A.

ENERI GROUP, INC.

By: _____
Name:
Title:

By: _____
Name: Charles Gassenheimer
Title:

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "**Agreement**"), dated as of February 4, 2008 (the "**Effective Date**"), is made by and between **ARCADIA ASSOCIATION LTD.**, a BVI company (the "**Lender**"), and **ENER1 GROUP, INC.**, a Florida corporation ("**Ener1 Group**").

In consideration of the mutual covenants made herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. **Loan.** The Lender shall make a loan in the aggregate amount of One Million Five Hundred Thousand U.S. Dollars (\$1,500,000)(the "**Loan Amount**") to Ener1 Group in accordance with the provisions hereof.

2. **Funding of Loan.** By each of February 5, 2008 and March 31, 2008, the Lender shall deliver Seven Hundred and Fifty Thousand U.S. Dollars (\$750,000) to Ener1 Group by wire transfer of immediately available funds to such account as Ener1 Group shall have designated to the Lender (each such payment being referred to herein as a "**Loan Tranche**"). The date on which each Loan Tranche is delivered to Ener1 Group is referred to herein as a "**Funding Date**".

3. **Interest Rate.** Subject to the provisions of the last paragraph of Section 8 below, interest will accrue on the Loan Amount at an annual rate of six percent (6%), computed on the basis of a 360 day year for the number of days elapsed from each Funding Date until the portion Loan Amount advanced on such Funding Date is repaid.

4. **Repayment.** The Loan Amount and all interest accrued thereon shall become due and payable on the one (1) year anniversary of the second Funding Date unless their repayment is not accelerated pursuant to the provisions of the last paragraph of Section 8 below, in which case the Loan Amount and the accrued interest shall become payable as specified in such provisions (the "**Maturity Date**"). Ener1 Group shall have the right to prepay all or any portion of the Loan Amount at any time prior to the Maturity Date.

5. **Use of Proceeds.** Ener1 Group shall use the entire proceeds of the Loan Amount to pay a cash bonus to Charles Gassenheimer (the "Executive") in the aggregate amount of One Million Five Hundred Thousand U.S. Dollars (\$1,500,000). Ener1 Group shall pay the amount of each Loan Tranche to the Executive within two (2) Business Days of its receipt thereof by wire transfer of immediately available funds to such account as the Executive shall have designated to Ener1 Group.

6. **Warrants.** On each Funding Date, Ener1 Group shall issue to the Lender a five-year warrant in the form attached hereto as **Exhibit A**, each such warrant allowing to purchase Nine Hundred Sixty Four Thousand Two Hundred and Eighty Five (964,285) shares of the common stock of Ener1, Inc., par value \$.01 per share (the "**Ener1 Stock**") held by Ener1 Group at an exercise price of \$0.70 per share (each, a "**Warrant**" and, together, the "**Warrants**").

7. Representations and Warranties. Ener1 Group hereby represents and warrants to the Lender as follows:

(i) Ener1 Group is duly organized, validly existing, and in good standing under the laws of the State of Florida, with the power to own its assets and to transact business in Florida and New York and in such other states where its business is presently conducted.

(ii) Ener1 Group has the authority and power to execute and deliver this Agreement and to perform any condition or obligation imposed under the terms hereof.

(iii) The execution, delivery and performance of this Agreement by Ener1 Group will not violate any provision of any applicable law, regulation, order, judgment, decree, charter document, indenture, contract, agreement, or other undertaking to which Ener1 Group is a party, or which is binding on Ener1 Group or its assets, and will not result in the creation or imposition of a lien on any of its assets (except as otherwise provided herein).

(iv) The shares of Ener1 Stock delivered or to be delivered to the Lender upon exercise of the Warrants are duly authorized, validly issued and outstanding, are owned by Ener1 Group free and clear of any liens and, when delivered to the Lender in accordance with the terms hereof, will be free and clear of all liens. Upon the receipt of any shares of Ener1 Stock from Ener1 Group in accordance with the terms of this Agreement, the Lender will acquire good and valid title thereto.

8. Events of Default. The occurrence of any of the following shall constitute an “*Event of Default*” under this Loan Agreement:

(a) Voluntary Bankruptcy or Insolvency Proceedings. Ener1 Group shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability, to pay its debts generally as they mature, (iii) make a general assignment for the benefit of any of its creditors, (iv) be dissolved or liquidated in full or in part, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing; or

(b) Involuntary Bankruptcy or Insolvency Proceedings. Ener1 Group seeks the appointment of a receiver, trustee, liquidator, or custodian of Ener1 Group or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization, or other relief with respect to Ener1 Group or the debts thereof under any bankruptcy, insolvency, or other similar law or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within sixty (60) days of commencement; or

(c) Failure to Pay Loan Amount when Due. Ener1 Group fails to pay the outstanding Loan Amount and unpaid accrued interest thereon in full on the Maturity Date, and such failure continues for ten (10) Business Days from the date of receipt of written notice of such failure; or

(d) Cross Default. Ener1 Group fails to pay any amount due with respect to any indebtedness of Ener1 Group to the Lender on the date on which such amount becomes due and payable pursuant to the terms of such indebtedness; or

(e) Breach of Covenants, Representations and Warranties. Ener1 Group breaches any covenant made in this Agreement, or any representation, warranty or statement made or deemed to be made by Ener1 Group in this Agreement or in any notice or other document, certificate or statement delivered by it pursuant to or in connection herewith proves to have been incorrect or misleading in any material respect when made or deemed made and such defect is, in the reasonable opinion of the Lender, materially prejudicial to the interests of the Lender.

If an Event of Default occurs, the Lender may, by written notice to Ener1 Group, accelerate repayment of the Loan Amount and accrued interest. Any amounts that are not paid within five (5) Business Days of the Maturity Date shall bear interest at the annual rate of twelve percent (12%).

9. Business Day. For purposes of this Agreement, “**Business Day**” means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or commercial banks in the city of New York or Geneva, Switzerland are permitted or required by law to close.

10. Governing Law and Dispute Settlement. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Agreement, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

11. Notices. All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day and (ii) on the fourth (4th) Business Day after timely delivery to a reputable overnight courier, to the parties at the following addresses:

(a) If to the Lender, to:

Arcadia Association Ltd.
Akara Bldg., 24 De Castro Street
Wickhams Cay I,
Road Town, Tortola, BVI

With a copy to:

Ms. Albina Boeckli
7-9 Place Molard, Case Postale 3244
1211 Geneva 3
Fax: +41-22-318-8180

(b) If to Ener1 Group, to:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

or to such other person or address as either party shall furnish by notice to the other party in writing.

