FORM 8-K

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ENER1 INC

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

FORM 8-K

PURSUANT TO SECTION 13 OR 15(d) OF
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 27, 2012

ENER1, INC.

(Exact Name of Registrant as Specified in Charter)

Florida	001-34050	59-2479377
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1540 Broadway, Suite 40
New York, NY 10036
(Address of Principal Executive Offices) (Zip Code)

(212) 920-3500
(Registrant's Telephone Number, including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

£ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

£ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

£ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b))

£ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On February 27, 2012, Ener1, Inc. (the "Company"), Bzinfin S.A. ("Bzinfin") and Liberty Harbor Special Investments, LLC, Goldman Sachs Palmetto State Credit Fund, L.P., Whitebox Multi Strategy Partners, L.P., Whitebox Concentrated Convertible Arbitrage Partners L.P., Pandora Select Partners, L.P., Whitebox Credit Arbitrage Partners, L.P., and Whitebox Special Opportunities Fund LP, Series B (together with Bzinfin, the "Support Parties") entered into an Agreement and Consent to amend certain provisions of the Company's Prepackaged Plan of Reorganization and the form of New Notes Loan Agreement attached as exhibits to the Restructuring, Lockup and Plan Support Agreement (the "Support Agreement"), dated as of January 26, 2012. The Agreement and Consent, including the referenced amendments, is filed as Exhibit 10.1 hereto. The Support Agreement is further described in the Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission (the "SEC") on January 26, 2012, and Current Report on Form 8-K/A filed by the Company with the SEC on January 27, 2012 (together, the "Prior Form 8-Ks").

Item 1.03 Bankruptcy or Receivership.

(b) As previously disclosed in the Prior Form 8-Ks, on January 26, 2012, the Company filed a voluntary petition in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") seeking relief under the provisions of Chapter 11 ("Chapter 11") of Title 11 of the United States Bankruptcy Code ("Bankruptcy Code"). The Chapter 11 case is being administered under the caption "In re Ener1, Inc.," Case No. 12-10299 (the "Chapter 11 Case").

On February 28, 2012, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Company's Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code, as amended on February 27, 2012 in accordance with the Agreement and Consent (as so amended, the "Plan"). The Plan is expected to become effective, subject to certain conditions that must be satisfied, on or about March 14, 2012 (the "Effective Date"). The Confirmation Order is filed as Exhibit 99.1 hereto.

Restructuring of Long Term Debt

The Plan provides for a restructuring of the Company's long-term debt and the infusion of up to $86 million of new capital pursuant to the terms and subject to the conditions of the equity commitment agreement that will provide both exit financing and working capital to conduct the continued operation of the Company's consolidated subsidiaries (the "Exit Financing"). The first $55 million under the Exit Financing will be provided by Bzinfin, and will be comprised of cash plus the principal amount outstanding under the DIP Facility (defined below), which amount will be converted into New Preferred Stock (as defined and described below). The balance of $31 million will be provided by Bzinfin together with the other Support Parties. Pursuant to the Plan, the Company's $57.3 million in outstanding principal amount of Tranche A and Tranche B 8.25% senior unsecured notes (the "Old Senior Notes"), $10.0 million in outstanding principal amount of 6% senior convertible notes (the "Old Convertible Notes") and the Company's Line of Credit Facility (the "Line of Credit"), under which $11.2 million principal is outstanding will be terminated in exchange for (i) a combination of shares of new common stock, par value $0.01 per share (the "New Common Stock"), issued by the reorganized Company (with respect to the Old Senior Notes, Old Convertible Notes and Line of Credit), (ii) cash, which may be funded under the Exit Financing (with respect to the Old Senior Notes and Old Convertible Notes), and (iii) new term debt issued by the Company (with respect to the Old Senior Notes).

In addition, on the Effective Date, the Company's $20 Million Debtor-in-Possession Loan Agreement (the "DIP Facility"), dated as of January 27, 2012, as amended, with Bzinfin, as lender and agent, will terminate and all obligations thereunder will be due and payable in full. The principal amount due under the DIP Facility will be fully satisfied with shares of Series A Cumulative Convertible Preferred Stock (the "New Preferred Stock") to be issued by the reorganized Company, having an aggregate liquidation preference equal to the principal amount due under the DIP Facility.

General Unsecured Creditors

Aside from the restructured long-term debt, the claims of general unsecured creditors are unimpaired and will be paid by the Company in full in the ordinary course of business pursuant to the Plan.

Old Common Stock

Pursuant to the Plan, as disclosed in the Prior Form 8-Ks, all of the Company's currently outstanding common stock (the "Old Common Stock") will be cancelled on the Effective Date without receiving any distribution. As of January 26, 2012, the date the Chapter 11 Case was filed, there were 186,903,788 shares of Old Common Stock outstanding.

Articles of Incorporation and By-Laws

The Plan provides that the Company will adopt Amended and Restated Articles of Incorporation (the "Amended Charter"), which are expected to become effective on the Effective Date. The Amended Charter will authorize the Company to issue the New Common Stock and preferred stock, par value $0.01 per share, including the New Preferred Stock. In addition, in connection with the Plan, the Company will adopt Amended and Restated By-Laws, which are expected to become effective on the Effective Date.

Board of Directors

As of the Effective Date, the reorganized Company is expected to have a newly-appointed four-member board of directors.

The above description of the Plan is not complete and is qualified in its entirety by the full text of the Plan, which is included in Exhibits 2.1 and 2.2 to this Current Report on Form 8-K and incorporated by reference herein. A summary of the Plan and information as to the Company's assets and liabilities is provided in the Disclosure Statement with respect to the Plan. The Disclosure Statement is incorporated by reference as Exhibit 99.2 hereto and the Supplement to the Disclosure Statement is filed as Exhibit 99.3 hereto.

Item 7.01 Regulation FD Disclosure

On February 29, 2012, the Company issued a press release announcing the confirmation of the Plan, a copy of which is furnished with this Current Report as Exhibit 99.4 and is incorporated by reference into this Item 7.01.

Court documents filed in the Chapter 11 Case (other than documents filed under seal or otherwise subject to confidentiality protections) are accessible at the Bankruptcy Court's Internet site, www.nysb.uscourts.gov, through an account obtained from Pacer Service Center at 1-800-676-6856 or online at http://pacer.psc.uscourts.gov. The information set forth on the foregoing websites shall not be deemed to be a part of or incorporated by reference into this Current Report on Form 8-K.

Item 8.01 Other Events

Upon the Effective Date, as a result of the termination of the Old Common Stock and the other actions undertaken in connection with the consummation of the Plan, the Company will become privately held by fewer than ten shareholders of record. As a result, and as provided in the Confirmation Order, the Company intends to file a Form 15 with the SEC pursuant to Rule 12(g)-4 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), promptly after the Effective Date. The filing of the Form 15 will immediately suspend the Company's reporting obligations under Sections 13(a) and 15(d) of the Exchange Act, including obligations to file Forms 10-K, 10-Q and 8-K.

Cautionary Statement Regarding Forward-Looking Information

This Current Report on Form 8-K contains "forward-looking statements" within the meaning of the federal securities laws. Statements regarding future events and developments and the Company's future performance, as well as management's expectations, beliefs, plans or estimates are forward-looking statements within the meaning of these laws. These forward-looking statements may be indicated by words such as "expects," "anticipates," "will," "plans," "believes," "scheduled," "estimates" and similar words and expressions, and include, but are not limited to, statements with respect to the completion of the court process, including the timing, outcome and impact on the Company's business, the ability of the Company to consummate the Plan by the Effective Date and the ability of the Exit Facility to meet the Company's post-emergence working capital and restructuring needs. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, these statements are not guarantees of future performance and involve risks and uncertainties, which are difficult to predict and many of which are outside of the control of the Company. If any of these risks or uncertainties materialize, or if underlying assumptions prove to be incorrect, actual developments and results may vary significantly from those projected.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
2.1	Prepackaged Plan Of Reorganization under Chapter 11 of the Bankruptcy Code (incorporated by reference to Exhibit A of Exhibit 10.1 of the Company's Current Report on Form 8-K filed on January 26, 2012).
2.2*	Modified Pre-Packaged Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated February 27, 2012 (incorporated by reference to Exhibit A to Exhibit 10.1 hereto).
10.1*	Agreement and Consent, dated February 27, 2012.
99.1*	Confirmation Order, dated February 28, 2012.
99.2	Disclosure Statement in Connection with the Prepetition Solicitation of Votes in Respect of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated January 26, 2011 (incorporated by reference to Exhibit C to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on January 26, 2012).
99.3*	Supplement to the Disclosure Statement in Connection with the Prepetition Solicitation of Votes in Respect of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code, dated February 22, 2012.
99.4+	Press release dated February 29, 2012.

_____

* Filed herewith.

+ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 2, 2012

Ener1, Inc.

By: /s/ Nicholas Brunero
Name: Nicholas Brunero
Title: Interim President and General Counsel

AGREEMENT AND CONSENT

February 27, 2012

In accordance with the terms and conditions of that certain Restructuring, Lockup and Plan Support Agreement, dated as of January 25, 2012 (the "Plan Support Agreement"), by and among the parties hereto, (a) the parties hereto hereby consent to the amendment to the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code, attached as Exhibit A to the Plan Support Agreement, and filed by Ener1, Inc., on January 26, 2012, with the United States Bankruptcy Court for the Southern District of New York (the "Plan"), in accordance with Exhibit A hereto, (b) the parties hereto hereby consent to the amendment to the form of New Notes Loan Agreement (attached as Exhibit B to the Plan Support Agreement, and filed on January 26, 2012, as Schedule 1 to the Plan), in accordance with Exhibit B hereto, (c) the parties hereto hereby acknowledge and agree that the aggregate amount of the Initial Equity Contribution (as such term is defined in the form of Equity Commitment Agreement, attached as Exhibit G to the Plan Support Agreement, and filed on January 26, 2012, as Schedule 4 to the Plan (the "Equity Commitment Agreement")), shall be $11,300,000, (d) the parties hereto acknowledge and agree that footnote 3 to the Equity Commitment Agreement (Maximum Equity Amount) is hereby replaced in its entirety to read as follows: "$55 million less the principal amount of the DIP borrowings converted into Preferred Stock at confirmation of the plan" and (e) Bzinfin S.A. hereby agrees to reasonably agree to the amendment to Exhibit B to the Equity Commitment Agreement (Consolidated EBITDA and Working Capital Ratio Milestones) to be proposed by Ener1, Inc. (the "Company") following the date hereof, which amendment shall be prepared by the Company based on the Budget attached as Exhibit J to the New Notes Loan Agreement referred to in clause (b) above.

Except as amended hereby, the Plan Support Agreement is hereby reconfirmed and shall remain in full force and effect without modification.

This Agreement and Consent shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to any conflict of laws provisions which would require the application of the law of any other jurisdiction.

This Agreement and Consent may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement. Execution copies of this Agreement and Consent may be delivered by facsimile or electronic mail which shall be deemed to be an original.

[Signature Page Follows]

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

ENER1, INC.

By: /s/ Alex Sorokin
Name: Alex Sorokin
Title: CEO

GSAM

LIBERTY HARBOR SPECIAL INVESTMENTS, LLC

By: Goldman Sachs Asset Management, L.P.

/s/ Gregg J. Felton
Name: Gregg J. Felton
Title: Authorized Signatory

GOLDMAN SACHS PALMETTO STATE CREDIT FUND, L.P.

By: Goldman Sachs Asset Management, L.P.

/s/ Gregg J. Felton
Name: Gregg J. Felton
Title: Authorized Signatory

WHITEBOX

WHITEBOX CREDIT ARBITRAGE PARTNERS, L.P.

By: /s/ Mark Strefling
Name: Mark Strefling
Title: CLO

PANDORA SELECT PARTNERS, L.P.

By: /s/ Mark Strefling
Name: Mark Strefling
Title: CLO

WHITEBOX CONCENTRATED CONVERTIBLE ARBITRAGE PARTNERS, L.P.

By: /s/ Mark Strefling
Name: Mark Strefling
Title: CLO

WHITEBOX MULTI STRATEGY PARTNERS, L.P.

By: /s/ Mark Strefling
Name: Mark Strefling
Title: CLO

WHITEBOX SPECIAL OPPORTUNITIES FUND LP, SERIES B

By: /s/ Mark Strefling
Name: Mark Strefling
Title: CLO

BZINFIN

BZINFIN S.A.

By: /s/ Patrick T. Billet
Name: Patrick T. Billet
Title: Attorney-in-fact

ITOCHU

ITOCHU CORPORATION

By: /s/ Kiyoshi Fujii
Name: Kiyoshi Fujii
Title: General Manager
Industrial Machinery & electronic System Dept.

Exhibit A – Amendment to Plan

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re: ENER1, INC., Debtor.	Chapter 11 Case No.: 12-

MODIFIED PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

REED SMITH LLP

- 599 Lexington Avenue
- 22nd Floor
- New York, NY 10022
- Telephone: (212) 521 5400
- Facsimile: (212) 521 5450

Proposed Counsel for the Debtor

Dated: ~~January 26,~~February 27, 2012

1.38 Exit Funding: The commitment of the Exit Funder to provide financing in an amount of up to $~~81~~86 million less the principal amount outstanding under the DIP Facility as of the Effective Date on the terms set forth in the Equity Commitment Agreement, substantially in the form annexed as Schedule 4 to the Plan, to be entered into as of the Effective Date.