12. Attorneys' Fees. In the event of a dispute between the parties, the prevailing party shall be entitled to all reasonable attorneys' fees and costs incurred in connection with any trial, arbitration, or other proceeding as well as all other relief granted in any suit or other proceeding.

13. Remedies and Waivers. No failure by the Lender to exercise, and no delay in exercising, any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

14. U.S. Dollar Denominated. Except where specifically provided otherwise, all transactions described herein shall be in U.S. Dollars.

15. Entire Agreement. This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreements, understandings, and arrangements relating to the subject matter hereof. No amendment, modification or other change to, or waiver of any provision of, this Agreement may be made unless such amendment, modification or change is set forth in writing and is signed by each of the parties hereto.

16. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission; *provided, however*; that any party delivering this Agreement by facsimile transmission shall thereafter promptly deliver the original counterpart of this Agreement to the other party.

17. Assignment. The Lender may transfer all or part of its rights and obligations hereunder without any prior notice to EnerI Group. Upon such transfer, the rights and obligations of the Lender hereunder so transferred shall be assigned automatically to the transferee thereof, and such transferee shall thereupon be deemed to be a party to this Agreement as though an original signatory hereto, as long as EnerI Group is, within a reasonable period of time following such transfer, furnished with written notice of the name and address of such transferee.

18. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

19. Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

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

ARCADIA ASSOCIATION LTD.

ENERI GROUP, INC.

By: _____

By: _____

Name:

Name:

Title:

Title:

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

WARRANT
TO PURCHASE COMMON STOCK
FROM
ENER1 GROUP, INC.

Issue Date: _____, 2008

THIS CERTIFIES that _____, or any subsequent holder hereof (the "**Holder**"), has the right to purchase from ENER1 GROUP, INC., a Florida corporation (the "**Company**"), up to _____ (_____) fully paid and nonassessable shares of the Company's common stock, par value \$0.01 per share, of Ener1, Inc., a Florida corporation (the "**Issuer**"), that are outstanding and held by the company (the "**Common Stock**"), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the "**Issue Date**") and ending at 5:00 p.m., eastern time, on April 8, 2011 (the "**Expiration Date**"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of a Line of Credit Agreement, dated as of February __, 2008 (the "**Loan Agreement**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Loan Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the "**Warrant Shares**"). The "**Exercise Price**" for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to seventy cents (\$0.70), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are deliverable on such exercise shall be registered.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price (each, a “**Delivery Date**”), deliver or cause to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder’s representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty one (61) days’ prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this Section 6. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Issuer, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Issuer, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Additional Shares. Any adjustment made pursuant to **Section 6(a)** that results in an increase or a decrease of the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of delivering any such fractional share, round the number of Warrant Shares up or down, as the case may be, to the nearest whole integer.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attn: Charles Gassenheimer
Fax: 212-920-3510

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Warrant, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1 GROUP, INC.

By: _____
Name:
Title:

EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase from Ener1 Group, Inc. (the "**Company**") _____ shares of Common Stock of Ener1, Inc., evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase from Ener1 Group, Inc. _____ shares of the Common Stock of Ener1, Inc. evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____
Name:
Title:

Transferee Name and Address:

ARTICLE 1

LOAN RESTRUCTURING AGREEMENT

This Loan Restructuring Agreement (this "**Agreement**"), dated as of October 1, 2007, is made by and between BZINFIN, S.A., a BVI company ("**Lender**"), and ENER1 GROUP, INC., a Florida corporation ("**Borrower**").

WHEREAS, Lender has extended certain loans to Borrower from time to time as set forth in more detail in Schedule 1 hereto (the "**Loans**"); and

WHEREAS, on the terms and subject to the conditions set forth herein, Lender and Borrower wish to consolidate and amend the terms of the Loans into this Agreement, which shall supersede all prior agreements, instruments and arrangements between Lender and Borrower with respect thereto except as may otherwise be provided herein;

NOW, THEREFORE, in consideration of Lender agreeing not to demand repayment of the Loans prior to 31 December 2008 and the mutual covenants and agreements contained herein, the parties agree as follows:

1. **AMOUNT OF LOANS.** As of the date of this Agreement, (i) the aggregate outstanding principal amount of the Loans (the "**Outstanding Principal Amount**") is Forty Seven Million Three Hundred Fifteen Thousand Eight Hundred and Eighty Two United States Dollars (US\$47,315,882), (ii) the aggregate amount of interest accrued on the Outstanding Principal Amount (the "**Outstanding Interest Amount**") is Eighteen Million Five Hundred Ten Thousand Three Hundred and Forty Nine United States Dollars (US\$18,510,349) and the aggregate amount of fees due from Borrower to Lender under the Loans ("**Fees Due**") is Five Hundred and Eighty Thousand United States Dollars (US\$580,000). The Outstanding Principal Amount, the Outstanding Interest Amount and Fees Due are collectively referred to herein as the "**Loan Amount**" and the Loan Amount plus all unpaid interest accrued thereon pursuant to the terms of this Agreement through a particular date is referred to herein as the "**Total Indebtedness**" as of such date.

2. **INTEREST.** The Loan Amount shall bear simple interest from the date of

this Agreement until it is paid in full at a rate of fifteen percent (15%) per year ("**Interest**") consisting of 360 days (the "**Interest Rate**"); *provided, however*, that, in the event Borrower fails to make any payment required to be made by the terms of this Agreement on the date when such payment becomes due, all Interest accrued through such date shall be capitalized (i.e. become part of the Loan Amount) and the Interest Rate for the period beginning on the date of such failure through the date on which such failure is cured shall be automatically changed to the lesser of (i) twenty percent (20%) and (ii) the highest rate of interest permitted by applicable law

3. **REPAYMENT.** Lender may demand repayment of all or any part of the Total Indebtedness at any time, and from time to time, after December 31, 2008. Following a demand by Lender, Borrower shall repay the amount of the Total Indebtedness required to be paid to Lender no later than the fifth (5th) business day following such demand. The fifth (5th) business day following each date on which Lender demands payment of the Total Indebtedness (whether in full or in part) is referred to herein as a "**Repayment Date**". All payments received by Lender hereunder shall be applied, first, to any costs or expenses incurred by Lender in collecting such payment or to any other charges or expenses due to Lender hereunder; second, to accrued but unpaid Interest; and third, to the Loan Amount. Borrower may prepay amounts due with respect to the Total Indebtedness at any time without penalty.

4. **REPRESENTATIONS AND WARRANTIES.** Borrower hereby represents and warrants to Lender as follows:

(i) Borrower is duly organized, validly existing, and in good standing under the laws of the State of Florida, with the power to own its assets and to transact business in Florida and New York and in such other states where its business is presently conducted.

(ii) Borrower has the authority and power to execute and deliver this Agreement and to perform any condition or obligation imposed under the terms hereof.

(iii) The execution, delivery and performance of this Agreement by Borrower will not violate any provision of any applicable law, regulation, order, judgment, decree, charter document, indenture, contract, agreement, or other undertaking to which Borrower is a party, or which is binding on Borrower or its assets, and will not result in the creation or imposition of a lien on any of its assets (except as otherwise provided herein).

(iv) The shares of Ener1 Group Stock (as defined below) issued to Lender pursuant to Section 6 below are duly authorized and, when issued and delivered in accordance with the terms hereof, will be duly and validly issued, free and clear of any liens. The currently outstanding shares of Ener1 Group Stock issued to Lender are duly authorized and validly issued, free and clear of any liens.

(v) The shares of Ener1 Stock (as defined below) delivered or to be delivered to Lender pursuant to Section 6 below are duly authorized, validly issued and outstanding, and are owned by Borrower free and clear of any liens and, when delivered to Lender in accordance with the terms hereof, will be free and clear of all liens. Upon receipt of any shares of Ener1 Stock from Borrower in accordance with the terms of this Agreement, Lender will acquire good and valid title thereto.

5. **EVENTS OF DEFAULT.** The occurrence of any of the following shall constitute an “**Event of Default**” under this Agreement:

(i) Voluntary Bankruptcy or Insolvency Proceedings. Borrower or any of its subsidiaries shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator, or custodian of itself or of all or a substantial part of its property, (b) admit in writing its inability to pay its debts generally as they mature, (c) make a general assignment for the benefit of any of its creditors, (d) be dissolved or liquidated in full or in part, (e) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (f) take any action for the purpose of effecting any of the foregoing.

(ii) Involuntary Bankruptcy or Insolvency Proceedings. An involuntary case or other proceedings seeking liquidation, reorganization, or other relief with respect to Borrower or any of its subsidiaries or the debts thereof under any bankruptcy, insolvency, or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within sixty (60) days of commencement.

(iii) Failure to Pay Loan Amount when Due. Borrower fails to pay in full any amount of the Total Indebtedness on the applicable Repayment Date.

(iv) Cross Default. Borrower fails to pay any amount due with respect to any indebtedness of Borrower to Lender on the date on which such amount becomes due and payable pursuant to the terms of such indebtedness.

(v) Breach of Covenants, Representations and Warranties. Borrower breaches any covenant made in this Agreement, or any representation, warranty or statement made or deemed to be made by Borrower in this Agreement or in any notice or other document, certificate or statement delivered by it pursuant to or in connection herewith proves to have been incorrect or misleading in any material respect when made or deemed made and such defect may be, in the reasonable opinion of Lender, prejudicial to the interests of Lender;

If an Event of Default occurs, Lender may demand immediate repayment of all amounts due under this Agreement.

6. *CONVERSION/EXCHANGE.*

(i) At any time prior to full repayment of the Total Indebtedness, Lender may convert into shares of the common stock of Borrower ("**Ener1 Group Stock**") and/or exchange all or any part of such amount into shares of the common stock of Ener1 Inc. held by Borrower ("**Ener1 Stock**"), all or any part of the Total Indebtedness, as follows: (A) up to 25% of the Total Indebtedness may be converted into Ener1 Group Stock at a conversion rate of US\$0.0845 (the "**Conversion Rate**") and (B) up to 75% of the Total Indebtedness may be exchanged for Ener1 Stock at an exchange rate of US\$0.30 (the "**Exchange Rate**"), in each such case, subject to adjustment for stock splits, stock dividends and similar events. In order to effect a conversion and/or an exchange, Lender shall deliver to Borrower written notice specifying the amount it wishes to convert and/or exchange, the Conversion Rate and/or Exchange Rate at which such conversion and/or exchange is to be effected, and a calculation of the number of shares to which it is entitled pursuant to such conversion and/or exchange. Upon receipt of such notice and delivery to Lender of the number of shares of Ener1 Group Stock and/or Ener1 Stock specified therein, the amount of Total Indebtedness shall be reduced accordingly.

(ii) Upon the sale by Borrower of any Ener1 Group Stock while any Total Indebtedness is outstanding at a price that is less than the Conversion Rate then in effect (an "**Ener1 Group Stock Dilutive Issuance**"), the Conversion Rate shall be adjusted by multiplying such Conversion Rate by the following fraction:

$$\frac{N0 + N1}{N0 + N2}$$

where:

N0 = the number of shares of Ener1 Group Stock outstanding immediately prior to such Ener1 Group Stock Dilutive Issuance;

N1 = the number of shares of Ener1 Group Stock which the aggregate consideration, if any, received or receivable by Borrower for the total number of shares of Ener1 Group Stock sold in such Ener1 Group Stock Dilutive Issuance would purchase at the Conversion Rate in effect immediately prior to such Ener1 Group Stock Dilutive Issuance; and

N2 = the number of such shares of Ener1 Group Stock sold in such Ener1 Group Stock Dilutive Issuance.

(iii) Upon the sale by Ener1, Inc. of any Ener1 Stock while any Total Indebtedness is outstanding at a price that is less than the Exchange Rate then in effect (an "**Ener1 Stock Dilutive Issuance**"), the Exchange Rate shall be adjusted by multiplying such Exchange Rate by the following fraction:

$$\frac{N0 + N1}{N0 + N2}$$

where:

N0 = the number of shares of Ener1 Stock outstanding immediately prior to the sale of Ener1 Stock in such Ener1 Stock Dilutive Issuance;

N1 = the number of shares of Ener1 Stock which the aggregate consideration, if any, received or receivable by Ener1, Inc. for the total number of such additional shares of Ener1 Stock sold in such Ener1 Stock Dilutive Issuance would purchase at the Exchange Rate in effect immediately prior to such Ener1 Stock Dilutive Issuance; and

N2 = the number of shares of Ener1 Stock sold in such Ener1 Stock Dilutive Issuance.