1.39 Exit Funder: Each of Bzinfin S.A. (or its Affiliate), Goldman Sachs Palmetto State Credit Fund, L.P., Liberty Harbor Special Investments, LLC, Whitebox Multi Strategy Partners, L.P., Whitebox Concentrated Convertible Arbitrage Partners L.P., Pandora Select Partners, L.P., Whitebox Credit Arbitrage Partners, L.P., and Whitebox Special Opportunities Fund LP, Series B, in each case, in its capacity as a provider of a portion of the Exit Funding, in accordance with the terms of the Equity Commitment Agreement.

1.40 File or Filed: To file, or to have been filed, with the Clerk of the Bankruptcy Court in the Chapter 11 Case.

1.41 Final Decree: A Final Order of the Bankruptcy Court entered pursuant to section 350(a) of the Bankruptcy Code closing the Chapter 11 Case.

1.42 Final Distribution: The final payment made to any holders of Claims in Class 6 (General Unsecured Claims).

1.43 Final Distribution Date: The date upon which the Final Distribution is made.

1.44 Final Order: An order or judgment of the Bankruptcy Court or other court of competent jurisdiction, as entered on its docket, that has not been reversed, stayed, vacated, modified or amended, and as to which (i) the time to appeal, petition for certiorari or move for a stay, reargument, rehearing or a new trial has expired and no appeal, petition for

denoted as a percentage rate of interest on a principal sum of money or (ii) a security interest in property), the term "Interest" means "equity security", as defined in section 101(16) of the Bankruptcy Code, and includes all issued shares of common stock and preferred stock of the Debtor as of the Petition Date, all Warrants, options, or other rights, contractual or otherwise, to acquire any such equity interest in the debtor, or the right to purchase, sell, or subscribe to a share, security, or interest specified in subparagraph (A) or (B) of section 101(16) of the Bankruptcy Code, and any subordinated claim which arises pursuant to section 510(b) of the Bankruptcy Code.

1.50 Lien: Shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

1.51 Line of Credit Agreement: The Line of Credit Agreement dated June 29, 2011, as amended, by and between the Debtor and Bzinfin S.A., that established a line of credit for the Debtor in the aggregate principal amount of $15,000,000, as may be amended or supplemented from time to time, provided, however, that pursuant to the terms of the Subordination Agreement the indebtedness under the Line of Credit Agreement is subordinated to the indebtedness under the Senior Notes Agreement.

1.52 Line of Credit Claims: The Claims arising under the Line of Credit Agreement.

1.53 Line of Credit Claims New Common Stock Amount: $12,081,177.28

1.54 Net Cumulative Cash Outflows: This term shall have the meaning ascribed to it in the New Notes Loan Agreement and be calculated for the period from February 27, 2012 through March 29, 2013.

1.55 ~~1.54~~ New Board of Directors: The board of directors of the Reorganized Debtor on and after the Effective Date.

1.56 ~~1.55~~ New Common Stock: The common stock, par value $0.01 per share, to be issued by the Reorganized Debtor on the Effective Date to the holders of Claims in Classes 3, 4, and 5 pursuant to sections 5.3, 5.4, and 5.5 of this Plan and reserved for issuance upon the conversion of New Preferred Stock into New Common Stock.

1.57 ~~1.56~~ New Directors: The persons identified in the Plan Supplement who will serve as directors of the Reorganized Debtor on and after the Effective Date.

1.58 ~~1.57~~ New Notes: The notes to be issued to the holders of Claims in Class 3, pursuant to the New Notes Loan Agreement and section 5.3 of this Plan.

1.59 ~~1.58~~ New Notes Loan Agreement: The Loan Agreement, substantially in the form annexed as Schedule 1 to this Plan, to be entered into on the Effective Date by and among the Debtor, and as lenders, Goldman Sachs Palmetto State Credit Fund, L.P.; Liberty Harbor Special Investments, LLC; Whitebox Multi Strategy Partners, L.P.; Whitebox Concentrated Convertible Arbitrage Partners L.P.; Pandora Select Partners, L.P.; Whitebox Credit Arbitrage Partners, L.P.; and Whitebox Special Opportunities Fund LP, Series B, as may be amended or supplemented from time to time.

1.60 ~~1.59~~ New Organization Documents: The Amended and Restated Articles of Incorporation and the Amended and Restated Bylaws of the Reorganized Debtor, substantially in the form annexed as Schedule 5.

1.61 ~~1.60~~ New Preferred Stock: The Series A Cumulative Convertible Preferred Stock to be issued by the Reorganized Debtor on the Effective Date and thereafter.

Loan Claims are outstanding on the Effective Date, such Claims shall be paid in full (including principal, accrued prepetition and postpetition interest through the date of payment, any adequate protection payments required in connection therewith and all other amounts due under the Bridge Loan Documents) in cash on the Effective Date and upon such payment the Liens granted to the Bridge Lenders pursuant to the Bridge Loan Documents shall terminate and be deemed released.

5.3 Class 3 (Senior Note Claims). Each holder of a Senior Note Claim will receive its *pro rata* allocation of (i) on the Effective Date (a) Cash in the amount of $~~2,717,708.76,~~1,001,261.12, (b) New Notes with a principal amount equal to (1) 75% of the principal amount of the Senior Notes (plus accrued interest through the Effective Date) minus (2) $8,153,126.28, and (c) a number of shares of New Common Stock equal to 10,000,000 multiplied by the quotient of the Senior Note Claims New Common Stock Amount divided by the Total New Common Stock Calculation Amount; (ii) on the date that is four months after the Effective Date, Cash in the amount of $2,717,708.76, together with interest thereon accruing from the Effective Date through the date of payment at the interest rate of 7 percent per annum to be paid in Cash; ~~and~~ (iii) on the date that is eight months after the Effective Date, Cash in the amount of $2,717,708.76, together with interest thereon accruing from the Effective Date through the date of payment at the interest rate of 7 percent per annum to be paid in Cash~~. The four and eight month~~; and (iv) on the later of the first anniversary of the Effective Date or April 10, 2013, Cash in the amount of $1,716,447.64, together with interest thereon accruing from the Effective Date through the date of payment at the interest rate of 7 percent per annum, to be paid in

Cash; *provided, however*, that for every dollar that the Net Cumulative Cash Outflows are greater than $25,915,000.00, 85.8 cents will be satisfied in shares of New Preferred Stock up to an aggregate amount of $1,716,447.64, plus accrued interest on such amount, rather than paid in Cash; *provided further, however*, that if the Net Cumulative Cash Outflows are greater than or equal to $27,915,000.00, then the full amount of the $1,716,447.64 payment, including interest thereon, will be satisfied in shares of New Preferred Stock. To the extent that shares of New Preferred Stock are used to satisfy any portion of the $1,716,447.64 payment, including any interest thereon, such shares shall have an aggregate liquidation preference equal to the portion of the $1,716,447.64 payment, plus any interest thereon, satisfied with shares of New Preferred Stock. Each of the Cash payments set forth above in clauses (ii), (iii), and (~~iii~~iv) shall have the benefit of the collateral and guarantees provided for in the New Notes Loan Agreement and shall be (x) pari passu with the payments with respect to the Convertible Note Claims set forth in sections 5.4 (ii,) (iii), and (~~iii~~iv) below, and (y) senior in right of payment to the principal and interest payments under the New Notes Loan Agreement, on terms set forth in the New Notes Loan Agreement.

5.4 Class 4 (Convertible Note Claims). Each holder of a Convertible Note Claim will receive its *pro rata* allocation of (i) on the Effective Date (a) Cash in the amount of $~~448,957.91~~165,405.54 and (b) a number of shares of New Common Stock equal to 10,000,000 multiplied by the quotient of the Convertible Note Claims New Common Stock Amount divided by the Total New Common Stock Calculation Amount, (ii) on the date that is four months after the Effective Date, Cash in the amount of $448,957.91, together with interest thereon accruing from the Effective Date through the date of payment at the interest rate of 7 percent per annum to be paid in Cash; ~~and~~ (iii) on the date that is eight months after the Effective Date, Cash in the amount of $448,957.91, together with interest thereon accruing from the Effective Date through the date of payment at the interest rate of 7 percent per annum to be paid in Cash~~. The four and eight month~~; and (iv) on the later of the first anniversary of the Effective Date or April 10, 2013,

Cash in the amount of $283,552.36, together with interest thereon accruing from the Effective Date through the date of payment at the interest rate of 7 percent per annum, to be paid in Cash; *provided, however*, that for every dollar that the Net Cumulative Cash Outflows are greater than $25,915,000.00, 14.2 cents will be satisfied in shares of New Preferred Stock up to an aggregate amount of $283,552.36, plus accrued interest on such amount, rather than paid in Cash; *provided further, however*, that if the Net Cumulative Cash Outflows are greater than or equal to $27,915,000.00, then the full amount of the $283,552.36 payment, including interest thereon, will be satisfied in shares of New Preferred Stock. To the extent that shares of New Preferred Stock are used to satisfy any portion of the $283,552.36 payment, including any interest thereon, such shares shall have an aggregate liquidation preference equal to the portion of the $283,552.36 payment, plus any interest thereon, satisfied with shares of New Preferred Stock. Each of the Cash payments set forth above in clauses (ii), (iii), and (~~iii~~iv) shall have the benefit of the collateral and guarantees provided for in the New Notes Loan Agreement and shall be (x) pari passu with the payments with respect to the Senior Note Claims set forth in sections 5.3 (ii,) (iii), and (~~iii~~iv) above, and (y) senior in right of payment to the principal and interest payments under the New Notes Loan Agreement, on terms set forth in the New Notes Loan Agreement.

5.5 Class 5 (Line of Credit Claims). On the Effective Date, each holder of a Line of Credit Claim will receive its *pro rata* allocation of a number of shares of New Common Stock equal to 10,000,000 multiplied by the quotient of the Line of Credit Claims New Common Stock Amount divided by the Total New Common Stock Calculation Amount.

5.6 Class 6 (General Unsecured Claims) Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment or has been paid prior to the Effective Date, each Allowed General Unsecured Claim in Class 6 (General

7.2 Issuance of New Notes. On the Effective Date: (i) the Senior Notes shall be canceled and extinguished, and the holders thereof shall not retain any rights thereunder and such instruments shall evidence no rights; and, (ii) the Reorganized Debtor will issue the New Notes pursuant to the New Notes Loan Agreement.

7.3 Issuance of New Common Stock and New Preferred Stock. On the Effective Date: (i) all authorized or issued Interests shall be canceled and extinguished, and the holders thereof shall not retain any rights thereunder and such instruments shall evidence no rights; and, (ii) the Reorganized Debtor will issue the New Common Stock and the New Preferred Stock other than the New Preferred Stock that is to be issued at a later date pursuant to the Plan and the Equity Commitment Agreement. Upon the issuance of the New Common Stock and the New Preferred Stock, each holder of a Claim who accepts delivery of such shares of New Common Stock and New Preferred Stock provided for in this Plan, will be deemed to have consented and agreed to the terms of, and will thereby be deemed to have become a party to, the Stockholders Agreement and the Registration Rights Agreement regardless of whether such party actually executes the Stockholders Agreement or the Registration Rights Agreement. An aggregate of 10,000,000 shares of New Common Stock will be (x) issued on the Effective Date to holders of Senior Note Claims, Convertible Note Claims, and Line of Credit Claims under the Plan and (y) reserved for issuance upon the conversion of the New Preferred Stock issued and outstanding as of the Effective Date (in an amount equal to the Total New Preferred Stock Amount) into New Common Stock. The conversion price for the New Preferred Stock shall be the Total New Common Stock Calculation Amount divided by 10,000,000.

7.4 No Fractional Shares. No fractional shares of New Common Stock or New Preferred Stock shall be distributed pursuant to the Plan. When any distribution on account

other professionals have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities under the Plan. Accordingly, such entities and individuals shall not be liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of the securities under the Plan.

14.18 Expedited Tax Determination. The Reorganized Debtor may request an expedited determination of taxes under 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Debtor for any and all taxable periods ending after the Petition Date through, and including, the Effective Date.

14.19 Dissolution of any Statutory Committees and Cessation of Fee and Expense Payment. To the extent that one or more official committees are appointed in the Chapter 11 Case, such committees shall be dissolved on the Effective Date and the retention or employment of any advisors or professionals retained by the committees, including, without limitation, accountants, attorneys and financial advisors will terminate. After the Effective Date, the Reorganized Date Debtor shall no longer be responsible for paying any fees and expenses incurred by the members of any advisors or professionals retained by any such committees.

14.20 Fees and Expenses of Plan Support Parties. On the Effective Date, the Debtor shall pay all fees and expenses of the Plan Support Parties in accordance with the terms of the Plan Support Agreement.

Dated: ~~January 26,~~February 27, 2012

Respectfully submitted,
Ener1, Inc., a Florida corporation

By: *s/ Alex Sorokin*

~~WEIL DRAFT~~

~~01/25/12~~

LOAN AGREEMENT

dated as of [_____ ___], 2012

among

ENER1, INC.,
as Borrower

CERTAIN SUBSIDIARIES OF ENER1, INC.,
as Guarantors

VARIOUS LENDERS,

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Administrative Agent and Collateral Agent,

$[_____] **Term Loan**

"Borrower" as defined in the preamble hereto.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

"Bzinfin" means Bzinfin S.A.

"Capital Lease" means, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"Cash" means money, currency or a credit balance in any demand or Deposit Account.

"Cash Equivalents" means, as at any date of determination, any of the following: (i) marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (b) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one year after such date; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iii) commercial paper maturing no more than three months from the date of creation thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iv) certificates of deposit or bankers' acceptances maturing within three months after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia that (a) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator) and (b) has Tier 1 capital (as defined in such regulations) of not less than $1,000,000,000; and (v) shares of any money market mutual fund that (a) has substantially all of its assets invested continuously in the types of investments referred to in clauses (i) and (ii) above, (b) has net assets of not less than $5,000,000,000, and (c) has the highest rating obtainable from either S&P or Moody's.