7. **WARRANTS.** Upon the execution and delivery of this Agreement:

(i) Borrower will issue and deliver to Lender a warrant that will entitle the holder thereof to purchase from Borrower eighty million (80,000,000) shares of Ener1 Stock at a purchase price of thirty cents (US\$0.30) per share; and

(ii) In substitution for all warrants received by Lender from Borrower and any warrants which Lender is entitled to receive but has not received from Borrower pursuant to the loan agreements governing the Loans, Borrower will issue and deliver to Lender: (x) a warrant that will entitle the holder thereof to purchase from Borrower eighty seven million seven hundred ninety nine thousand three hundred and forty four (87,799,344) shares of Ener1 Stock at the exercise price of thirty cents (\$0.30) per share; (y) a warrant that will entitle the holder thereof to purchase from Borrower forty five million (45,000,000) shares of Ener1 Stock at the exercise price of ten cents (\$0.1) per share; and (z) a warrant that will entitle the holder thereof to purchase from Borrower two million nine hundred and eighty thousand (2,980,000) shares of Ener1 Stock at the exercise price of twenty eight cents (\$0.28) per share (the warrants described in clauses (ii)(x), (y) and (z) above, collectively with the warrant described in paragraph 7(i) above, being referred to herein as the "**Warrants**").

(iii) Each Warrant will expire on the fifth (5th) anniversary of the date of this Agreement. Borrower acknowledges that all warrants received by Lender from Borrower in connection with the Loans prior to the date hereof will continue in full force and effect until Borrower issues to Lender new warrants referred to in clauses 7(i) and 7(ii) above on the terms agreed with Lender.

8. **COLLATERAL; TITLE TO SHARES; REPURCHASE RIGHT.** The obligation of Borrower hereunder to repay to Lender the Total Indebtedness in accordance with the terms of this Agreement will be secured pursuant to the terms of (i) a Pledge Agreement between Borrower and Lender (the "**Pledge Agreement**") and (ii) a Security Agreement among Lender, Z-N, LLC and certain individuals (the "**Security Agreement**" and, together with the Pledge Agreement, the "**Security Agreements**"). Borrower undertakes to enter into the Pledge Agreement and if necessary to cause its affiliates (other than Ener1, Inc. and its subsidiaries) to become parties to the Security Agreement and to do any other acts or things that may be necessary or desirable in order to properly secure Borrower's due performance hereunder within 45 days from the date hereof. Borrower acknowledges that the Collateral (as defined in the Security Agreements) includes 229,807,949 shares of Ener1 Stock and certain intellectual property pledged by Borrower, Z-N LLC and certain individuals. Borrower acknowledges that all agreements and other documents whereby Borrower and/or any third parties provided collateral to Lender to secure Borrower's due performance under any of the Loans will continue in full force and effect with regard to the Loans that they secure (the "**Existing Liens**") as amended hereby until the Security Agreements take full effect, and Lender will retain full right (but not the obligation) to demand repayment of the Loans secured by Existing Liens on such terms as existed prior to the date hereof until the Security Agreements take effect. Borrower acknowledges that Lender shall fully retain all security interests it may have in any property and/or rights owned or held by Lender immediately prior to the date of this Agreement that are not included in the Collateral. Borrower acknowledges that Lender has good title to all shares of Ener1 Group Stock owned by it. Borrower agrees that any rights it may have to repurchase Ener1 Group Stock from Lender shall expire on January 1, 2008.

9. *COVENANTS BY BORROWER.* As long as any amount of the Total Indebtedness remains outstanding:

(a) Borrower will not (i) declare or pay any dividends on any class of its capital stock, (ii) purchase, redeem or retire any of its capital stock or (iii) make any other distribution of any kind or character in respect of any of its capital stock (except, in any such case, (x) as Lender may otherwise agree in writing or (y) as may be required by any indebtedness or contractual arrangement existing on the date hereof).

(b) Borrower will not make any loans or advances to any person except for (i) advances for necessary expenses to be incurred in the ordinary course of Borrower's business and (ii) loans or advances to Borrower's subsidiaries.

10. *BUSINESS DAY.* For purposes of this Agreement, "**Business Day**" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange or commercial banks in the city of New York or Geneva, Switzerland are permitted or required by law to close.

11. *GOVERNING LAW AND DISPUTE SETTLEMENT.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such state. Any dispute, controversy or claim arising out of or in relation to this Agreement, including the validity, invalidity, breach or termination thereof, shall be resolved by arbitration in accordance with the Swiss Rules of International Arbitration of the Swiss Chamber of Commerce in force on the date when the Notice of Arbitration is

submitted in accordance with these Rules. The number of arbitrators shall be three. The seat of the arbitration shall be Geneva, Switzerland. The arbitral proceedings shall be conducted in English and all documents shall be provided in the English language or with translations into the English language.

12. *NOTICES.* All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day and (ii) on the fourth (4th) Business Day after timely delivery to a reputable overnight courier, to the parties at the following addresses:

(a) If to BZinfin, to:

Bzinfin S.A.
c/o BUDIN & ASSOCIES
20, rue Jean-Sénebier
CH-1211 GENEVE 11
Switzerland
Attn.: Mr. Patrick Bittel
Fax: +41-22 818 08 18

(b) If to Ener1 Group, to:

Ener1 Group, Inc.
5 Penn Plaza
New York, NY 10001
Attention: Charles Gassenheimer
Fax: 212-920-3510

or to such other person or address as either party shall furnish by notice to the other party in writing.

13. *ATTORNEYS' FEES.* In the event of a dispute between the parties, the prevailing party shall be entitled to all reasonable attorneys' fees and costs incurred in connection with any trial, arbitration, or other proceeding as well as all other relief granted in any suit or other proceeding.

14. *REMEDIES AND WAIVERS.* No failure by Lender to exercise, and no delay in exercising, any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

15. *U.S. DOLLAR DENOMINATED.* Except where specifically provided otherwise, all transactions herein shall be in U.S. Dollars.

16. *ENTIRE AGREEMENT.* This Agreement contains the entire understanding between the parties hereto and supersedes any and all prior agreements, understandings, and arrangements relating to the subject matter hereof. No amendment, modification or other change to, or waiver of

any provision of, this Agreement may be made unless such amendment, modification or change is set forth in writing and is signed by each of the parties hereto.

17. *COUNTERPARTS.* This Agreement may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission; *provided, however,* that any party delivering this Agreement by facsimile transmission shall thereafter promptly deliver the original counterpart of this Agreement to the other party.

18. *ASSIGNMENT.* Lender may transfer all or part of its rights and obligations hereunder without any prior notice to Borrower. Upon such transfer, the rights and obligations of Lender hereunder so transferred shall be assigned automatically to the transferee thereof, and such transferee shall thereupon be deemed to be a party to this Agreement as though an original signatory hereto, as long as Borrower is, within a reasonable period of time following such transfer, furnished with written notice of the name and address of such transferee.

19. *HEADINGS.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

20. *THIRD PARTY BENEFICIARIES.* This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

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

BZINFIN, S.A.

ENERI GROUP, INC.

By: _____
Name:
Title:

By: _____
Name: Charles Gassenheimer
Title: Chief Executive Officer

SCHEDULE 1 TO LOAN RESTRUCTURING AGREEMENT

SUMMARY OF LOANS GRANTED BY BZINFIN S.A. TO ENER1 GROUP INC.

<i>Years</i>	2002	2003	2004	2005	2006	2007	Total
<i>Principal (US \$)</i>	2,400,000	7,325,000	4,269,382	4,245,500	24,243,000	4,833,000	47,315,882
<i>Interest (US \$):</i>							
<i>Regular Interest</i>	2,340,250	3,515,140	124,054	141,249	1,898,202	126,860	8,145,754
<i>Default Interest</i>	1,278,000	2,380,275	505,803	638,559	5,301,409	260,548	10,364,594
<i>Total Interest:</i>	3,618,250	5,895,415	629,857	779,808	7,199,611	387,408	18,510,349
<i>Fees Due (US \$)</i>	-	-	-	-	520,000	60,000	580,000
<i>Total Due under the Loans (US \$)</i>	6,018,250	3,220,415	4,899,239	5,025,308	31,962,611	5,280,408	66,406,231

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.

Issue Date: October 11, 2007

THIS CERTIFIES that BZINFIN, S.A., or any subsequent holder hereof (the "**Holder**"), has the right to purchase from ENER1, INC., a Florida corporation (the "**Company**"), up to fifteen million three hundred nine thousand five hundred eighty nine (15,309,589) fully paid and nonassessable shares of the Company's common stock, par value \$0.01 per share (the "**Common Stock**"), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the "**Issue Date**") and ending at 5:00 p.m., eastern time, on the fifth (5th) anniversary of the Issue Date (the "**Expiration Date**"); *provided, however*, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the terms of an Amendment Agreement, dated as of August 14, 2007 (the "**Amendment Agreement**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Amendment Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “**Warrant Shares**”). The “**Exercise Price**” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to forty cents (\$0.40), subject to adjustment for the events specified in **Section 6** below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “**Dispute Procedure**”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the Amendment Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the Amendment Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 4.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets: and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but on exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. If, on exercise of this Warrant, the Holder hereof would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, the Company shall, in lieu of issuing any such fractional share, pay to the Holder an amount in cash equal to the product resulting from multiplying such fraction by the Market Price as of the Exercise Date.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
500 West Cyprus Creek Road
Suite 100
Fort Lauderdale, FL 33309
Attn: Chief Financial Officer
Tel: 954-556-4020
Fax: 954-556-4031

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

Mazzeo Song LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

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EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made this 22nd day of March 2007

BETWEEN:

- (1) Enerl Group Inc., having its offices at 500 W. Cypress Creek Rd. Ste. 100, Fort Lauderdale, FL 33309 (the “Seller”); and
- (2) BIBA Limited having its offices at Akara Building 24 De Castro Street, Wickhams Cay 1 Road Town, Tortola, BVI (the “Purchaser”).

The Seller and the Purchaser may be hereinafter referred to individually as a “Party” and collectively as the “Parties”.

WHEREAS the Seller wishes to sell to the Purchaser certain number of registered shares of common stock (the “Shares”) each of nominal value of US\$0.01 of Enerl Inc. (OTCBB: ENELOB), a company established under the laws of the State of Florida, USA with its registered office at: 500 W. Cypress Creek Rd., Ste. 100, Fort Lauderdale, FL 33309 (the “Company”), and the Purchaser wishes to purchase the Shares, on the terms and conditions of this Agreement.

NOW THEREFORE THE PARTIES HEREBY AGREE as follows:

1. SALE AND PURCHASE

- 1.1 The Seller shall sell and transfer the Shares to the Purchaser, and the Purchaser shall purchase the Shares from the Seller at the aggregate purchase price of US\$500,000 (Five hundred thousand US dollars) (the “Purchase Price”).

- 1.2 Subject to the provisions of Cause [1.4](#) below for the Purchase Price paid the Purchaser shall receive from the Seller 1,851,852 (One million eight hundred fifty one thousand eight hundred and fifty two) Shares at the price per Share equal to \$0.27 (twenty seven cents) which is equal to the closing price per Share as quoted on the OTC Bulletin Board in the US as of 21 March 2007. The title to the Shares shall pass from the Seller to the Purchaser on the Transfer Date as defined below).

- 1.3 Immediately upon the execution of this Agreement by the Parties but in any case within 4 business days from the date hereof (the “Transfer Date”); (i) the Seller shall take all actions necessary to transfer full and exclusive right title and interest in and to the Shares to the Purchaser with full title guarantee and (ii) the Purchaser shall pay the full Purchase Price to the Seller by a bank transfer of immediately available funds in US dollars to the following bank account of the Seller:

Account Number:
Bank Name:
Bank Address:
Bank Swift Code:
ABA Routing Number:

The Purchaser shall notify the Seller of its payment of the Purchase Price immediately upon such payment.

1.4 If within 30 days from the date hereof the Seller shall sell any Shares at the price per Share lower than \$0.27 in one or more transactions, than immediately upon the expiration of the said 30-days' time period the Seller shall: (i) notify the Purchaser in writing of such sale, indicating in such notification the lowest price per Share at which the Seller has sold any Shares during the said 30-days' time period (the "Lowest Price") and (ii) transfer to the Purchaser for no additional consideration such number of additional Shares which, once added to the number of the Shares transferred to the Purchaser pursuant to Clause 1.2 above, would make the price per Share paid by the Purchaser hereunder equal to the Lowest Price.

2. WARRANTIES

2.1 in consideration of the Purchaser agreeing to purchase the Shares from, the Seller on the terms and conditions hereof:

2.1.1 The Seller hereby warrants and represents to the Purchaser on the date hereof that:

2.1.1.1 It is duly organised, validly existing and in good standing under the laws of its jurisdiction of incorporation;

2.1.1.2 it has the requisite corporate power and authority to execute, and deliver this Agreement, and to perform its obligations hereunder and comply with the provisions hereof;

2.1.1.3 Its execution and delivery of this Agreement, and its performance of its obligations hereunder and compliance with the provisions hereof, have been duly authorised by all necessary corporate or other action;

2.1.1.4 It has duly executed and delivered this Agreement and, subject to the execution and delivery hereof by the Purchaser, this Agreement will constitute its valid, binding and enforceable obligations;

2.1.1.5 So far as it is aware, there is no action, proceeding or investigation pending or threatened that questions the legality, validity or enforceability of this Agreement, or the consummation of the transaction contemplated hereby or compliance with the provisions hereof;

2.1.1.6 The Shares to be transferred by the Seller are duly authorised, validly existing and fully paid-up. Upon the consummation of the sale and transfer of such Shares to the Purchaser (i) the Purchaser will have full and exclusive right, title and interest in and to such Shares, free and clear of any encumbrances securing any obligation of or to any person, (ii) such Shares will not be subject to any claim, arrest, seizure or suit by any person or any agency of competent jurisdiction, and (iii) such Shares will be free of transfer restrictions of any kind other than those arising by operation of applicable law.