"Certificate re Non-Bank Status" means a certificate substantially in the form of Exhibit E.

"**Change of Control**" means (a) the consummation of a merger or consolidation of Borrower with or into another entity (except a merger or consolidation in which the holders of Borrower's outstanding Stock immediately prior to such merger or consolidation continue to Beneficially Own immediately thereafter at least 50% of the voting power of Stock or the capital stock, or equivalent equity interests, of the surviving or acquiring entity (or its parent entity if the surviving entity is wholly owned by the parent entity), (b) a sale, lease or other disposition of all or substantially all of the assets of Borrower and its Subsidiaries on a consolidated basis (including securities of Borrower's directly or indirectly owned subsidiaries), other than a sale, lease or other disposition to an Affiliate of the Borrower or to Bzinfin or its Affiliates, (c) such time that Bzinfin, together with its Affiliates, including any Permitted Transferee as a result of a Permitted Transfer under clauses (b), (c) or (e) of the definition thereof, cease to possess the power to elect a majority of the members of the Board of Directors of Borrower or (d) such time that Bzinfin and its Affiliates, including any Permitted Transferee as a result of a Permitted Transfer under clauses (b), (c) or (e) of the definition thereof, shall cease to Beneficially Own, in the aggregate, at least 35% of the outstanding shares of the Stock on an as converted basis into New Common Stock.

"Debtor Relief Laws" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"Deferred Amount" means the amount equal to (a) $3,000,000 if on the Amortization Date that is the later of: (i) the first anniversary of the Closing Date and (ii) April 10, 2013, the Net Cumulative Cash Outflows from February 27, 2012 through March 29, 2013 are equal to or exceed $25,915,000 and (b) the difference between $25,915,000 and the Net Cumulative Cash Outflows from February 27, 2012 through March 29, 2013 (not to exceed $3,000,000) if on the Amortization Date that is the later of: (i) the first anniversary of the Closing Date and (ii) April 10, 2013, the Net Cumulative Cash Outflows from February 27, 2012 through March 29, 2013 is less than $25,915,000. For purposes of Section 2.7(a) hereof, the Deferred Amount shall be deemed to include accrued interest thereon to the extent as and when the Deferred Amount is paid in shares of New Preferred Stock in accordance with the provisos in such Section 2.7(a).

"Deposit Account" means a demand, time, savings, passbook or like account with a bank, savings and loan association, credit union or like organization, other than an account evidenced by a negotiable certificate of deposit.

"Disqualified Equity Interests" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (i) matures or is mandatorily redeemable (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (ii) is redeemable at the option of the holder thereof (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), in whole or in part, (iii) provides for the scheduled payments or dividends in cash, or (iv) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Latest Maturity Date.

"Dollars" and the sign **"$"** mean the lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary organized under the laws of the United States of America, any State thereof or the District of Columbia.

"Effective Date" has the meaning assigned to that term in the Plan.

"Eligible Assignee" means any Person other than a natural Person that is (i) a Lender, an affiliate of any Lender or a Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), or (ii) a commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act); provided, no Credit Party or any Subsidiary of a Credit Party shall be an Eligible Assignee.

"Employee Benefit Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or was sponsored, maintained or contributed to by, or required to be contributed by, Borrower, any of its Material Subsidiaries or any of their respective ERISA Affiliates.

"NAIC" means The National Association of Insurance Commissioners, and any successor thereto.

"Narrative Report" means, with respect to the financial statements for which such narrative report is required, a narrative report describing the operations of Borrower and its Subsidiaries in the form prepared for presentation to senior management thereof for the applicable month, Fiscal Quarter or Fiscal Year and for the period from the beginning of the then current Fiscal Year to the end of such period to which such financial statements relate.

"Net Asset Sale Proceeds" means, with respect to any Asset Sale, an amount equal to: (i) Cash payments (including any Cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received by Borrower or any of its Material Subsidiaries from such Asset Sale, minus (ii) any bona fide direct costs (not payable to any Affiliate of Borrower) incurred in connection with such Asset Sale, including (a) income or gains taxes payable by the seller as a result of any gain recognized in connection with such Asset Sale and any taxes that may be withheld as a result of repatriation of such Cash payments to Borrower (including in connection with distributions to any Subsidiary), (b) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than the Term Loans) that is secured by a Lien on the stock or assets in question (or, in the case of Asset Sales by Ener1 Korea, to the extent required by the terms of unsecured Indebtedness of Ener1 Korea; provided that the terms requiring such repayment are substantially similar to the terms of existing Indebtedness of Ener1 Korea on the date hereof) and that is required to be repaid under the terms thereof as a result of such Asset Sale and (c) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by Borrower or any of its Material Subsidiaries in connection with such Asset Sale; provided that upon release of any such reserve, the amount released shall be considered Net Asset Sale Proceeds; provided, further, that payments received with respect to any Asset Sale consummated by a Material Subsidiary which is a joint venture or strategic alliance shall not constitute Net Asset Sale Proceeds to the extent that the applicable joint venture or strategic alliance agreement restricts the distribution of such proceeds to the parties thereto.

"Net Cumulative Cash Outflows" means an aggregate amount of all cash outflows net of all cash inflows of Borrower and its Subsidiaries calculated substantially as set forth in Exhibit J attached hereto for illustrative purposes only.

"Net Insurance/Condemnation Proceeds" means an amount equal to: (i) any Cash payments or proceeds received by Borrower or any of its Material Subsidiaries (a) under any casualty insurance policy in respect of a covered loss thereunder or (b) as a result of the taking of any assets of Borrower or any of its material Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, minus (ii) (a) any actual and reasonable costs (not payable to any Affiliate of Borrower) incurred by Borrower or any of its material Subsidiaries in connection with the adjustment or settlement of any claims of Borrower or such Material Subsidiary in respect thereof, and (b) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (i)(b) of this definition, including income taxes payable as a result of any gain recognized in connection therewith.

"Net Mark-to-Market Exposure" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Indebtedness of the type described in clause (xi) of the definition thereof. As used in this definition, "unrealized losses" means the fair market value of the cost to such Person of replacing such Indebtedness as of the date of determination (assuming such Indebtedness were to be terminated as of that date), and

"Secured Parties" means (i) each Agent, (ii) each Lender, (iii) solely with respect to the Holders Plan Payments, each Holder, and (iv) solely with respect to the Itochu Plan Payments, Itochu.

"Securities" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"Solvent" means, with respect to any Credit Party, that as of the date of determination, both (i) (a) the sum of such Credit Party's debt (including contingent liabilities) does not exceed the present fair saleable value of such Credit Party's present assets; (b) such Credit Party's capital is not unreasonably small in relation to its business as contemplated on the Closing Date and reflected in the Projections or with respect to any transaction contemplated to be undertaken after the Closing Date; and (c) such Person has not incurred and does not intend to incur, or believe (nor should it reasonably believe) that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise); and (ii) such Person is "solvent" within the meaning given that term and similar terms under the Bankruptcy Code and other applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standards No.5).

"Specified Amount " as defined in Section 2.7(a).

"Sponsor" means Bzinfin S.A.

"Stock" means all issued and outstanding shares of New Common Stock and New Preferred Stock, together with all other shares of capital stock of Borrower of any class or series which may after the Effective Date be issued.

"Subordinated Indebtedness" as defined in Section 6.1(o).

"Stockholders Agreement" means that certain Stockholders Agreement, dated as of the Effective Date, by and among the Borrower and the shareholders of the Company party thereto, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining

such notice is delivered after the Closing Date, promptly after Borrower's receipt of such notice) a Note or Notes to evidence such Lender's Term Loan.

2.4 Interest on Term Loans.

(a) Except as otherwise set forth herein, each Loan shall bear interest on the unpaid principal amount thereof from the date made through repayment (whether by acceleration or otherwise) at the rate that is 7.00% *per annum*; provided that (i) commencing on the Interest Payment Date occurring on the last Business Day of the Fiscal Quarter ending March 31, 2013, in the event that, as of any Interest Payment Date, the Fixed Charge Coverage Ratio for the four Fiscal Quarter period most recently ended prior to such Interest Payment Date (as demonstrated in the Fixed Charge Coverage Ratio Certificate delivered to the Administrative Agent not later than 12:00 p.m. (New York City time) at least three Business Days in advance of the applicable Interest payment Date) equals or exceeds 1.75:1, accrued interest on the Term Loans as of such Interest Payment Date shall be paid in cash and (ii) in the event that the requirements of clause (i) above are not satisfied at such Interest Payment Date, and in any event prior to March 31, 2013, the accrued interest on the Term Loans at such Interest Payment Date shall be capitalized with and added to the principal amount of the Term Loans for all purposes of this Agreement (such capitalized interest, "**PIK Interest**"), it being understood that the amount of PIK Interest as of any date shall include all PIK Interest capitalized prior to or on such date.

(b) Interest payable or capitalized (as applicable) pursuant to Section 2.4(a) shall be computed on the basis of a 360-day year for the actual number of days elapsed in the period during which it accrues. In computing interest on any Term Loan, the Closing Date or the last Interest Payment Date shall be included, and the date of payment of such Term Loan shall be excluded.

(c) Except as otherwise set forth herein, interest on each Loan (i) shall accrue on a daily basis and shall be payable or capitalized (as applicable), in arrears on each Interest Payment Date with respect to interest accrued on and to each such payment date; (ii) shall accrue on a daily basis and shall be payable in arrears upon any prepayment of that Term Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) shall accrue on a daily basis and shall be payable in arrears at maturity of the Term Loans, including final maturity of the Term Loans.

2.5 Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 8.1, the principal amount of all Loans outstanding shall thereafter bear interest (including post-petition interest in any proceeding under Debtor Relief Laws) payable on demand at a rate that is 2.00% *per annum* in excess of the interest rate otherwise payable hereunder with respect to the applicable Loans. Payment or acceptance of the increased rates of interest provided for in this Section 2.5 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Administrative Agent or any Lender.

2.6 Fees. Borrower agrees to pay to Agents pursuant to the Agent Fee Letter fees in the amounts and at the times described in the letter dated as of January 13, 2012 from Wilmington to Weil, Gotshal & Manges, LLP, as counsel for the GS Funds and delivered to Borrower[1].

2.7 Scheduled Payments.

[1] Agent Fee Letter shall be executed at closing.

(a) Scheduled Installments. The principal amounts of the Term Loans shall be repaid in consecutive installments and at final maturity (each such payment, an **"Installment"**) in the aggregate amounts set forth below on each date set forth below (the "**Amortization Date**"):

Amortization Date	Term Loan Installments
~~First~~The later of: (i) the first anniversary of the Closing Date and (ii) April 10, 2013	$5,000,000 minus the Deferred Amount to be applied to the principal amount of the Term Loans (excluding PIK Interest) outstanding on the first anniversary of the Closing Date
~~Second~~The later of: (i) the second anniversary of the Closing Date and (ii) April 10, 2014	$5,000,000 plus the Deferred Amount to be applied to the principal amount of the Term Loans (excluding PIK Interest) outstanding on the second anniversary of the Closing Date
Third anniversary of the Closing Date	25% of the principal amount of the Term Loans (excluding PIK Interest) outstanding on the third anniversary of the Closing Date
Fourth anniversary of the Closing Date	25% of the principal amount of the Term Loans (excluding PIK Interest) outstanding on the third anniversary of the Closing Date plus ⅓ of the PIK Interest on and as of the fourth anniversary of the Closing Date
Fifth anniversary of the Closing Date	25% of the principal amount of the Term Loans (excluding PIK Interest) outstanding on the third anniversary of the Closing Date plus ⅓ of the PIK Interest on and as of the fourth anniversary of the Closing Date
Maturity Date	Remainder

; provided, however, that so long as any Holders Plan Payment or Itochu Plan Payment remains outstanding, Borrower shall not pay any amounts to Lenders hereunder (although any such amounts owing to Lenders shall remain due), including without limitation any voluntary or mandatory prepayments of the Term Loans in accordance with Sections 2.8, 2.9 or 2.10 and any amendments, modifications or waivers of this proviso shall be subject to Section 10.5(c); and provided further that (a) if on the Amortization Date that is the later of: (i) the second anniversary of the Closing Date and (ii) April 10, 2014, the Net Cumulative Cash Outflows from April 1, 2013 through March 31, 2014 are equal to or exceed $[__][2] (the "**Specified Amount**"), the full Deferred Amount will be paid in shares of New Preferred Stock and (b) if on the Amortization Date that is the later of: (i) the second anniversary of the

[2] Such amount to be reasonably agreed upon by Lenders, Bzinfin and Borrower based on Borrower's revised Projections to be substantially in the form of Exhibit J and to be delivered prior to the Effective Date.

Closing Date and (ii) April 10, 2014, the Net Cumulative Cash Outflows from April 1, 2013 through March 31, 2014 are less than the Specified Amount, the portion of the Deferred Amount equal to the difference between the Specified Amount and such Net Cumulative Cash Outflows (not to exceed $3,000,000) shall be paid in Cash and the balance of the Deferred Amount (if any) will be paid in shares of New Preferred Stock. To the extent that shares of New Preferred Stock are used to satisfy any portion of the Deferred Amount, such shares shall have an aggregate liquidation preference equal to the portion of the Deferred Amount satisfied with shares of New Preferred Stock.

Subject to the foregoing proviso, (x) such Installments shall be reduced in connection with any voluntary or mandatory prepayments of the Term Loans in accordance with Sections 2.8, 2.9 and 2.10, as applicable; and (y) the Term Loans, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the Maturity Date.

(b) AHYDO Payment. On the last day of each accrual period (as defined in Section 1272(a)(5) of the Internal Revenue Code) occurring after the fifth anniversary of the Closing Date, Borrower shall in addition pay the minimum amount necessary, if any, to ensure that the Term Loans do not constitute "applicable high yield discount obligations" within the meaning of Section 163(i) of the Internal Revenue Code.

1.2 Voluntary Prepayments.

(a) Voluntary Prepayments. Any time and from time to time Borrower may prepay any Term Loans on any Business Day in whole or in part without premium or penalty, in an aggregate minimum amount of $1,000,000 and integral multiples of $50,000 in excess of that amount.

(b) Notice of Prepayment. All such prepayments shall be made upon not less than three Business Day's prior written or telephonic notice given to Administrative Agent by 12:00 p.m. (New York City time) on the date required and, if given by telephone, promptly confirmed by delivery of written notice thereof to Administrative Agent (and Administrative Agent will promptly transmit such original notice for Term Loans by telefacsimile or telephone to each Lender). Upon the giving of any such notice, the principal amount of the Term Loans specified in such notice shall become due and payable on the prepayment date specified therein. Any such voluntary prepayment shall be applied as set forth in Section 2.10.

1.3 Mandatory Prepayments.

(a) Asset Sales. No later than the third Business Day following the date of receipt by Borrower or any of its Subsidiaries of any Net Asset Sale Proceeds, Borrower shall prepay the Term Loans as set forth in Section 2.10 in an aggregate amount equal to 50% of such Net Asset Sale Proceeds.

(b) Insurance/Condemnation Proceeds. No later than the third Business Day following the date of receipt by Borrower or any of its Subsidiaries, or Administrative Agent as loss payee, of any Net Insurance/Condemnation Proceeds, Borrower shall hold such Net Insurance/Condemnation Proceeds in an escrow account and if such proceeds may be used by Borrower in accordance with clause (ii) below, but are not so used by Borrower in accordance therewith, then such Net Insurance/Condemnation Proceeds shall be used to prepay the Term Loans as set forth in Section 2.10 in an aggregate amount equal to such Net Insurance/Condemnation Proceeds; provided, (i) so long as no Default or Event of Default shall have occurred and be continuing, and (ii) to the extent that aggregate Net Insurance/Condemnation Proceeds from the Closing Date through the applicable date of determination do not exceed $2,000,000, Borrower shall have the option, directly or through one or more of its Material Subsidiaries to invest such Net Insurance/Condemnation Proceeds within one hundred

Cash Flow Forecast

Cash Flow Forecast through Q1 2013
Prepared as of 2-25-12

Week ending	Hearing 3/2/ 2012	3/9/ 2012	Effective Date	3/16/ 2012	3/23/ 2012	3/30/ 2012	4/6/ 2012	4/13/ 2012	4/20/ 2012	4/27/ 2012	5/4/ 2012	5/11/ 2012	5/18/ 2012	5/25/ 2012
Inflows: Receipts	5,000	88	0	488	228	643	788	2,112	1,078	873	1,179	389	389	1,137
Outflows:														
Payroll	(869)	(24)		(1,069)	0	(1,421)	0	(2,216)	0	(832)	0	(835)	(206)	(130)
Vendor payments	(1,970)	(1,383)	0	(1,165)	(565)	(384)	(2,802)	(367)	(420)	(449)	(648)	(1,391)	(364)	(72)
Utilities	(30)	(30)		(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Professional Fees and Contracts			(775)							(50)				(50)
Real Estate Leases		(156)					(156)				(148)			
WanXiang interest payments														
Transfers to Other subsidiaries	(167)	(90)	0	(214)	(90)	(394)	(115)	(234)	(128)	(198)	(75)	(75)	(75)	(75)
Total outflows	(3,036)	(1,683)	(775)	(2,478)	(685)	(2,229)	(3,103)	(2,847)	(578)	(1,559)	(901)	(2,331)	(675)	(357)
Net inflow/(outflow)	1,964	(1,596)	(775)	(1,990)	(457)	(1,586)	(2,315)	(735)	500	(686)	278	(1,942)	(286)	780

Week ending	6/1/ 2012	6/8/ 2012	6/15/ 2012	6/22/ 2012	6/29/ 2012	July-12	August-12	September-12	October-12	November-12	December-12	January-13	February-13	March-13
Inflows: Receipts		1,093	303	1,111		1,298	303	5,203	2,641	3,256	3,076	4,253	6,610	5,271	4,799	4,013
Outflows:																
Payroll		(702)	(130)	(848)		(130)	(702)	(2,350)	(1,944)	(1,772)	(1,772)	(1,742)	(1,742)	(1,742)	(1,742)	(1,742)
Vendor payments		(422)	(1,505)	(522)		(944)	(857)	(2,543)	(4,365)	(4,198)	(3,126)	(3,285)	(3,687)	(4,397)	(2,551)	(3,307)
Utilities		(30)	(30)	(30)		(30)	(30)	(120)	(110)	(110)	(110)	(110)	(110)	(110)	(110)	(110)
Professional Fees and Contracts						(100)	(50)	(50)	(50)	(50)	(125)	(75)	(150)	(50)	(50)	(50)
Real Estate Leases		(148)					(148)	(148)	(136)	(136)	(136)	(136)	(136)	(136)	(136)	(136)
WanXiang interest payments				(450)						(450)			(450)			(450)
Transfers to Other subsidiaries		(75)	(75)	(75)		(75)	(75)	(300)	(375)	(300)	(300)	(375)	(225)	0	0	0
Total outflows		(1,377)	(1,740)	(1,925)		(1,279)	(1,862)	(5,511)	(6,980)	(7,016)	(5,569)	(5,723)	(6,500)	(6,435)	(4,589)	(5,795)
Net inflow/(outflow)		(283)	(1,437)	(814)		20	(1,559)	(308)	(4,339)	(3,761)	(2,493)	(1,470)	110	(1,164)	210	(1,782)

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re: ENER1, INC., Debtor.	Chapter 11 Case No.: 12-10299-MG

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (I) APPROVING (A) THE DEBTOR'S DISCLOSURE STATEMENT UNDER SECTIONS 1125 AND 1126(b) OF THE BANKRUPTCY CODE, (B) SOLICITATION OF VOTES AND VOTING PROCEDURES, AND (C) FORMS OF BALLOTS, AND (II) CONFIRMING THE DEBTOR'S PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Ener1, Inc. (the "Debtor") having moved this Court, *inter alia*, for entry of an order, under sections 105, 341(e), 1125, 1126, 1128, and 1129 of Title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), Rules 2002, 3003(c)(3), 3017, 3018, 3020, and 9006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Rules 3017 and 3018 of the Local Bankruptcy Rules for the Southern District of New York (the "Bankruptcy Local Rules"), and the Amended Procedural Guidelines for Prepackaged Chapter 11 Cases in the United States Bankruptcy Court for the Southern District of New York, as amended, effective December 1, 2009 (as adopted by General Order M-387) (hereinafter, the "Guidelines"): (a) scheduling a combined hearing (the "Hearing") to consider (i) approval of the adequacy of the Disclosure Statement in Connection with the Prepetition Solicitation of Votes in Respect of the Prepackaged Plan Of Reorganization Under Chapter 11 of the Bankruptcy Code (Docket No. 4) (the "Disclosure Statement") relating to the Debtor's Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 3) (the "Plan"), (ii) confirmation of the Plan, and (iii) adequacy of the solicitation procedures (the "Solicitation Procedures") utilized in connection with the prepetition solicitation of votes to accept or reject the Plan; and, upon the Order (A) Scheduling Combined Hearing on Adequacy of Disclosure Statement and Prepetition Solicitation Procedures and Confirmation of Plan, (B) Establishing Procedures for Objecting to Disclosure Statement, Solicitation Procedures, and Plan, and (C) Approving Form, Manner, and Sufficiency of Notice Thereof, dated January 27, 2012, (Docket No. 16) (the "Scheduling Order"); and the Court having considered the Debtor's Memorandum of Law in Support of Entry of an Order (I) Approving (A) the Debtor's Disclosure Statement under Sections 1125 and 1126(c) of the Bankruptcy Code, (B) Solicitation of Votes and Voting Procedures, and (C) Forms of Ballots, and (II) Confirming the Debtor's Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 16), the Declaration of Saul E. Burian in Support of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 61), the Declaration of Alex Sorokin in Support of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 60), the Certification of Michael J. Venditto of Reed Smith LLP with Respect to the Tabulation of Votes and the Results of the Prepetition Solicitation of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 59), the Amended Certification of Michael J. Venditto of Reed Smith LLP with Respect to the Tabulation of Votes and the Results of the Prepetition Solicitation of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code (Docket No. 70), the Affidavit of Service of Paul V. Kinealy (Docket No. 26), and the Affidavit of Publication of Paul V. Kinealy (Docket No. 42); and, upon the record of the proceedings at the Hearing on February 27, 2012; and the Court having admitted into the record and considered evidence at the Confirmation Hearing; and the Court having reviewed the evidence and documents presented to it, including the pleadings and other documents filed and orders entered thereon;

and after due deliberation thereon and good and sufficient cause appearing therefor, the Court having rendered its decision into the record of the Hearing; Now, the Court makes the following findings of fact and conclusions of law,[1]:

1 Capitalized terms no defined herein shall have the same meanings ascribed to them in the Plan.

FINDINGS OF FACT AND CONCLUSIONS OF LAW[2]

A. Jurisdiction; Venue; Core Proceeding. This Court has jurisdiction over the Chapter 11 Case pursuant to 28 U.S.C. §§ 157 and 1334. Venue of this case and these proceedings are proper in this district pursuant to 28 U.S.C. §1408. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L), and this Court has jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

B. Filing of Plan. On January 26, 2012, the Debtor filed the Plan and the Disclosure Statement.[3]

C. Transmittal of Solicitation Package. Prior to the Petition Date, the Debtor caused solicitation packages, consisting of the Plan, the Disclosure Statement, and a class-specific ballot (the "Solicitation Packages"), to be served on all creditors entitled to vote on the Plan, as required by sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Local Bankruptcy Rules, all other applicable provisions of the Bankruptcy Code, the Guidelines and all other applicable rules, laws, and regulations applicable to such solicitation. Such transmittal and service was adequate and sufficient under the circumstances and no other or further notice was or shall be required.

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2 Each finding of fact set forth or incorporated herein, to the extent it is or may be deemed a conclusion of law, shall also constitute a conclusion of law. Each conclusion of law set forth or incorporated herein, to the extent it is or may be deemed a finding of fact, shall also constitute a finding of fact.

3 To the extent that drafts of documents have been annexed to the Plan that was filed with the Court, the draft documents will be finalized pursuant to the Plan for execution and delivery.

D. Mailing and Publication of Combined Notice. On or before January 31, 2012, the Debtor caused the Combined Notice to be mailed to all of the Debtor's known creditors and interest holders. See Affidavit of Service of Paul V. Kinealy (Docket No. 26). Additionally, the Debtor published the Combined Notice in USA Today on February 2, 2012. See Affidavit of Publication of Paul V. Kinealy (Docket No. 42).

E. The Debtor has given proper, adequate, and sufficient notice of the hearing to approve the Disclosure Statement, as required by Bankruptcy Rule 3017(a). The Debtor has given proper, adequate, and sufficient notice of the hearing to confirm the Plan, as required by Bankruptcy Rule 3017(d). Proper, adequate, and sufficient notice of the Disclosure Statement, the Plan, and the deadlines for filing objections to the Plan and the Disclosure Statement, has been given to all known holders of Claims and Interests substantially in accordance with the procedures set forth in the Scheduling Order. Notice was adequate and no other or further notice was or shall be required.

F. Objections. All Objections and all reservations of rights that have not been withdrawn, waived or settled, pertaining to confirmation of the Plan are overruled on the merits.

G. Adequacy of Disclosure Statement. Because no offer or distribution of securities which is subject to federal or state securities or "blue sky" laws is being made under the Plan and no other applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with the pre-petition solicitation applies, the adequacy of the Disclosure Statement is governed by section 1125(a) of the Bankruptcy Code. The Disclosure Statement contains adequate information as that term is defined in section 1125(a) of the Bankruptcy Code and complies with any additional requirements of the Bankruptcy Code and the Bankruptcy Rules and is approved in all respects.

H. Solicitation. Section 1126(b) of the Bankruptcy Code applies to the solicitation of acceptances and rejections of the Plan prior to the commencement of the Chapter 11 Case. The solicitation of acceptances and rejections of the Plan was exempt from the registration requirements of the Securities Act of 1933, 15 U.S.C. § 77a *et seq.* (the "Securities Act") and applicable state and local securities laws, and no other non-bankruptcy law applies to the solicitation. The Disclosure Statement contains adequate information within the meaning of, and for all purposes under, sections 1125 and 1126(b) of the Bankruptcy Code. Votes for acceptance or rejection of the Plan were solicited in good faith and in compliance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, and all other applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Guidelines, and all other applicable rules, laws, and regulations.

I. In particular, the solicitation of votes to accept or reject the Plan satisfies Bankruptcy Rule 3018. The Plan and the Disclosure Statement were transmitted to all creditors entitled to vote on the Plan and sufficient time was prescribed for such creditors to accept or reject the Plan. The solicitation packages and procedures comply with section 1126 of the Bankruptcy Code, and satisfy the requirements of Bankruptcy Rule 3018.