2.2 The Purchaser warrants and represents to the Seller that on the date hereof:

2.2.1 It is duly organised, validly existing and in good standing under the laws of its jurisdiction, having all requisite corporate power and authority to own its properties and to carry on its business as it is currently conducted;

2.2.2 It has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder and comply with the provisions hereof;

2.2.3 Its execution and delivery of this Agreement and its performance of its obligations hereunder and compliance with the provisions hereof have been duly authorised by all necessary corporate or other action; and

2.2.4 It has duly executed and delivered this Agreement and, subject to the execution and delivery hereof by the Seller this Agreement will constitute its valid, binding and enforceable obligations.

2.2.5 Neither the Purchaser nor any of his or its affiliates nor to the Purchaser's knowledge, any party acting on his or its or their behalf has taken any action or omitted to take any action which would give rise to any valid claim against the Seller for brokerage commission, finder's fee or other like payment in connection with the transactions contemplated hereby.

2.2.6 The Purchaser (i) has such knowledge and experience in financial and business matters that it is capable of understanding and of evaluating the merits and risks of entering into the transactions contemplated hereby, (ii) is not relying on any advice or representation of the Seller in connection with entering into this Agreement or such transactions (other than the representations made in this Agreement), (iii) has not received from the Seller any assurance or guarantee as to the merits (whether legal, regulatory, tax, financial or otherwise) of entering into this Agreement or the performance of its obligations hereunder, and (iv) has consulted with his or its own regulatory, tax, business, investment, financial and accounting advisors to the extent that he or it has deemed necessary, and has entered into this Agreement based on his or its own independent judgment and on the advice of his or its advisors as he or it has deemed necessary, and not on any view (whether written or oral) expressed by any party.

2.3 All representations and warranties given by the Parties hereinabove shall continue in full force and effect until and inclusive of the Transfer Date.

3. **TERM AND TERMINATION OF THIS AGREEMENT**

3.1 This Agreement shall take effect on the date first written above, and shall continue in full force and effect until fully performed or terminated as herein provided.

4. MISCELLANEOUS

4.1 None of the Parties shall assign any of its rights or obligations hereunder without the prior written consent of the other Party. All of the terms and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

4.2 An communication to be given in connection with the matters contemplated herein shall be in writing and in English and shall either be delivered by hand or sent by express courier or facsimile transmission. Such communication shall be sent to the address of the relevant party referred to hereinabove or to such other address or facsimile number as may previously have been communicated to the other Party in writing in the manner provided in this Clause [4.2](#).

4.3 Any communication shall be deemed to have been received: (i) if delivered by hand, at the time of receipt; (ii) if sent by express courier, on the earlier of the date of receipt or the second day after dispatch; and (iii) in the case of facsimile, at the time of dispatch; provided that in the case of a communication made by facsimile, such communication shall forthwith be confirmed by express courier or hand delivery. The failure of the addressee to receive such confirmation shall not invalidate the relevant communication by facsimile.

4.4 This Agreement is executed in two (2) counterparts.

4.5 The illegality, invalidity or unenforceability of any provision of this Agreement under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of other jurisdiction nor the legality, validity or enforceability of any other provision of this Agreement.

4.6 The Parties undertake to take all other actions including execute all agreements, documents and instruments, as may be necessary to give full effect to and implement the terms of this Agreement.

4.7 Except as otherwise expressly provided herein, the Parties shall bear their respective costs and expenses relating to the negotiation, preparation and execution of this Agreement and the performance of the obligations and consummation of the transactions contemplated hereby.

5. GOVERNING LAW AND JURISDICTION

5.1 This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

5.2 Any disputes or differences arising out of or in connection with this Agreement or the breach, termination or invalidity hereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as then in force. There shall be a sole arbitrator and the appointing authority shall be the London Court of International Arbitration. Where the UNCITRAL Arbitration Rules do not provide for a particular situation, the arbitrator shall, in his absolute discretion, determine what course of action shall be followed and the arbitrator's decision shall be final and binding on the Parties to the arbitration. The place of arbitration shall be London, England and the English language shall be used throughout the arbitral proceedings. The Parties hereby waive their right to any form of appeal or recourse from such arbitral proceedings to a court of law or other judicial authority.

5.3 The arbitral tribunal shall have the authority to consider, and to include in its proceedings, decision, or award an dispute properly brought before it by any Party hereto, insofar as such dispute arises out of this Agreement; nevertheless, subject to the foregoing, no other Parties or other disputes shall be included in, or consolidated with, such arbitral proceedings.

AS WITNESS the hands of the Parties or their duly authorised representatives on the date first appearing at the hand of this Agreement.

FOR THE SELLER:

Name: Charles Gassenheimer
Title: Chief Executive Officer

FOR THE PURCHASER:

Name: Albina Boeckli
Title: Director

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAW, AND MAY NOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED UNLESS A REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS SHALL BE EFFECTIVE WITH RESPECT THERETO, OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

**WARRANT
TO PURCHASE COMMON STOCK
OF
ENER1, INC.**

Issue Date: February 10, 2010

THIS CERTIFIES that BZINFIN, S.A., a British Virgin Islands company, or any subsequent holder hereof (the “Holder”), has the right to purchase from ENER1, INC., a Florida corporation (the “Company”), up to Two Hundred and Fifty Thousand (250,000) fully paid and nonassessable shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”), subject to adjustment as provided herein, at a price per share equal to the Exercise Price (as defined below), at any time and from time to time beginning on the date on which this Warrant was originally issued (the “Issue Date”) and ending at 5:00 p.m., eastern time, on February 10, 2012 (the “Expiration Date”); provided, however, that if the Expiration Date occurs on a date that is not a Business Day, the Expiration Date shall be deemed to occur on the on the Business Day immediately following such date. This Warrant is issued pursuant to the Amended and Restated Line of Credit Agreement, dated as of August 18, 2009 (the “LOC Agreement”). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the LOC Agreement.

1. Exercise.

(a) Right to Exercise; Exercise Price. The Holder shall have the right to exercise this Warrant at any time and from time to time during the period beginning on the Issue Date and ending on the Expiration Date as to all or any part of the shares of Common Stock covered hereby (the “*Warrant Shares*”). The “*Exercise Price*” for each Warrant Share purchased by the Holder upon the exercise of this Warrant shall be equal to \$8.25, subject to adjustment for the events specified in *Section 6* below.