J. In particular, the solicitation of Classes 3, 4, and 5 commenced on January 26, 2012, in accordance with applicable nonbankruptcy law, and continued until every creditor in Classes 3, 4, and 5 had returned a ballot. Accordingly, the solicitation of Classes 3, 4, and 5 complied with the provisions of section 1126(b) of the Bankruptcy Code.

K. The Debtor's procedures for transmitting the Solicitation Packages, including the voting instructions, were adequate and satisfied the requirements of Bankruptcy Rule 3017(d) and (e), all other applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Guidelines and any other applicable rules, laws, and regulations.

L. The form of the ballots was adequate and appropriate and complied with Bankruptcy Rule 3018(c). The form of the ballots were sufficiently consistent with Official Form No. 14 and the form of ballot annexed to the Guidelines, adequately addressed the particular needs of this Chapter 11 Case, and were appropriate for the Classes entitled to vote to accept or reject the Plan.

M. The establishment of the Voting Deadline for Classes 3, 4, and 5 as February 9, 2012 was reasonable under Bankruptcy Rule 3018(b) and did not prescribe an unreasonably short time for creditors to accept or reject the Plan.

N. Good Faith Solicitation (11 U.S.C. § 1125(e)). The Debtor solicited votes in good faith and in compliance with the applicable provisions of the Bankruptcy Code and are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code as well as the exculpation and limitation of liability provisions set forth in Section 11.3 of the Plan. The Debtor, and their attorneys, have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities under the Plan. Accordingly, such entities and individuals shall not be liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of the securities under the Plan.

O. Tabulation Results. On February 22, 2012, the Debtor filed the Certification of Michael J. Venditto of Reed Smith LLP with Respect to the Tabulation of Votes and the Results of the Prepetition Solicitation of the Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code, certifying the method and results of the ballot tabulation for each of the Classes entitled to vote under the Plan (the "Voting Classes"). All Voting Classes have unanimously voted to accept the Plan and as a result pursuant to the requirements of section 1126 of the Bankruptcy Code the Court finds that Classes 3, 4 and 5 have accepted the Plan.

P. All procedures used to tabulate the ballots were fair and reasonable and conducted in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Guidelines, the Scheduling Order and all other applicable rules, laws, and regulations.

Q. Bankruptcy Rule 3016. The Plan is dated and identifies the entities submitting it, thereby satisfying the requirements of Bankruptcy Rule 3016(a). The filing of the Disclosure Statement with the clerk of the Bankruptcy Court simultaneously with the Plan satisfied the requirements of Bankruptcy Rule 3016(b).

R. Burden of Proof. The Debtor, as proponent of the Plan, has proven each of the required elements of sections 1129(a) and 1129(b) of the Bankruptcy Code by a preponderance of the evidence, which is the applicable evidentiary standard for confirmation of the Plan.

S. Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). The Plan satisfies section 1129(a)(1) of the Bankruptcy Code because it complies with the applicable provisions of the Bankruptcy Code, including, but not limited to: (a) the proper classification of Claims and Interests (11 U.S.C. §§ 1122, 1123(a)(1)); (b) the specification of Unimpaired Classes (11 U.S.C. § 1123(a)(2)); (c) the specification of treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)); (d) provision for the same treatment of each Claim or Interest within a Class (11 U.S.C. § 1123(a)(4)); (e) provision for adequate and proper means for implementation (11 U.S.C. § 1123(a)(5)); (f) the prohibition against the issuance of non-voting equity securities (11 U.S.C. § 1123(a)(6)); (g) adequate disclosure of the procedures for determining the identities and affiliations of the directors, members and officers with respect to the Reorganized Debtor (11 U.S.C. § 1123(a)(7)); and (h) the inclusion of additional plan provisions permitted to effectuate the restructuring of this Chapter 11 Case (11 U.S.C. § 1123(b)).

(a) Proper Classification (11 U.S.C. §§ 1122 and 1123(a)(1)). In particular, Article 3 of the Plan adequately and properly identifies and classifies all Claims and Interests. The Plan designates six Classes of Claims and one Class of Interests. The Claims or Interests placed in each Class are substantially similar to other Claims or Interests, as the case may be, in each such Class, and such classification therefore satisfies section 1122 of the Bankruptcy Code. Valid business and legal reasons exist for the various Classes of Claims and Interests created under the Plan and such Classes do not unfairly discriminate between holders of Claims or Interests. The Plan satisfies section 1123(a)(1) of the Bankruptcy Code.

(b) Specified Treatment of Unimpaired Class (11 U.S.C. § 1123(a)(2)). The Plan specifies in Article 4 that Classes 1, 2, and 6 are Unimpaired. The Plan satisfies section 1123(a)(2) of the Bankruptcy Code.

(c) Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). The Plan specifies in Article 4 that Classes 3, 4, 5, and 7 are Impaired under the Plan and sets forth the treatment of the Impaired Classes in Articles 4 and 5 of the Plan. The Plan satisfies section 1123(a)(3) of the Bankruptcy Code.

(d) No Discrimination (11 U.S.C. § 1123(a)(4)). Article 5 of the Plan provides for the same treatment for each Claim or Interest in each respective Class unless the holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest. The Plan satisfies section 1123(a)(4) of the Bankruptcy Code.

(e) Implementation of the Plan (11 U.S.C. § 1123(a)(5)). Article 7 of the Plan provides adequate and proper means for implementation of the Plan. The Plan satisfied section 1123(a)(5) of the Bankruptcy Code.

(f) Nonvoting Equity Securities (11 U.S.C. § 1123(a)(6)). The New Organization Documents provide that the Reorganized Debtor shall not issue any non-voting equity securities to the extent required by Bankruptcy Code section 1123(a)(6). The Plan satisfies section 1123(a)(6) of the Bankruptcy Code.

(g) Selection of Officers and Directors (11 U.S.C. § 1123(a)(7)). Section 7.7 of the Plan provides that on and after the Effective Date, all directors shall be deemed to have resigned and the New Directors shall serve as the directors of the Reorganized Debtor in accordance with the New Organization Documents of the Reorganized Debtor. On and after the Effective Date, the management, control and operations of the Reorganized Debtor shall become the responsibility of the New Board of Directors. The New Directors shall continue to serve as the New Board of Directors in accordance with the terms of the New Organization Documents. This is consistent with the interests of creditors and with public policy. The Plan satisfies section 1123(a)(7) of the Bankruptcy Code.

T. Debtor's Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(2)). The Debtor has complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Scheduling Order, and other orders of this Court. In particular, the Debtor is properly a debtor under section 109 of the Bankruptcy Code. The Debtor is a proper proponent of the Plan under section 1121(a) of the Bankruptcy Code. The Debtor, as proponent of the Plan, complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, the Guidelines, and the Scheduling Order in transmitting the Plan, the Disclosure Statement, the Ballots and notices and in soliciting and tabulating votes on the Plan. The Plan satisfies section 1129(a)(2) of the Bankruptcy Code.

U. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The Debtor has proposed the Plan in good faith, for proper purposes and not by any means forbidden by law. In determining that the Plan has been proposed in good faith, the Court has examined the totality of the circumstances surrounding the filing of the Chapter 11 Case and the formulation of the Plan. The Chapter 11 Case was filed and the Plan was proposed with the legitimate and honest purpose of reorganizing and maximizing the value of the Debtor and the recovery to claimholders. The Plan satisfies section 1129(a)(3) of the Bankruptcy Code.

V. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). All fees and expenses of professionals retained in the Chapter 11 Case remain subject to final review for reasonableness by the Court. Section 2.2 of the Plan provides for the payment only of Allowed Administrative Claims. Pursuant to Section 2.4, professionals seeking compensation for services rendered or reimbursement of expenses in connection with a Professional Claim are required to file their final fee applications with the Court no later than ninety (90) days after the Effective Date. These applications remain subject to Court approval under the standards established by the Bankruptcy Code, including the requirements of sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code, as applicable. Finally, Article 13 of the Plan provides that the Court will retain jurisdiction after the Effective Date to hear and determine all applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, including requests by Professionals. The Plan satisfies section 1129(a)(4) of the Bankruptcy Code.

W. Board of Managers, Officers, and Insiders (11 U.S.C. § 1129(a)(5)). The Debtor has filed a Plan Supplement (Docket No. 54) identifying the New Directors who will serve as directors of the Reorganized Debtor on and after the Effective Date. On and after the Effective Date, the management, control and operations of the Reorganized Debtor shall become the responsibility of the New Board of Directors. The Debtor has sufficiently disclosed the initial members of the board of directors of the Reorganized Debtor, including the identity of any insider that will be employed or retained by Reorganized Debtor, so far as such parties have been identified to date. The Debtor has also disclosed the process and procedure for selecting additional members of the board of directors of the Reorganized Debtor to the extent the director selection process will continue following the Confirmation Hearing. The appointment to, or continuance in, such office of each individual, and the methods established therefor are consistent with the interests of holders of Claims and Interests, and with public policy. The Plan satisfies section 1129(a)(5) of the Bankruptcy Code.

X. No Rate Changes (11 U.S.C. § 1129(a)(6)). The Plan does not provide for any change in rates over which a governmental regulatory commission has jurisdiction. The Plan satisfies section 1129(a)(6) of the Bankruptcy Code.

Y. Best Interests Test (11 U.S.C. § 1129(a)(7)). The evidence proffered or adduced at the Combined Hearing (1) is persuasive and credible, (2) is based upon reasonable and sound assumptions, (3) provides a reasonable estimate of the liquidation value of the Debtor in the event the Debtor is liquidated under Chapter 7 of the Bankruptcy Code, and (4) establishes that each holder of a Claim or Interest in an Impaired Class that has not accepted the Plan will receive or retain under the Plan, on account of such Claim or Interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code on such date. The Plan satisfies section 1129(a)(7) of the Bankruptcy Code.

Z. Acceptance By Certain Classes (11 U.S.C. § 1129(a)(8)). Classes 1, 2, and 6 are Unimpaired by the Plan and therefore, under section 1126(f) of the Bankruptcy Code, such Classes are conclusively presumed to have accepted the Plan. Classes 3, 4, and 5 are Impaired and were, therefore, entitled to vote on the Plan and each of such Classes has voted to accept the Plan. Section 1129(a)(8) of the Bankruptcy Code has been satisfied with respect to Classes 1 through 6. Class 7 is conclusively deemed to reject the Plan by operation of Bankruptcy Code section 1126(g) and, therefore, section 1129(a)(8) of the Bankruptcy Code has not been satisfied with respect to this Class.

AA. Treatment of Administrative and Priority Tax Claims and Other Priority Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Claims and Other Priority Claims under the Plan satisfies the requirements of section 1129(a)(9)(A) and (B) of the Bankruptcy Code, and the treatment of Priority Tax Claims under the Plan satisfies section 1129(a)(9)(C) of the Bankruptcy Code.

BB. Acceptance By Impaired Class (11 U.S.C. § 1129(a)(10)). At least one Impaired Class of Claims in the Chapter 11 Case voted to accept the Plan determined without including any acceptance of the Plan by any "insiders." The Plan satisfied section 1129(a)(10) of the Bankruptcy Code.

CC. Feasibility (11 U.S.C. § 1129(a)(11)). The Plan does not provide for the liquidation of all or substantially all of the property of the Debtor. The financial projections attached as Exhibit 3 to the Disclosure Statement, the Burian Declaration, the Sorokin Declaration and the evidence proffered or adduced at the Combined Hearing (i) are persuasive and credible, (ii) have not been controverted by other credible evidence or sufficiently challenged in any of the objections to the Plan, and (iii) establish that the Plan is feasible and that confirmation of the Plan is not likely to be followed by the liquidation of the Reorganized Debtor or the need for further financial reorganization of the Reorganized Debtor. The Plan satisfies section 1129(a)(11) of the Bankruptcy Code.

DD. Payment of Fees (11 U.S.C. § 1129(a)(12)). The Debtor has paid or, pursuant to the Plan, will pay by the Effective Date, fees payable under 28 U.S.C. § 1930. The Plan satisfies section 1129(a)(12) of the Bankruptcy Code.

EE. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). The Debtor has not obligated itself to provide retiree benefits (as defined in section 1114 of the Bankruptcy Code). The Plan satisfies section 1129(a)(13) of the Bankruptcy Code.

FF. Section 1129(b); Confirmation of The Plan Over Nonacceptance of Impaired Classes. Holders of Interests in Class 7 are deemed to have rejected the Plan. All of the requirements of section 1129(a) of the Bankruptcy Code, other than section 1129(a)(8) with respect to such Class, have been met. Notwithstanding the fact that Class 7 is deemed to reject the Plan and thus does not satisfy section 1129(a)(8), the Plan may be confirmed pursuant to section 1129(b)(1) of the Bankruptcy Code because: (a) all of the voting classes – Classes 3, 4, and 5 – voted to accept the Plan; and (b) the Plan does not discriminate unfairly and is fair and equitable with respect to Class 7. The Plan may be confirmed notwithstanding the Debtor's inability to satisfy section 1129(a)(8) of the Bankruptcy Code. After entry of the Confirmation Order and upon consummation of the Plan, the Plan shall be binding upon the holders of Interests in Class 7.

GG. The Plan treats members within each Class similarly. The Plan does not discriminate unfairly in respect to Class 7 or any other Class of Claims or Interests.

HH. The Plan is fair and equitable with respect to Class 7, because, in accordance with Bankruptcy Code section 1129(b)(2), no holders of Claims or Interests junior to holders of Interests in Class 7 will receive or retain any property under the Plan on account of such Claims or Interests. The Court finds that there are no holders of Claims against or Interests in the Debtor junior to the Interests in Class 7. Moreover, no holders of Claims against or Interests in the Debtor senior to the Interests in Class 7 are receiving more than full payment on account of such Claims against or Interests in the Debtor.