(b) Exercise Notice. In order to exercise this Warrant, the Holder shall send to the Company by facsimile transmission, at any time prior to 6:00 p.m., eastern time, on the Business Day on which the Holder wishes to effect such exercise (the “**Exercise Date**”), (i) a notice of exercise in substantially the form attached hereto as **Exhibit A** (the “**Exercise Notice**”), (ii) a copy of the original Warrant, and (iii) the Exercise Price by wire transfer of immediately available funds. The Exercise Notice shall state the name or names in which the shares of Common Stock that are issuable on such exercise shall be issued. In the case of a dispute between the Company and the Holder as to the calculation of the Exercise Price or the number of Warrant Shares issuable hereunder (including, without limitation, the calculation of any adjustment pursuant to **Section 6** below), the Company shall issue to the Holder the number of Warrant Shares that are not disputed within the time periods specified in **Section 2** below and shall submit the disputed calculations to a certified public accounting firm of national reputation (other than the Company’s regularly retained accountants) within two (2) Business Days following the date on which the Holder’s Exercise Notice is delivered to the Company. The Company shall cause such accountant to calculate the Exercise Price and/or the number of Warrant Shares issuable hereunder and to notify the Company and the Holder of the results in writing no later than three (3) Business Days following the day on which such accountant received the disputed calculations (the “**Dispute Procedure**”). Such accountant’s calculation shall be deemed conclusive absent manifest error. The fees of any such accountant shall be borne by the party whose calculations were most at variance with those of such accountant.

(c) Holder of Record. The Holder shall, for all purposes, be deemed to have become the holder of record of the Warrant Shares specified in an Exercise Notice on the Exercise Date specified therein, irrespective of the date of delivery of such Warrant Shares. Except as specifically provided herein, nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company prior to the Exercise Date.

(d) Cancellation of Warrant. This Warrant shall be canceled upon its exercise in full and, if this Warrant is exercised in part, the Company shall, at the time that it delivers Warrant Shares to the Holder pursuant to such exercise as provided herein, issue a new warrant, and deliver to the Holder a certificate representing such new warrant, with terms identical in all respects to this Warrant (except that such new warrant shall be exercisable into the number of shares of Common Stock with respect to which this Warrant shall remain unexercised); *provided, however*, that the Holder shall be entitled to exercise all or any portion of such new warrant at any time following the time at which this Warrant is exercised, regardless of whether the Company has actually issued such new warrant or delivered to the Holder a certificate therefor.

2. Delivery of Warrant Shares Upon Exercise. Upon receipt of a fax copy of an Exercise Notice pursuant to **Section 1** above, the Company shall, (A) no later than the close of business on the later to occur of (i) the third (3rd) Business Day following the Exercise Date specified in such Exercise Notice and (ii) such later date on which the Company shall have received payment of the Exercise Price, and (B) with respect to Warrant Shares that are the subject of a Dispute Procedure, the close of business on the third (3rd) Business Day following the determination made pursuant to **Section 1(b)** (each of the dates specified in (A) or (B) being referred to as a “**Delivery Date**”), issue and deliver or caused to be delivered to the Holder the number of Warrant Shares as shall be determined as provided herein. The Company shall effect delivery of Warrant Shares to the Holder, as long as the Company’s designated transfer agent (the “**Transfer Agent**”) participates in the Depository Trust Company (“**DTC**”) Fast Automated Securities Transfer program (“**FAST**”) and no restrictive legend is required pursuant to the terms of this Warrant or the LOC Agreement, by crediting the account of the Holder or its nominee at DTC (as specified in the applicable Exercise Notice) with the number of Warrant Shares required to be delivered, no later than the close of business on such Delivery Date. In the event that the Transfer Agent is not a participant in FAST or if the Holder so specifies in a Exercise Notice or otherwise in writing on or before the Exercise Date, the Company shall effect delivery of Warrant Shares by delivering to the Holder or its nominee physical certificates representing such Warrant Shares, no later than the close of business on such Delivery Date. Warrant Shares delivered to the Holder shall not contain any restrictive legend unless such legend is required pursuant to the terms of the LOC Agreement.

3. Failure to Deliver Warrant Shares.

(a) In the event that the Company fails for any reason to deliver to the Holder the number of Warrant Shares specified in the applicable Exercise Notice on or before the Delivery Date therefor (an “**Exercise Default**”), the Company shall pay to the Holder payments (“**Exercise Default Payments**”) in the amount of (i) $(N/365)$ multiplied by (ii) the aggregate Exercise Price of the Warrant Shares which are the subject of such Exercise Default multiplied by (iii) the lower of fifteen percent (15%) per annum and the maximum rate permitted by applicable law (the “**Default Interest Rate**”), where “N” equals the number of days elapsed between the original Delivery Date of such Warrant Shares and the date on which all of such Warrant Shares are issued and delivered to the Holder. Cash amounts payable hereunder shall be paid on or before the fifth (5th) Business Day of each calendar month following the calendar month in which such amount has accrued.

(b) In the event of an Exercise Default, the Holder may, upon written notice to the Company (an “**Exercise Default Notice**”), regain on the date of such notice the rights of the Holder under the exercised portion of this Warrant that is the subject of such Exercise Default. In the event of such Exercise Default and delivery of an Exercise Default Notice, the Holder shall retain all of the Holder’s rights and remedies with respect to the Company’s failure to deliver such Warrant Shares (including without limitation the right to receive the cash payments specified in **Section 3(a)** above).

(c) The Holder’s rights and remedies hereunder are cumulative, and no right or remedy is exclusive of any other. In addition to the amounts specified herein, the Holder shall have the right to pursue all other remedies available to it at law or in equity (including, without limitation, a decree of specific performance and/or injunctive relief). Nothing herein shall limit the Holder’s right to pursue actual damages for the Company’s failure to issue and deliver Warrant Shares on the applicable Delivery Date (including, without limitation, damages relating to any purchase of Common Stock by the Holder to make delivery on a sale effected in anticipation of receiving Warrant Shares upon exercise, such damages to be in an amount equal to (A) the aggregate amount paid by the Holder for the Common Stock so purchased minus (B) the aggregate amount of net proceeds, if any, received by the Holder from the sale of the Warrant Shares issued by the Company pursuant to such exercise).