II. The Plan does not discriminate unfairly and is fair and equitable, as required by section 1129(b) of the Bankruptcy Code. The Plan may be confirmed under section 1129(b) of the Bankruptcy Code notwithstanding the deemed rejection of the Plan by Class 7.

JJ. Principal Purpose of Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act. The Plan satisfies section 1129(d) of the Bankruptcy Code.

KK. Satisfaction of Confirmation Requirements. Based upon the foregoing, the Plan satisfies the requirements for confirmation under section 1129 of the Bankruptcy Code.

LL. Executory Contracts. The Debtor has exercised reasonable business judgment in determining whether to assume or reject its executory contracts and unexpired leases pursuant to Section 6.1 of the Plan. Each assumption of an executory contract or unexpired lease pursuant to Section 6.1 of the Plan shall be legal, valid and binding upon the Debtor or Reorganized Debtor and its successors and assignees and all non-Debtor parties (and their assignees or successors) to such executory contract or unexpired lease, all to the same extent as if such assumption had been effectuated pursuant to an order of the Court entered before the date of the entry of this Confirmation Order (the "Confirmation Date") under section 365 of the Bankruptcy Code.

MM. Adequate Assurance. The Debtor has cured, or provided adequate assurance that the Reorganized Debtor or its successors or assignees will cure, defaults (if any) under or relating to each of the executory contracts and unexpired leases that are being assumed by the Debtor pursuant to the Plan.

NN. Releases and Discharges. The releases and discharges of the Claims, Interests, and Causes of Action described in Article 12 of the Plan are (i) in the best interest of the Debtor, its Estate, and all holders of Claims, (ii) fair, equitable and reasonable, (iii) made in good faith, and (iv) approved by the Bankruptcy Court pursuant to Bankruptcy Rule 9019. Each of the discharge, release, and injunction provisions set forth in the Plan (i) is within the jurisdiction of the Court under 28 U.S.C. §§ 1334(a), (b), and (d), (ii) is an essential means of implementing the Plan pursuant to section 1123(a)(5) of the Bankruptcy Code, (iii) is an integral element of the transactions incorporated into the Plan, (iv) confers a material benefit on, and is in the best interests of, the Debtor, its Estate, and all holders of Claims, (v) is important to the overall objectives of the Plan to finally resolve all Claims amongst or against the parties in interest in the Chapter 11 Case with respect to the Debtor, its organization, capitalization, operation, and reorganization, and (vi) is consistent with section 105, 1123, 1129, and other applicable sections of the Bankruptcy Code.

OO. Exit Funding. The Exit Funding is an essential element of the Plan and is in the best interests of the Debtor, its Estate, and its creditors. The Debtor is authorized, without further approval of this Court or any other party, to enter into the Equity Commitment Agreement in accordance with the Plan and to execute and deliver all agreements, documents, instruments, and certificates relating thereto.

PP. Issuance of New Notes. Issuance of the New Notes is an essential element of the Plan and is in the best interests of the Debtor, its estate, and its creditors. The Debtor is authorized, without further approval of this Court or any other party, to issue the New Notes in accordance with the Plan on the Effective Date and to execute and deliver all agreements, documents, instruments, and certificates relating thereto. The Debtor is authorized, without further approval of this Court or any other party, to grant the liens and deliver the guarantees to be granted by the Debtor on the Effective Date pursuant to the related collateral documents to secure the New Notes.

QQ. Issuance of New Common Stock and New Preferred Stock. Issuance of the New Common Stock and New Preferred Stock is an essential element of the Plan and is in the best interests of the Debtor, its estate, and its creditors. The Debtor is authorized, without further approval of this Court or any other party, to issue the New Common Stock and New Preferred Stock on the Effective Date in accordance with the Plan and to execute and deliver all agreements, documents, instruments, and certificates relating thereto.

RR. Issuance of New Notes, New Common Stock, and New Preferred Stock. The issuance of the New Common Stock, the New Preferred Stock, and the New Notes, and any other securities pursuant to the Plan and any subsequent sales, resales, or transfers, or other distributions of any such securities shall be exempt from any federal or state securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code or (in the case of the New Notes and New Preferred Stock issued under the Equity Commitment Agreement) Section 4(2) of the Securities Act.

SS. Plan Conditions to Confirmation. Each of the conditions to Confirmation, as set forth in Section 10.1 of the Plan, has been satisfied or waived in accordance with the terms of the Plan.

TT. Plan Conditions to Consummation. Each of the conditions to the Effective Date, as set forth in Section 10.2 of the Plan, is reasonably likely to be satisfied or waived in accordance with the terms of the Plan

UU. Modification of the Plan. At the Hearing, the Debtor, as proponent of the Plan, modified the Plan in a manner that did not cause the Plan, as modified, to fail to meet the requirements of section 1122 and 1123 of the Bankruptcy Code.

VV. Retention of Jurisdiction. The Court properly may retain jurisdiction over, among other matters, the matters set forth in Article 13 of the Plan.

DECREES

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

Approval of Disclosure Statement and Solicitation

1. Approval of Disclosure Statement. Under Bankruptcy Rule 3017(b), the Disclosure Statement is approved as containing adequate information within the meaning of Bankruptcy Code section 1125(a).

2. Solicitation. The solicitation procedures, including the procedures for transmittal of Solicitation Packages, the form of ballots, and the Voting Deadline, are approved under sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Scheduling Order, the Guidelines, the Local Bankruptcy Rules, all other applicable provisions of the Bankruptcy Code, and all other rules, laws, and regulations applicable to such solicitation.

3. Section 1125(e) of the Bankruptcy Code. As of the Confirmation Date, the Debtor, its advisors and attorneys shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code. The Debtor, its advisors and attorneys have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer and issuance of the securities under the Plan. Accordingly, such entities and individuals shall not be liable for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or the offer and issuance of the securities under the Plan.

Confirmation of the Plan

4. Confirmation. The Plan, in the form attached hereto as Exhibit A, as modified by the Agreement and Consent, dated February 27, 2012, which is annexed hereto as Exhibit B, including all provisions of the Plan as modified, and all schedules attached thereto, is approved and confirmed under section 1129 of the Bankruptcy Code. The terms of the Plan, as modified, are incorporated by reference into and are an integral part of this Confirmation Order. All acceptances and rejections previously cast for or against the Plan are hereby deemed to constitute acceptances or rejections of the Plan, as modified, as provided for in Exhibit A and Exhibit B to this Order, which pursuant to section 1127(a) of the Bankruptcy Code is hereinafter deemed to be the Plan and all references to the Plan herein are references to the Plan, as so modified.

5. Confirmation Order Binding on All Parties. Subject to the provisions of the Plan and Bankruptcy Rule 3020(e), in accordance with section 1141(a) of the Bankruptcy Code and notwithstanding any otherwise applicable law, upon the occurrence of the Effective Date, the terms of the Plan and this Confirmation Order shall be binding upon, and inure to the benefit of: (a) the Debtor; (b) the Reorganized Debtor; (c) any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are Impaired under the Plan or whether the holders of such Claims or Interests accepted, rejected or are deemed to have accepted or rejected the Plan); (d) any other person giving, acquiring or receiving property under the Plan; (e) any and all non-Debtor parties to executory contracts or unexpired leases with the Debtor; and (f) the respective heirs, executors, administrators, trustees, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries, guardians, successors or assigns, if any, of any of the foregoing. On the Effective Date, all settlements, compromises, releases, waivers, discharges, exculpations and injunctions set forth in the Plan shall be effective and binding on all Persons who may have had standing to assert any settled, released, discharged, exculpated or enjoined causes of action, and no other Person or entity shall possess such standing to assert such causes of action after the Effective Date.

6. Notice. Notice of the Plan and the schedules thereto, the Disclosure Statement, the Solicitation Packages, the deadline for objecting to any of the foregoing, and the Combined Hearing was proper and adequate and in compliance with the Scheduling Order and the applicable Bankruptcy Rules.

7. Objections. All objections and all reservations of rights that have not been withdrawn, waived or settled, pertaining to the confirmation of the Plan are overruled on the merits.

8. Effectiveness of All Actions. All actions contemplated by the Plan are hereby authorized and approved in all respects (subject to the provisions of the Plan). The approvals and authorizations specifically set forth in this Confirmation Order are nonexclusive and are not intended to limit the authority of the Debtor or Reorganized Debtor or any officer or director thereof to take any and all actions necessary or appropriate to implement, effectuate and consummate any and all documents or transactions contemplated by the Plan or this Confirmation Order. Pursuant to this Order and other applicable law, the Debtor and the Reorganized Debtor are authorized and empowered, without action of their respective stockholders or members or boards of directors or managers (but subject to consent rights, if any, set forth in the Plan) to take any and all such actions as any of their executive officers may determine are necessary or appropriate to implement, effectuate and consummate any and all documents or transactions contemplated by the Plan or this Confirmation Order.

9. Vesting of Assets. The Debtor shall continue to exist on and after the Effective Date as the Reorganized Debtor, a separate legal entity with all of the powers available to such legal entity under applicable law, without prejudice to any right to alter or terminate such existence (whether by merger or otherwise) in accordance with such applicable law. Except as otherwise provided in the Plan, on the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtor's estate shall vest in the Reorganized Debtor free and clear of all Claims, Liens, encumbrances, and charges, and other interests. On and after the Effective Date, the Reorganized Debtor may operate its businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules in all respects as if there were no pending case under any chapter or provision of the Bankruptcy Code.

10. Cancellation of the Convertible Notes, the Senior Notes and Interests. On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, certificates, and other documents evidencing the Convertible Notes, the Senior Notes, the Line of Credit Agreement, and Interests, including any subordinated claim which arises pursuant to section 510(b) of the Bankruptcy Code, shall be canceled, terminated and extinguished and the obligations of the Debtor thereunder or in any way related thereto shall be discharged.

11. Issuance of New Notes. Issuance of the New Notes in accordance with the Plan is approved. The Debtor and the Reorganized Debtor are authorized and empowered, without further approval of this Court or any other party, to take such actions and to perform such acts as may be necessary, desirable or appropriate to implement the issuance of the New Notes in accordance with the Plan and to execute and deliver all agreements, documents, instruments, and certificates relating thereto.

12. All New Notes to be issued are hereby deemed issued as of the Effective Date regardless of the date on which they are actually distributed. The Reorganized Debtor is authorized to enter into collateral documents to secure the New Notes. The liens granted by the Debtor pursuant to the related collateral documents to secure the New Notes will be legal, valid, enforceable, binding and properly perfected.

13. Issuance of New Common Stock and New Preferred Stock. Issuance of the New Common Stock and New Preferred Stock in accordance with the Plan is approved. The Debtor and the Reorganized Debtor are authorized and empowered, without further approval of this Court or any other party, to take such actions and to perform such acts as may be necessary, desirable or appropriate to implement the issuance of the New Common Stock and New Preferred Stock in accordance with the Plan and to execute and deliver all agreements, documents, securities, instruments, and certificates relating thereto. Upon the issuance of the New Common Stock and the New Preferred Stock, each holder of a Claim who accepts delivery of such shares of New Common Stock and New Preferred Stock provided for in the Plan, will be deemed to have consented and agreed to the terms of, and will thereby be deemed to have become a party to, the Stockholders Agreement and the Registration Rights Agreement regardless of whether such party actually executes the Stockholders Agreement or the Registration Rights Agreement.

14. The New Common Stock and New Preferred Stock to be issued are hereby deemed issued as of the Effective Date regardless of the date on which they are actually distributed. All New Common Stock issued by the Reorganized Debtor pursuant to the provisions of the Plan are hereby deemed to be duly authorized and issued, fully paid and nonassessable.

15. Exemption from Securities Laws. The issuance of the New Common Stock, the New Preferred Stock, and the New Notes, and any other securities pursuant to the Plan and any subsequent sales, resales, or transfers, or other distributions of any such securities shall be exempt from any federal or state securities laws registration requirements to the fullest extent permitted by section 1145 of the Bankruptcy Code or (in the case of the New Notes and New Preferred Stock issued under the Equity Commitment Agreement) Section 4(2) of the Securities Act.

16. Exit Funding. On the Effective Date, the Reorganized Debtor is authorized to enter into the Equity Commitment Agreement in accordance with the Plan and to execute and deliver all agreements, documents, instruments, and certificates relating thereto. On the Effective Date, Bzinfin shall provide the "Initial Equity Contribution" pursuant to the Equity Commitment Agreement and in consideration of this funding, the Debtor shall issue New Preferred Stock to Bzinfin.

Executory Contracts and Unexpired Leases

17. Executory Contracts and Unexpired Leases. On the Effective Date, the Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed or rejected by the Debtor, (ii) previously expired or terminated under its own terms prior to the Effective Date, (iii) is the subject of a motion to reject filed by the Debtor on or before the Confirmation Date, or (iv) is identified as being rejected in Schedule 2 to the Plan, as it was amended or supplemented prior to the Confirmation Hearing, in accordance with sections 365 and 1123 of the Bankruptcy Code. Each executory contract or unexpired lease identified in Schedule 2 to the Plan, as it was amended or supplemented prior to the Confirmation Hearing is deemed rejected in accordance with sections 365 and 1123 of the Bankruptcy Code.

18. All executory contracts or unexpired leases assumed by the Debtor pursuant to the foregoing (the "Assumed Agreements") shall remain in full force and effect for the benefit of the Reorganized Debtor and be enforceable by the Reorganized Debtor, as applicable, in accordance with their terms notwithstanding any provision in such Assumed Agreements that prohibits, restricts or conditions such assumption, assignment or transfer. The assumption of the Assumed Agreements shall be free and clear of all liens, encumbrances, pledges, mortgages, deeds of trust, security interests, claims, charges, options, rights of first refusal, easements, servitudes, proxies, voting trusts or agreements, and/or transfer restrictions under any shareholder or similar agreement or encumbrance. Any provision in the Assumed Agreements that purports to declare a breach or default based in whole or in part on the Chapter 11 Case is hereby deemed unenforceable, and the Assumed Agreements shall remain in full force and effect.

19. Rejection Claim of SPUSV5 1540 Broadway, LLC. The claims of SPUSV5 1540 Broadway, LLC ("Landlord"), as the lessor under the lease of non-residential real property for premises known as Suite 4030 at 1540 Broadway, New York, NY, as amended by the First Amendment to Lease dated as of January 10, 2011 (collectively, the "Lease"), arising from the rejection of the Lease pursuant to the Plan and this Order, are fixed and allowed in the amount of $460,000 to be paid as follows: (a) $360,000 to be paid within five (5) business days of the Effective Date by (i) the Landlord's retention of the security deposit in the amount of $172,000 and (ii) the payment of $188,000 in cash, and (b) ten (10) equal monthly payments of $10,000, each due on the first business day of each month beginning with the first calendar month following the Effective Date. Effective as of the date of the signing of this Order by the Court, the Debtor surrenders the possession of the Premises to the Landlord. The Debtor abandons and quitclaims any and all personal property remaining in the Premises and the Landlord is free to dispose of such personal property without any cost to the Debtor. Upon payment as provided for herein, the Landlord shall have no further claims against the Debtor as a result of the Lease.

20. Assumption of Insurance Policies. Nothing in the Plan shall, or shall be construed to, (i) limit, modify or restrict the rights and/or obligations of any insurance company (each, an "Insurer") that has issued a policy of insurance to the Debtor (each, an "Insurance Policy") to investigate, defend, litigate, resolve and/or pay claims and/or judgments against the Debtor or any of its covered persons that may be covered under an Insurance Policy, (ii) prevent, excuse or relieve the Debtor from performing its obligations and the obligations of non-debtor subsidiaries under any Insurance Policy, including without limitation the obligation to cooperate in the investigation and defense of claims and to pay premiums; and (iii) prevent any Insurer from denying coverage for any claim in accordance with the provisions of any Insurance Policy and applicable non-bankruptcy law.

21. Pursuant to this Order, the Debtor is authorized to assume each of its outstanding Insurance Policies. Specifically, and without limitation, the Debtors are deemed to assume their insurance policy with ACE Insurance Company (the "ACE Policy"). Nothing in the Order or the Plan is intended to prevent, excuse or relieve the Debtor from performing its obligations and the obligations of non-debtor subsidiaries under the ACE Policy including without limitation the obligation to cooperate in the investigation and defense of claims and to pay premium. Nothing in the proposed Plan is intended to prevent ACE Insurance Company from denying coverage for any claim in accordance with the provisions of the ACE Policy and applicable non-bankruptcy law.

22. The Debtor shall not be deemed to have assumed any executory contract or unexpired lease with the United States or any of its instrumentalities unless and until the requirements of the Anti-Assignment Act, 41 U.S.C. § 15, have been satisfied.

Bar Dates and Deadlines

23. Deadlines. The bar dates and deadlines set forth in Sections 2.4 and 6.4 of the Plan are hereby approved, including but not limited to the following:

(a) Professional Claims. All Professionals seeking compensation for services rendered or reimbursement of expense in connection with a Professional Claim, other than professionals retained in the ordinary course of business, shall file, on or before the date that is ninety (90) days after the Effective Date, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred.

(b) Rejection Damage Claim Bar Date. Any Claim arising from the rejection, whether under section 365 of the Bankruptcy Code or under the Plan, of an executory contract or unexpired lease of the Debtor that has not been assumed, must be Filed within the thirtieth (30th) day following the late of (i) the Effective Date or (ii) the date on which the Debtor serves a written notice of entry of an order granting a motion to reject that has been entered by the Bankruptcy Court prior to the Confirmation Date in accordance with Section 6.1 of the Plan.

Exemption from Certain Transfer Taxes

24. Pursuant to section 1146(a) of the Bankruptcy Code, (i) the issuance, transfer, or exchange of notes or equity securities, (ii) the creation of any mortgage, deed of trust, lien, pledge, or other security interest, (iii) the making or assignment of or surrender of any lease or sublease, or (iv) the making of or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, and any merger agreements, agreements of restructuring, disposition, liquidation or dissolution, any deeds, bills of sale, transfers of tangible property, or assignments executed in connection with any disposition of assets contemplated by the Plan, shall not be taxed under any law imposing a stamp tax or similar tax.

Discharge of the Debtor, Releases and Injunctions

25. Discharge of Debtor. Except to the extent otherwise provided in the Plan, the treatment of all Claims against or Interests in the Debtor under the Plan shall be in exchange for and in complete satisfaction, discharge and release of, all Claims against and Interests in the Debtor of any nature whatsoever, known or unknown, including any interest accrued or expenses incurred thereon from and after the Petition Date, or against its Estate or properties or interests in property arising prior to the Effective Date. Except as otherwise provided in the Plan, upon the Effective Date, all Claims against and Interests in the Debtor shall be satisfied, discharged and released in full in exchange for the consideration provided under the Plan. Except as otherwise provided in the Plan, all entities shall be precluded from asserting against the Debtor, the Reorganized Debtor, or their respective properties or interests in property, any other Claims or Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

26. Releases By the Debtor. The releases granted by the Debtor to the Plan Support Parties pursuant to the Plan Support Agreement and Section 12.3 of the Plan are incorporated in this Confirmation Order as if set forth in full herein and are hereby approved and authorized in their entirety and shall be, and hereby are, effective and binding, subject to the respective terms thereof; provided, however, that nothing herein shall be interpreted to limit the liability of the professionals of the Debtor or the Plan Support Parties to their respective clients pursuant to Rule 1.8(h), 22 N.Y.C.R.R. §1200.8 (2009). For the avoidance of doubt, the Release by the Debtor extends only to the Debtor's claims, interests, obligations, rights, suits, demands, causes of action and remedies that the Debtor could assert or could have asserted on its own behalf.

27. Mutual Releases Among the Plan Support Parties. The mutual releases agreed upon and exchanged by and among the Plan Support Parties pursuant to the Plan Support Agreement and Section 12.4 of the Plan are approved as reasonable and shall be, and hereby are, effective and binding, in accordance with the terms thereof; provided, however, that nothing herein shall be interpreted as the exercise of jurisdiction to enjoin any third-party non-debtor claims that do not directly affect either the Debtor or the *res* of its Estate.

28. Injunctions. Except as otherwise specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims, rights, Causes of Action, liabilities or any Interests based upon any act or omission, transaction or other activity of any kind or nature related to the Debtor that occurred prior to the Effective Date, other than as expressly provided in the Plan or the Confirmation Order, regardless of the filing, lack of filing, allowance or disallowance of such a Claim or Interest and regardless of whether such Entity has voted to accept the Plan and any successors, assigns or representatives of such Entities shall be precluded and permanently enjoined on and after the Effective Date from (i) the commencement or continuation in any manner of any claim, action or other proceeding of any kind with respect to any Claim, Interest or any other right or claim against the Debtor, which they possessed or may possess prior to the Effective Date, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order with respect to any Claim, Interest or any other right or claim against the Debtor, which such Entities possessed or may possess prior to the Effective Date, (iii) the creation, perfection or enforcement of any encumbrance of any kind with respect to any Claim, Interest or any other right or claim against the Debtor, or any of its assets, which they possessed prior to the Effective Date, (iv) the assertion of any Claim that is released under the Plan, and (v) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Reorganized Debtor, or against the property or interests in property of the Reorganized Debtor with respect to any Claim.

29. Exculpations. The exculpation granted pursuant to Section 11.3 of the Plan is approved pursuant to Section 1125(e) of the Bankruptcy Code and none of the Exculpated Parties shall have or incur, and are hereby released from, any obligation, Cause of Action or liability to one another or to any Creditor, holder of an Interest or any other party in interest, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the negotiation or execution of the Plan Support Agreement, the negotiation and pursuit of confirmation of the Plan, the consummation of the Plan or any contract, instrument, release or other agreement or document created in connection with the Plan, or the administration of the Estate or the property to be distributed under the Plan, except for their gross negligence or willful misconduct as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities (if any) under the Plan.

Notice and Other Provisions

30. Notices. The Reorganized Debtor shall mail a copy of this Order to all parties who filed a notice of appearance in this case.

31. Notice of Confirmation Order. On or before the tenth (10th) day following the entry of this Order, the Debtor shall serve notice of entry of this Confirmation Order pursuant to Bankruptcy Rules 2002(f)(7), 2002(k), and 3020(c), on (a) the United States Trustee for Region 2, (b) the United States Attorney for the Southern District of New York; (c) the Securities and Exchange Commission; (d) the Internal Revenue Service; and, (e) all creditors who are listed in the Debtors' Schedules or who have filed a proof of claim, to be delivered to such parties by first class mail, postage prepaid.

32. Mailing of the Notice of Confirmation in the time and manner set forth in the preceding paragraphs shall be good and sufficient notice under the particular circumstances and in accordance with the requirements of Bankruptcy Rules 2002 and 3020(c), and no other or further notice is necessary. The Notice of Confirmation shall have the effect of an order of the Bankruptcy Court, shall constitute sufficient notice of the entry of the Confirmation Order to any filing and recording officers, and shall be a recordable instrument notwithstanding any contrary provision of applicable non-bankruptcy law.

33. Notice of Effective Date. On or before the tenth (10th) day following the occurrence of the Effective Date, the Debtor shall serve notice of the occurrence of the Effective Date on (a) the United States Trustee for Region 2, (b) the United States Attorney for the Southern District of New York; (c) the Securities and Exchange Commission; (d) the Internal Revenue Service; (e) all creditors who are listed in the Debtors' Schedules or who have filed a proof of claim; and (f) any person who filed a notice of appearance, to be delivered to such parties by first class mail, postage prepaid.

Consummation

34. Authorization to Consummate. The Debtor is authorized to consummate the Plan at any time after the entry of the Confirmation Order subject to satisfaction or waiver of the conditions precedent to consummation set forth in Article 10 of the Plan.

35. Failure to Consummate Plan. If consummation of the Plan does not occur, then: (i) the Plan shall be null and void in all respects; (ii) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or unexpired leases effected under the Plan and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (iii) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtor or any other Entity; or (c) constitute an admission.

36. Substantial Consummation. On the Effective Date, the Plan shall be deemed substantially consummated under sections 1101 and 1127 of the Bankruptcy Code.

Other Provisions

37. Closing Report and Final Decree. The Reorganized Debtor shall file a closing report in accordance with Local Bankruptcy Rule 3022-1.

38. Periodic Status Reports. The Reorganized Debtor shall file, within 45 days after the date of this Order, a status report detailing the actions taken and the progress made toward the consummation of the Plan. Reports shall be filed thereafter every January 15th, April 15th, July 15th, and October 15th until a Final Decree has been entered.

39. Case Closing. The Reorganized Debtor shall file an application for a Final Decree closing this case not later than six calendar months from the date of this Order. Nothing shall prejudice the Reorganized Debtor from seeking an extension of this deadline for cause. If the Reorganized Debtor fails to seek a Final Decree within six calendar months from the date of this Order and it has not obtained an extension by Order of the Court, the Clerk shall so advise the Judge and an order to show cause may be issued.

40. Payment of U.S. Trustee Fees. The Debtor shall pay all fees due pursuant to 28 U.S.C. §1930 and 31 U.S.C. §3717 on or prior to the Effective Date and thereafter until the entry of (i) a Final Decree closing this case or (ii) an order dismissing or converting the case to a case under Chapter 7 of the Bankruptcy Code.

41. Operating Reports. The Reorganized Debtor shall file post-confirmation operating reports in compliance with the United States Trustee's Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees until the entry of (i) a Final Decree closing this case or (ii) an order dismissing or converting the case to a case under Chapter 7 of the Bankruptcy Code.

42. As to the United States of America, its agencies, including the Securities & Exchange Commission ("SEC") and the Office of the United States Trustee, departments, or agents (collectively, the "United States"), nothing in the Plan or this Order shall limit or expand the scope of discharge, release or injunction to which the Debtor or Reorganized Debtor is entitled under the Bankruptcy Code, if any. The discharge, release and injunction provisions contained in the Plan and this Order are not intended, and shall not be construed, to bar the United States from, subsequent to the entry of this Order, pursuing any police or regulatory action. Accordingly, notwithstanding anything contained in the Plan or this Order to the contrary, nothing in the Plan or this Order shall discharge, release, impair or otherwise preclude: (1) any liability to the United States that is not a "claim" within the meaning of section 101(5) of the Bankruptcy Code; (2) any Claim of the United States arising on or after the Confirmation Date; (3) any valid right of setoff or recoupment of the United States against the Debtor; or (4) any liability of the Debtor or Reorganized Debtor under environmental law to any Governmental Unit (as defined by section 101(27) of the Bankruptcy Code) as the owner or operator of property that such entity owns or operates after the Confirmation Date. Nor shall anything in this Order or the Plan: (i) enjoin or otherwise bar the United States or any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence; or (ii) divest any court, commission, or tribunal of jurisdiction to determine whether any liabilities asserted by the United States or any Governmental Unit are discharged or otherwise barred by this Order, the Plan, or the Bankruptcy Code. Moreover, nothing in this Order or the Plan shall release or exculpate any non-debtor, including any released parties, from any liability to the United States, including but not limited to any liabilities arising under the Internal Revenue Code, the federal securities laws, the environmental laws, or the criminal laws against the Released Parties, nor shall anything in this Order or the Plan enjoin the United States from bringing any claim, suit, action or other proceeding against the released parties for any liability whatsoever; provided, however, that the foregoing sentence shall not limit the scope of discharge granted to the Debtor under sections 524 and 1141 of the Bankruptcy Code. Nothing contained in the Plan or this Order shall be deemed to determine the tax liability of any person or entity, including but not limited to the Debtor and the Reorganized Debtor, nor shall the Plan or this Order be deemed to have determined the federal tax treatment of any item, distribution, or entity, including the federal tax consequences of this Plan, nor shall anything in this Plan or Order be deemed to have conferred jurisdiction upon the Bankruptcy Court to make determinations as to federal tax liability and federal tax treatment except as provided under section 505(b) of the Bankruptcy Code.

43. As soon as practicable after the Effective Date, the Reorganized Debtor, through its duly authorized representative, shall file with the SEC either (i) SEC Form 15 – Certification and Notice of Termination of Registration Under Section 12(g) of the Securities Exchange Act of 1934 or (ii) a consent to the revocation of registration of securities pursuant to Section 12(j) of the Securities Act of 1934.

44. Nothing in the Plan or this Order shall be construed to discharge, release or enjoin the claims asserted against certain current and former officers and directors of the Debtor (the "Individual Defendants") in the putative securities class action entitled "*In re Ener1, Inc. Securities Litigation*, Case No. 11-cv-5794-PAC (the "Securities Litigation"), pending in the United States District Court for the Southern District of New York, filed on behalf of all persons (the "Putative Class") who purchased or otherwise acquired securities of the Debtor between, *inter alia*, January 10, 2011 and August 5, 2011, inclusive. The discharge, release and injunction provisions contained in the Plan and this Order are not intended, and shall not be construed, to (i) bar the Putative Class from prosecuting claims against the Individual Defendants in the Securities Litigation, including current and/or former individual officers, directors, agents and employees of the Debtor who may be added as Individual Defendants at a later date during the course of proceedings in the Securities Litigation, (ii) release, impair or otherwise preclude the assertion of any claims against the Individual Defendants, including current and/or former individual officers, directors, agents and employees of the Debtor who may be added as Individual Defendants at a later date during the course of proceedings in the Securities Litigation, (iii) impair, limit, impact or effect in any way the rights of the Individual Defendants, any other Insured Person (as defined below), or any other persons, including but not limited to the Putative Class, who have asserted or may later assert any claim that may be covered under any liability policies owned, purchased or maintained by the Debtor for the benefit of current or former directors, officers, agents or employees of the Debtor (the "Insured Persons"), or (iv) impair, limit, or affect in any way the indemnification rights of the Individual Defendants or any Insured Person in connection with any third party claims asserted by any person, including the Putative Class.

45. References to Plan Provisions. The failure to include or specifically reference any particular provision of the Plan in this Confirmation Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Plan be confirmed in its entirety.

46. Exhibits. Each reference to a document, agreement or summary description that is in the form attached as an exhibit to the Plan in this Confirmation Order, in the Findings of Fact and Conclusions of Law, or in the Plan shall be deemed to be a reference to such document, agreement or summary description in substantially the form of the latest version of such document, agreement or summary description filed with the Court (whether filed as an attachment to the Plan or filed separately).

47. Confirmation Order Supersedes. It is hereby ordered that this Confirmation Order shall supersede any orders of this Court issued prior to the Confirmation Date that may be inconsistent with this Confirmation Order.

48. Conflicts between Confirmation Order and Plan. The provisions of the Plan and of this Confirmation Order shall be construed in a manner consistent with each other so as to effect the purposes of each; provided, however, that if there is determined to be any inconsistency between any Plan provision and any provision of this Confirmation Order that cannot be so reconciled, then, solely to the extent of such inconsistency, the provisions of this Confirmation Order shall govern and any such provision of this Confirmation Order shall be deemed a modification of the Plan and shall control and take precedence.

49. Retention of Jurisdiction. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, this Court, except as otherwise provided in the Plan or herein, shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, but not limited to, the matters set forth in Article 13 of the Plan.

50. Final Order. This Confirmation Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof.

51. Immediate Effectiveness. Notwithstanding Bankruptcy Rules 3020(e), 6004(h), 7062, 8001, 8002 or otherwise, immediately upon the entry of this Confirmation Order, the terms of the Plan, the Plan Supplement, and this Confirmation Order shall be, and hereby are, immediately effective and enforceable and deemed binding upon the Debtor, the Reorganized Debtor, any and all holders of Claims or Interests (irrespective of whether such Claims or Interests are Impaired under the Plan or whether the holders of such Claims or Interests accepted, were deemed to have accepted, rejected or were deemed to have rejected the Plan), any trustees or examiners appointed in the Chapter 11 Case, all persons and entities that are party to or subject to the settlements, compromises, releases, discharges, injunctions, stays and exculpations described in the Plan or herein, each person or entity acquiring property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired leases with the Debtor and the respective heirs, executors, administrators, successors or assigns, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries, or guardians, if any, of any of the foregoing.

52. Deleted Sections. Sections 14.4 and 14.19 are hereby deleted from the Plan as confirmed by this Order.

Dated: February 28, 2012
New York, New York.

/s/Martin Glenn
MARTIN GLENN
United States Bankruptcy Judge

Exhibit A

Debtor's Prepackaged Plan of Reorganization under Chapter 11 of the Bankruptcy Code

[See Exhibit A of Exhibit 10.1 of the Company's Current Report on Form 8-K filed on January 26, 2012]

Exhibit B

[Incorporate by reference to Exhibit 10.1 hereto]

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Proposed Counsel for the Debtor

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
ENER1, INC.,	Case No.: 12-10299-MG
Debtor.	Refers to Dkt. No. 4

SUPPLEMENT TO THE DISCLOSURE STATEMENT IN CONNECTION WITH THE PREPETITION SOLICITATION OF VOTES IN RESPECT OF THE PREPACKAGED PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Ener1, Inc. (the "Debtor"), hereby supplements the Disclosure Statement In Connection With The Prepetition Solicitation of Votes In Respect of The Prepackaged Plan of Reorganization under Chapter 11 of The Bankruptcy Code, dated January 26, 2011 (Docket No. 4) to disclose certain subsequent events as set forth herein:

1. On January 26, 2012, upon the execution of the Plan Support Agreement,[1] the Debtor initiated the solicitation of creditors holding Claims in Classes 3, 4 and 5 by delivering copies of the Plan and Disclosure Statement, including all of the exhibits and schedules to both documents. In addition, each of these creditors received an appropriate form of ballot (the "Ballot") with voting instructions. The instructions on the Ballots advised parties that for a Ballot to be counted, the Ballot would have to be completed, signed, and returned to counsel for the Debtor, in ample time to be received by 5:00 p.m. (Eastern Standard Time) on February 9, 2012 (the "Voting Deadline"). The instructions accompanying the Ballots advised the creditors being solicited that the Debtor intended to commence a Chapter 11 case to seek confirmation of the Plan immediately following the earlier to occur of (i) receipt of all Ballots, or (ii) the Voting Deadline.

1 All capitalized terms used in this Supplement and not specifically defined herein have the meaning given to such terms in the Disclosure Statement.

2. All of the Ballots were returned and received by the Debtor's counsel on January 26, 2012.

3. After all holders of Claims in Classes 3, 4, and 5, which were the only Classes entitled to vote on the Plan, had voted, the Debtor elected to immediately commence this Chapter 11 Case and seek confirmation of the Plan.

4. On January 26, 2012 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code with the Court. On the Petition Date, the Debtor also filed the Plan and Disclosure Statement, among other documents.

5. No trustee or examiner has been appointed in this Chapter 11 case and the Debtor continues in possession of its property and the management of its business as a debtor-in-possession.

6. Following a hearing on January 27, 2012, the Court entered the Order (A) Scheduling Combined Hearing on Adequacy of Disclosure Statement and Prepetition Solicitation Procedures and Confirmation of Plan, (B) Establishing Procedures for Objecting to Disclosure Statement, Solicitation Procedures, and Plan, (C) Approving Form, Manner, and Sufficiency of Notice Thereof, and (D) Waiving Requirement for Meetings of Creditors or Equity Security Holders (Docket No. 16) (the "Scheduling Order"). The Scheduling Order, among other things, scheduled a hearing to consider approval of the Disclosure Statement, solicitation procedures, and form of Ballots, and confirmation of the Plan for February 27, 2012 at 2:00 p.m. (Eastern Standard Time). The Scheduling Order established February 17, 2012 at 5:00 p.m. (Eastern Standard Time) as the deadline for objecting to approval of the Disclosure Statement, solicitation procedures, Ballots, and confirmation of the Plan.

7. In accordance with the Scheduling Order, the Debtor caused the Notice of Commencement of Bankruptcy Case and Summary of Plan of Reorganization under Chapter 11 of the Bankruptcy Code; and Notice of Hearing to Consider (I) Debtor's Compliance with Disclosure Requirements and (II) Confirmation of Plan of Reorganization (the "Combined Hearing Notice") to be mailed to all of the Debtor's creditors and equity interest holders on or before January 31, 2012. The Debtor also caused a version of Combined Hearing Notice to be published in USA TODAY on February 2, 2012.

8. On February 1, 2012, the Debtor received a subpoena for the production of documents that was issued by the United States Securities and Exchange Commission ("SEC") on January 31, 2012. This subpoena requires the Debtor to produce documents in connection with an investigation being conducted by the SEC, with such production to take place on February 14, 2012. The Debtor understands that the subpoena and investigation relate to the Debtor's compliance and disclosure obligations under federal securities laws prior to the Petition Date and are not related to the Bankruptcy Case, the Plan, or the Disclosure Statement.

9. The Debtor has requested additional time to respond to the subpoena and has arranged a February 27, 2012 telephonic conference with the SEC staff to discuss, *inter alia*, a production schedule. The Debtor intends to cooperate with the SEC.

10. Following confirmation of the Plan, responsibility for complying with the subpoena will be the responsibility of the Reorganized Debtor.

Respectfully submitted,

REED SMITH LLP

/s/ Michael J. Venditto

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Proposed Counsel for the Debtor

Dated: February 29, 2012
New York, New York

NEW YORK, Feb. 29, 2012 /PRNewswire/ -- Ener1, Inc. (the "Company") today announced that the U.S. Bankruptcy Court in the Southern District of New York has confirmed its pre-packaged Plan of Reorganization (the "Plan"), as modified, which clears the way for the Company to emerge from its Chapter 11 reorganization by mid-March. The Company will exit bankruptcy with a stronger financial position and a renewed focus on executing its long-term business strategy.

"The Court's confirmation of our Plan marks a significant step forward in completing our restructuring process," stated Alex Sorokin, interim-CEO, Ener1, Inc. "The holding company will exit bankruptcy with new equity funding and a stronger balance sheet, and its operating subsidiaries will be better positioned to meet the demands of existing and potential customers in the energy storage industry."

The Plan provides for a restructuring of the Company's long-term debt and the infusion of up to $86 million of new equity funding, which will support the continued operation of Ener1's subsidiaries. In addition to the new equity funding, the holders of the existing senior notes, the convertible notes and a line of credit have agreed to restructure their debt in a partial debt-for-equity exchange. All of the current common stock will be cancelled when the Plan becomes effective, and new common and preferred stock will be issued to both the current note holders and in consideration of the new equity funding that will flow into the Company. The existing notes will be exchanged for a combination of cash, new equity and new notes. The Court entered a written order confirming the Plan and the Company will now proceed to close on the restructuring transactions that the Court has authorized. It is expected that the Plan will become effective within the next two weeks.

Court documents filed in the Chapter 11 Case (other than documents filed under seal or otherwise subject to confidentiality protections) will be accessible at the Bankruptcy Court's Internet site, www.nysb.uscourts.gov, through an account obtained from Pacer Service Center at 1-800-676-6856 or online at http://pacer.psc.uscourts.gov.

About Ener1, Inc.

Ener1, Inc. (OTC: HEVVQ.PK - News) is a holding company for several energy storage technology subsidiaries, which develop solutions for applications in the electric utility, transportation and industrial electronics markets. For more information, visit Ener1's web site at www.ener1.com.

Forward-Looking Information

This press release contains "forward-looking statements" within the meaning of the federal securities laws. Statements regarding future events and developments and the Company's future performance, as well as management's expectations, beliefs, plans or estimates are forward-looking statements within the meaning of these laws. These forward-looking statements may be indicated by words such as "expects," "anticipates," "will," "plans," "believes," "scheduled," "estimates" and similar words and expressions, and include, but are not limited to, statements with respect to the completion of the court process, including the timing, outcome and impact on the Company's business. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, these statements are not guarantees of future performance and involve risks and uncertainties, which are difficult to predict and many of which are outside of the control of Ener1. These risks and uncertainties include Court rulings in the Chapter 11 case and the possibility of delays in the Chapter 11 proceedings, and other risks and uncertainties discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2010, and its subsequent filings with the Securities and Exchange Commission. If any of these risks or uncertainties materialize, or if underlying assumptions prove to be incorrect, actual developments and results may vary significantly from those projected. All forward-looking statements speak only as of the date of this press release and the Company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this press release or for any other reason.

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