4. Exercise Limitations. In no event shall a Holder be permitted to exercise this Warrant, or part hereof, if, upon such exercise, the number of shares of Common Stock beneficially owned by the Holder (other than shares which would otherwise be deemed beneficially owned except for being subject to a limitation on conversion or exercise analogous to the limitation contained in this **Section 4**), would exceed 9.99% of the number of shares of Common Stock then issued and outstanding. As used herein, beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules thereunder. To the extent that the limitation contained in this **Section 4** applies, the submission of an Exercise Notice by the Holder shall be deemed to be the Holder's representation that this Warrant is exercisable pursuant to the terms hereof and the Company shall be entitled to rely on such representation without making any further inquiry as to whether this **Section 4** applies. Nothing contained herein shall be deemed to restrict the right of a Holder to exercise this Warrant, or part thereof, at such time as such exercise will not violate the provisions of this **Section 4**. This **Section 4** may not be amended unless such amendment is approved by the holders of a majority of the Common Stock then outstanding; *provided, however*, that the limitations contained in this **Section 4** shall cease to apply upon sixty (60) days' prior written notice from the Holder to the Company.

5. [Intentionally Omitted]

6. Anti-Dilution Adjustments; Distributions; Other Events. The Exercise Price and the number of Warrant Shares issuable hereunder shall be subject to adjustment from time to time as provided in this **Section 6**. In the event that any adjustment of the Exercise Price required herein results in a fraction of a cent, the Exercise Price shall be rounded up or down to the nearest one hundredth of a cent.

(a) Subdivision or Combination of Common Stock. If the Company, at any time after the Issue Date, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a greater number of shares, then effective upon the close of business on the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the Issue Date, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the outstanding shares of Common Stock into a smaller number of shares, then, effective upon the close of business on the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionally increased.

(b) Distributions. If, at any time after the Issue Date, the Company declares or makes any distribution of cash or any other assets (or rights to acquire such assets) to holders of Common Stock, as a partial liquidating dividend or otherwise, including without limitation any dividend or distribution to the Company's shareholders in shares (or rights to acquire shares) of capital stock of a subsidiary) (a "**Distribution**"), the Company shall deliver written notice of such Distribution (a "**Distribution Notice**") to the Holder at least thirty (30) days prior to the earlier to occur of (i) the record date for determining shareholders entitled to such Distribution (the "**Record Date**") and (ii) the date on which such Distribution is made (the "**Distribution Date**") (the earlier of such dates being referred to as the "**Determination Date**"). In the Distribution Notice to a Holder, the Company shall indicate whether the Company has elected (A) to deliver to such Holder, upon any exercise of this Warrant after the Determination Date, the same amount and type of assets being distributed in such Distribution as though the Holder were, on the Determination Date, a holder of a number of shares of Common Stock into which this Warrant is exercisable as of such Determination Date (such number of shares to be determined at the Exercise Price then in effect and without giving effect to any limitations on such exercise) or (B) upon any exercise of this Warrant on or after the Determination Date, to reduce the Exercise Price applicable to such exercise by reducing the Exercise Price in effect on the Business Day immediately preceding the Record Date by an amount equal to the fair market value of the assets to be distributed divided by the number of shares of Common Stock as to which such Distribution is to be made, such fair market value to be reasonably determined in good faith by the Company's Board of Directors. If the Company does not notify the Holders of its election pursuant to the preceding sentence on or prior to the Determination Date, the Company shall be deemed to have elected clause (A) of the preceding sentence.

(c) Adjustments; Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this **Section 6**, the Holder of this Warrant shall, upon exercise of this Warrant, become entitled to receive securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this **Section 6**. Any adjustment made pursuant to **Section 6(a)** that results in a decrease or an increase in the Exercise Price shall also effect a proportional increase or decrease, as the case may be, in the number of shares of Common Stock into which this Warrant is exercisable.

7. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the exercise of this Warrant, but instead shall be rounded up or down to the nearest whole share amount.

8. Transfer of this Warrant.

The Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part, as long as such sale or other disposition is made pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Upon such transfer or other disposition (other than a pledge), the Holder shall deliver this Warrant to the Company together with a written notice to the Company, substantially in the form of the Transfer Notice attached hereto as **Exhibit B** (the "**Transfer Notice**"), indicating the person or persons to whom this Warrant shall be transferred and, if less than all of this Warrant is transferred, the number of Warrant Shares to be covered by the part of this Warrant to be transferred to each such person. Within three (3) Business Days of receiving a Transfer Notice and the original of this Warrant, the Company shall deliver to the each transferee designated by the Holder a Warrant or Warrants of like tenor and terms for the appropriate number of Warrant Shares and, if less than all this Warrant is transferred, shall deliver to the Holder a Warrant for the remaining number of Warrant Shares.

9. Benefits of this Warrant.

This Warrant shall be for the sole and exclusive benefit of the Holder of this Warrant and nothing in this Warrant shall be construed to confer upon any person other than the Holder of this Warrant any legal or equitable right, remedy or claim hereunder.

10. Loss, theft, destruction or mutilation of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity reasonably satisfactory to the Company, and upon surrender of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

11. Notice or Demands.

Any notice, demand or request required or permitted to be given by the Company or the Holder pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (i) when delivered personally or by verifiable facsimile transmission, unless such delivery is made on a day that is not a Business Day, in which case such delivery will be deemed to be made on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to an overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid), addressed as follows:

If to the Company:

Ener1, Inc.
1540 Broadway, Suite 25C
New York, NY 10036
Attn: Chief Financial Officer
Tel: 212-920-3500
Fax: 212-920-3510

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

Mazzeo Song & Bradham LLP
708 Third Avenue
19th Floor
New York, New York 10017
Tel: (212) 599-0700
Fax: (212) 599-8400

and if to the Holder, to such address for such party as shall appear on the records of the Company. Any party may change its address for notice by sending notice in accordance with this **Section 11**.

12. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City and County of New York for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Warrant and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

13. Amendments.

No amendment, modification or other change to, or waiver of any provision of, this Warrant may be made unless such amendment, modification or change is set forth in writing and is signed by the Company and the Holder.

14. Entire Agreement.

This Warrant constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Warrant supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

15. Headings.

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has duly executed and delivered this Warrant as of the Issue Date.

ENER1, INC.

By: _____

Name:

Title:

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EXERCISE NOTICE

The undersigned Holder hereby irrevocably exercises the right to purchase _____ shares of Common Stock ("**Warrant Shares**") of Ener1, Inc. (the "**Company**") evidenced by the attached Warrant (the "**Warrant**"). The Holder shall pay the sum of \$_____ to the Company in accordance with the terms of the Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

TRANSFER NOTICE

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons named below the right to purchase _____ shares of the Common Stock of _____ evidenced by the attached Warrant.

Date: _____

Name of Registered Holder

By: _____

Name:

Title:

Transferee Name and Address:

