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CLASS A WARRANT AGREEMENT

Dated as of \_\_\_\_\_, 2002

Between

eLOT, INC.,  
as Company,

and

THE BANK OF NEW YORK,  
as Warrant Agent

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1,800,000 Class A Warrants to Purchase Common Stock

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## CLASS A WARRANT AGREEMENT

THIS CLASS A WARRANT AGREEMENT (this "Agreement") is made and entered into as of December \_\_\_\_, 2002 by and between eLot, Inc., a Delaware corporation (the "Company") and The Bank of New York, as warrant agent (together with any successor Warrant Agent, the "Warrant Agent"). Capitalized terms used and not otherwise defined herein, shall have the meanings ascribed them in the Plan (as hereinafter defined).

WHEREAS, the Company and eLottery, Inc., ("eLottery", together with the Company, the "Debtors") filed cases (In re eLot, Inc. and eLottery, Inc., Nos. 01-15327 (ALG) and 01-15328 (ALG), respectively) for protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") on October 15, 2001; and

WHEREAS, the Second Amended Joint Plan of Reorganization of the Debtors and the Official Creditors Committee of eLot, Inc. and eLottery, Inc. under Chapter 11, Title 11 of the United States Code (the "Plan") was confirmed pursuant to the order of the Bankruptcy Court; and

WHEREAS, pursuant to and in accordance with the Plan, creditors having Allowed Claims in Class 2 shall receive on the Effective Date Class A Warrants to purchase a total of 1,800,000 shares of Common Stock (collectively, the "Class A Warrants" and, individually, a "Class A Warrant" and, the certificates evidencing the Class A Warrants being hereinafter referred to as a "Class A Warrant Certificate"); and

WHEREAS, the Company desires the Warrant Agent as warrant agent to assist the Company in connection with the issuance, exchange, cancellation, replacement and exercise of the Class A Warrants, and in this Agreement wishes to set forth, among other things, the terms and conditions on which the Class A Warrants may be issued, exchanged, cancelled, replaced and exercised;

NOW, THEREFORE, in consideration of the premises the parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

SECTION 1.01. Defined Terms. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Agreement" is defined in the recitals.

"Business Day" means any day on which (i) banks in New York City, (ii) the principal national securities exchange or market, if any, on which the Common Stock is listed or admitted to trading and (iii) the principal national securities exchange or market, if any, on which the Class A Warrants are listed or admitted to trading are open for business.

"Capital Stock" means, with respect to any corporation, any and all shares, interests, rights to purchase, warrants (including without limitation the Warrants), options, participations or other equivalents of or interests (however designated) in stock issued by that corporation.

"Class A Warrant Certificates" is defined in the recitals.

"Class A Warrant Shares" is defined in Section 2.01.

"Class A Warrants" is defined in the recitals.

"Common Stock" means the Common Stock, \$.01 par value per share, of the Company as constituted on the Effective Date.

"Company" is defined in the recitals.

"DCC Stock" means the shares of Dialogic Communications Corporation held by the Company on the Effective Date and any securities, cash or other property received in exchange therefor or as a dividend or distribution in respect thereof.

"Distribution Rights" is defined in Section 6.03.

"Effective Date" means December \_\_, 2002.

"Election To Exercise" is defined in Section 3.02(b).

"Exercisability Date" is defined in Section 3.02(a).

"Exercise Date" is defined in Section 3.02(d).

"Exercise Price" is defined in Section 3.02(a).

"Exit Financing Facility" means the credit facility to be provided under the New Credit Agreement.

"Expiration Date" is defined in Section 3.01.

"Intellectual Property" means (a) trade secret; (b) invention, process, design or plant protected under title 35 of the United States Code; (c) patent application; (d) plant variety; (e) work of authorship protected under title 17 of the United States Code; or (f) mask work protected under chapter 9 of title 17 of the United States Code, to the extent protected by applicable nonbankruptcy law, and includes,

without limitation, U.S. Patent No. 6,322,446 issued November 20, 2001 and U.S. Patent No. 6,383,078 issued May 15, 2002.

"Material Adverse Effect" is defined in Section 8.01.

"New Credit Agreement" means the credit agreement which shall be entered into by the Reorganized eLot on the Effective Date and which shall provide for up to \$1,400,000 of loans and advances to the Reorganized Debtors on the terms and conditions set forth in the New Credit Agreement substantially in the form contained in the Plan Supplement or such other New Credit Agreement for not less than \$1,400,000 of loans and advances to the Reorganized Debtors on terms and conditions in all respects superior to those set forth in the Plan Supplement and acceptable to each of the Debtors and the Creditors' Committee and for which the Debtors have received a written commitment at least 10 days prior to the Confirmation Hearing.

"Officer's Certificate" is defined in Section 7.02(i).

"Person" means a natural person, corporation, limited partnership, general partnership, limited liability company, limited liability partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any government (whether federal, state or local, domestic or foreign, and including political subdivisions thereof) and agency or other administrative or regulatory body thereof.

"Plan" is defined in the recitals.

"Registrar" is defined in Section 2.06.

"Related Parties" is defined in Section 7.02(e).

"Securities Act" is defined in Section 2.07.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended and in effect on any determination date.

"Trigger Event" means any of the following: (1) the Company and/or its consolidated subsidiaries, including eLottery, shall have \$1 million of revenue, provided there is less than \$100,000 of debt outstanding under the Exit Financing Facility, in any consecutive 12-calendar month period determined on a consolidated basis in accordance with generally accepted accounting principles from the direct or indirect operation of the lottery business, including but not limited to, from any license of the Intellectual Property to a third party; (2) the Company and/or its consolidated subsidiaries shall realize, in one or a series of related transactions, at least \$1 million in the aggregate in cash or cash equivalents or securities (as reasonably valued by the Board of Directors of the Company), from the sale or license of the Intellectual Property and/or the assets of eLottery (net of transaction costs, including, but not limited to broker, finder, accounting and/or legal fees and expenses incurred in connection with such transaction and net of payment of any amounts required to repay or retire outstanding indebtedness secured by the Intellectual Property and/or other assets sold); (3) the Company and/or its consolidated

subsidiaries shall realize at least \$1 million in cash or cash equivalents or securities (as reasonably valued by the Board of Directors of the Company), from the sale of all or a portion of the DCC Stock (net of transaction costs, including, but not limited to, broker, finder, accounting and/or legal fees and expenses incurred in connection therewith and net of payment of any amounts required to repay or retire outstanding indebtedness secured by the DCC Stock); (4) the Company shall have entered into a sale (whether by public or private offering) of all or a portion of shares of the common stock of eLottery which results in net proceeds of at least \$1 million in cash or cash equivalents or securities (as reasonably valued by the Board of Directors of the Company), (net of the costs of sale, including, but not limited to, legal and accounting fees and expenses, printing, filing fees, etc., incurred in connection therewith and any underwriting or similar discounts and commissions and net of payment of any amounts required to repay or retire indebtedness of the Company secured by the stock of eLottery); (5) the Company or eLottery shall have entered into a merger, consolidation, or other combination with, or a sale of all or substantially all of its assets in one or more related transactions to any Person (other than the Company or any subsidiary of the Company) which results in an exchange of the shares of the Common Stock of the Company or of eLottery for securities, cash or other consideration; (6) the Company shall for any reason file periodic reports under the Securities Exchange Act, as amended (the "Exchange Act"); and (7) the Company and its consolidated subsidiaries shall have assets of more than \$10 million determined in accordance with SEC Regulations S-X.

"Trigger Event Date" shall mean the date on which a Trigger Event shall have occurred.

"Trust Agreement" means that certain Trust Agreement dated as of \_\_\_\_ 2002, by and among Reorganized eLot, Reorganized eLottery and the Warrant Trustee.

"Warrant Agent" is defined in the recitals.

"Warrant Agent Office" is defined in Section 2.09.

"Warrant Exercise Office" is defined in Section 3.02(b).

"Warrant Register" is defined in Section 2.06.

## ARTICLE IIIISSUANCE, FORM, EXECUTION, DELIVERY AND REGISTRATION OF CLASS A WARRANT CERTIFICATES

### SECTION 2.01. Issuance of Class A Warrants.

Each Class A Warrant Certificate shall evidence the number of Class A Warrants specified therein, and each Class A Warrant evidenced thereby shall represent the right, subject to the provisions contained herein and therein, to purchase from the Company (and the Company shall issue and sell to such holder of the Class A Warrant) one (1) fully paid and non-assessable share of Common Stock (the shares purchasable upon exercise of a Class A Warrant being hereinafter referred to as the 'Class A Warrant Shares' and, where appropriate, such term shall also mean the other securities or property



purchasable and deliverable upon exercise of a Class A Warrant as provided in Article VI) at the price specified herein and therein, in each case subject to adjustment as provided herein and therein.

SECTION 2.02. Form of Class A Warrant Certificates

The Class A Warrant Certificates shall be substantially in the form of Exhibit A.

SECTION 2.03. Execution of Class A Warrant Certificates. The Class A Warrant Certificates shall be executed on behalf of the Company by the chairman of its Board of Directors, its president or any vice president and attested by its secretary or assistant secretary, under its corporate seal. Such signatures may be the manual or facsimile signatures of the present or any future such officers. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Class A Warrant Certificates. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Class A Warrant Certificate that has been duly countersigned and delivered by the Warrant Agent.

In case any officer of the Company who shall have signed any of the Class A Warrant Certificates shall cease to be such officer before the Class A Warrant Certificate so signed shall be countersigned and delivered by the Warrant Agent or disposed of by the Company, such Class A Warrant Certificate nevertheless may be countersigned and delivered or disposed of as though the person who signed such Class A Warrant Certificate had not ceased to be such officer of the Company; and any Class A Warrant Certificate may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Class A Warrant Certificate, shall be the proper officers of the Company, although at the date of the execution and delivery of this Agreement any such person was not such an officer.

SECTION 2.04. Authentication and Delivery. Subject to the immediately following paragraph, Class A Warrant Certificates shall be authenticated by manual signature and dated the date of authentication by the Warrant Agent and shall not be valid for any purpose unless so authenticated and dated. The Class A Warrant Certificates shall be numbered and shall be registered in the Warrant Register.

Upon the receipt by the Warrant Agent of a written order of the Company, which order shall be signed by the chairman of its Board of Directors, its president or any vice president and attested by its secretary or assistant secretary, and shall specify the amount of Class A Warrants to be authenticated, the date of such Class A Warrants and such other information as the Warrant Agent may reasonably request, without any further action by the Company, the Warrant Agent is authorized, upon receipt from the Company of the Class A Warrant Certificates at any time and from time to time, duly executed as provided in Section 2.03 hereof, to authenticate the Class A Warrant Certificates and deliver them. Such authentication shall be by a duly authorized signatory of the Warrant Agent (although it shall not be necessary for the same signatory to sign all Class A Warrant Certificates).

In case any authorized signatory of the Warrant Agent who shall have authenticated any of the Class A Warrant Certificates shall cease to be such authorized signatory before the Class A Warrant Certificate shall be disposed of by the Company, such Class A Warrant Certificate nevertheless may be delivered or disposed of as though the person who authenticated such Class A Warrant Certificate had not ceased to be such authorized signatory of the Warrant Agent; and any Class A Warrant Certificate may be authenticated on behalf of the Warrant Agent by such persons as, at the actual time of authentication of such Class A Warrant Certificates, shall be the duly authorized signatories of the Warrant Agent, although at the time of the execution and delivery of this Agreement any such person is not such an authorized signatory.

The Warrant Agent's authentication on all Class A Warrant Certificates shall be substantially in the form attached as part of Exhibit A.

SECTION 2.05. Temporary Class A Warrant Certificates. Pending the preparation of definitive Class A Warrant Certificates, the Company may execute, and the Warrant Agent shall authenticate and deliver, temporary Class A Warrant Certificates, which are printed, lithographed, typewritten or otherwise produced, substantially of the tenor of the definitive Class A Warrant Certificates in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Class A Warrant Certificates may determine, as evidenced by their execution of such Class A Warrant Certificates.

If temporary Class A Warrant Certificates are issued, the Company will cause definitive Class A Warrant Certificates to be prepared without unreasonable delay. After the preparation of definitive Class A Warrant Certificates, the temporary Class A Warrant Certificates shall be exchangeable for definitive Class A Warrant Certificates upon surrender of the temporary Class A Warrant Certificates at any office or agency maintained by the Company for that purpose pursuant to Section 2.09 hereof. Subject to the provisions of Section 2.07(c) hereof, such exchange shall be without charge to the holder. Upon surrender for cancellation of any one or more temporary Class A Warrant Certificates, the Company shall execute, and the Warrant Agent shall authenticate and deliver in exchange therefor, one or more definitive Class A Warrant Certificates representing in the aggregate a like number of Class A Warrants. Until so exchanged, the holder of a temporary Class A Warrant Certificate shall in all respects be entitled to the same benefits under this Agreement as a holder of a definitive Class A Warrant Certificate.

SECTION 2.06. Registration. The Company will keep, at the office or agency maintained by the Company for such purpose, a register or registers in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of, and registration of transfer and exchange of, Class A Warrants as provided in this Article. Each person designated by the Company from time to time as a person authorized to register the transfer and exchange of the Class A Warrants is hereinafter called, individually and collectively, the "Registrar". The Company hereby initially appoints the Warrant Agent as Registrar. Upon written notice to the Warrant Agent and any acting Registrar, the Company may appoint a successor Registrar for such purposes.

The Company will at all times designate one person (who may be the Company and who need not be a Registrar) to act as repository of a master list of names and addresses of the holders of Class A Warrants (the "Warrant Register"). The Warrant Agent will act as such repository unless and until some other person is, by written notice from the Company to the Warrant Agent and the Registrar, designated by the Company to act as such. The Company shall cause each Registrar to furnish to such repository, on a current basis, such information as to all registrations of transfer and exchanges effected by such Registrar, as may be necessary to enable such repository to maintain the Warrant Register on as current a basis as is practicable.

SECTION 2.07.        Registration of Transfers and Exchanges.

After the Class A Warrants have been distributed pursuant to the Trust Agreement:

(a)        Transfer and Exchange of Class A Warrants. When Class A Warrants are presented to the Warrant Agent with a request:

- (i)        to register the transfer of the Class A Warrants; or
- (ii)       to exchange such definitive Class A Warrants for an equal number of Class A Warrants of other authorized denominations,

the Warrant Agent shall register the transfer or make the exchange as requested if the requirements under this Class A Warrant Agreement as set forth in this Section 2.07 for such transactions are met; provided, however, that the Class A Warrants presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Company and the Warrant Agent, duly executed by the holder thereof or by his or her attorney, duly authorized in writing in the case of the transfer of any security legended pursuant to 2.07(d).

(b)        Obligations with Respect to Transfers and Exchanges of Class A Warrants.

(i)        To permit registrations of transfers and exchanges, the Company shall execute, at the Warrant Agent's request, and the Warrant Agent shall authenticate Class A Warrants.

(ii)       All Class A Warrants issued upon any registration, transfer or exchange of Class A Warrants shall be the valid obligations of the Company, entitled to the same benefits under this Class A Warrant Agreement as the Class A Warrants surrendered upon the registration of transfer or exchange.

(iii)      Prior to due presentment for registration of transfer of any Warrant, the Warrant Agent and the Company may deem and treat the person in whose name any Warrant is registered as the absolute owner of such Warrant, and neither the Warrant Agent nor the Company shall be affected by notice to the contrary.

(c) Payment of Taxes. The Company shall not be required to pay any tax or taxes which may be payable in respect of any transfer involved in the issue of any Class A Warrant Certificates or any certificates for the Class A Warrant Shares in a name other than that of the registered holder of a Class A Warrant Certificate surrendered upon the exercise of a Class A Warrant, and the Company shall not be required to issue or deliver such Class A Warrant Certificates unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(d) Placement of Restrictive Legend and Removal Thereof. The Company shall direct the Warrant Agent to place the following legend on any Class A Warrant which is to be issued to a person which holds of record five percent (5%) or more of the Common Stock of the Company or is an "underwriter" under Section 1145 of the Bankruptcy Code:

CLASS A WARRANTS EVIDENCED BY THIS CERTIFICATE AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND MAY NOT BE SOLD, OFFERED FOR SALE OR OTHERWISE TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SAID ACT AND APPLICABLE STATE SECURITIES LAWS UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

The Warrant Agent shall be under no obligation to place such legend on original issuance of any Class A Warrant unless directed by the Company in writing or unless the Class A Warrant(s) being transferred bears the foregoing legend. In the case of any Class A Warrants that bear such legend, such Class A Warrants presented or surrendered for registration of transfer or exchange shall be accompanied, in the sole discretion of the Company, by the following additional information and documents, as applicable, it being understood, however, that the Warrant Agent need not determine which clause (A) through (D) below is applicable:

(A) if such Class A Warrant is being delivered to the Warrant Agent by a holder for registration in the name of such holder, without transfer, a certification from such holder to that effect; or

(B) if such Class A Warrant is being transferred pursuant to an exemption from registration in accordance with Rule 144 or Regulation S under the Securities Act or pursuant to an effective registration statement under the Securities Act, a certification to that effect and an opinion of counsel and/or other information, all reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act; or

(C) if such Class A Warrant is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect from the transferee or transferor and an opinion of counsel from the transferee or transferor reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act.

The Warrant Agent shall not be required to place a legend upon a Class A Warrant Certificate or deliver Class A Warrant Shares bearing such legend to the holder of a Class A Warrant or its transferee if (a) such holder certifies that the Class A Warrant is being sold pursuant to an effective registration statement under the Securities Act, or (b) such holder delivers to the Company and the Warrant Agent on opinion of counsel reasonably satisfactory to the Company to the effect that such Class A Warrants or Class A Warrant Shares are no longer subject to the restrictions applicable to "underwriters" under Section 1145 of the Bankruptcy Code and may be sold without registration under the Securities Act, in both of which events the Class A Warrant Certificate issued to the transferee will not bear such legend, unless otherwise specified in such opinion.

SECTION 2.08. Lost, Stolen, Destroyed, Defaced or Mutilated Class A Warrant Certificates. Upon receipt by the Company and the Warrant Agent (or any agent of the Company or the Warrant Agent, if requested by the Company) of evidence satisfactory to them of the loss, theft, destruction, defacement, or mutilation of any Class A Warrant Certificate and of indemnity satisfactory to them and, in the case of mutilation or defacement, upon surrender thereof to the Warrant Agent for cancellation, then, in the absence of notice to the Company or the Warrant Agent that such Class A Warrant Certificate has been acquired by a bona fide purchaser or holder in due course, the Company shall execute, and an authorized signatory of the Warrant Agent shall manually authenticate and deliver, in exchange for or in lieu of the lost, stolen, destroyed, defaced or mutilated Class A Warrant Certificate, a new Class A Warrant Certificate representing a like number of Class A Warrants, bearing a number or other distinguishing symbol not contemporaneously outstanding. Upon the issuance of any new Class A Warrant Certificate under this Section 2.08, the Company may require the payment from the holder of such Class A Warrant Certificate of a sum sufficient to cover any tax, stamp tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Warrant Agent and the Registrar) in connection therewith and may, with respect to any lost, stolen or destroyed Class A Warrant Certificate, require the holder thereof to post a customary indemnity bond that is satisfactory to the Company. Every substitute Class A Warrant Certificate executed and delivered pursuant to this Section in lieu of any lost, stolen or destroyed Class A Warrant Certificate shall constitute an additional contractual obligation of the Company, whether or not the lost, stolen or destroyed Class A Warrant Certificate shall be at any time enforceable by anyone, and shall be entitled to the benefits of (but shall be subject to all the limitations of rights set forth in) this Agreement equally and proportionately with any and all other Class A Warrant Certificates duly executed and delivered hereunder. The provisions of this Section 2.08 are exclusive with respect to the replacement of lost, stolen, destroyed, defaced or mutilated Class A Warrant Certificates and shall preclude (to the extent lawful) any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement of lost, stolen, destroyed, defaced or mutilated Class A Warrant Certificates. The Warrant Agent is hereby authorized to authenticate and deliver the

new Class A Warrant Certificates in accordance with the provisions of this Agreement as required pursuant to the provisions of this Section.

SECTION 2.09. Offices for Exercise, etc. So long as any of the Class A Warrants remain outstanding, the Company will designate and maintain in the City of New York (a) an office or agency where the Class A Warrant Certificates may be presented for exercise, (b) an office or agency where the Class A Warrant Certificates may be presented for registration of transfer and for exchange (including the exchange of temporary Class A Warrant Certificates for definitive Class A Warrant Certificates pursuant to Section 2.05 hereof), and (c) an office or agency where notices and demands to or upon the Company in respect of the Class A Warrants or of this Agreement may be served. The Company may from time to time change or rescind such designation, as it may deem desirable or expedient; provided, however, that an office or agency shall at all times be maintained in the City of New York, as provided in the first sentence of this Section. In addition to such office or offices or agency or agencies, the Company may from time to time designate and maintain one or more additional offices or agencies within or outside the City of New York, where Class A Warrant Certificates may be presented for exercise or for registration of transfer or for exchange, and the Company may from time to time change or rescind such designation, as it may deem desirable or expedient. The Company will give to the Warrant Agent written notice of the location of any such office or agency and of any change of location thereof. The Company hereby designates the Warrant Agent at its principal corporate trust office in the City of New York (the "Warrant Agent Office"), as the initial agency maintained for each such purpose. In case the Company shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notice may be served at the Warrant Agent Office, and the Company appoints the Warrant Agent as its agent to receive all such presentations, surrenders, notices and demands.

### ARTICLE III

#### DURATION, EXERCISE OF CLASS A WARRANTS AND EXERCISE PRICE

SECTION 3.01. Duration of Class A Warrants. Subject to the terms and conditions established herein, the Class A Warrants shall expire at 5:00 p.m., New York City time, three years from the Effective Date (or the next Business Day, if such date is not a Business Day) (the "Expiration Date"). Each Class A Warrant may be exercised on any Business Day on or after the Exercisability Date (as defined below) and on or prior to 5:00 p.m., New York City time, on the Expiration Date.

SECTION 3.02. Exercise, Exercise Price, Settlement and Delivery.

(a) Subject to the provisions of this Agreement, at any time from and after the earlier of the Trigger Event Date or the date eighteen months from the Effective Date (the date of such occurrence, the "Exercisability Date") and on or prior to 5:00 p.m., New York City time, on the Expiration Date a holder of Class A Warrants shall have the right to exercise each Class A Warrant for one (1) fully paid, registered and non-assessable Class A Warrant Share, subject to adjustment in accordance with Article VI hereof. The number and kind of Class A Warrant Shares for which a Class

A Warrant may be exercised and the price at which Class A Warrant Shares may be purchased upon exercise of a Class A Warrant shall be subject to adjustment from time to time as set forth in Article VI hereof (the "Exercise Price"). The initial Exercise Price for each Class A Warrant Share shall be \$1.00 per Class A Warrant Share, subject to adjustment in accordance with Article VI hereof.

(b) Class A Warrants may be exercised on or after the Exercisability Date by surrendering at any office or agency maintained for that purpose by the Company pursuant to Section 2.09 (each a "Warrant Exercise Office") the Class A Warrant Certificate evidencing such Class A Warrants with the form of election to exercise set forth on the reverse side of the Class A Warrant Certificate (the "Election to Exercise") duly completed and signed by the registered holder or holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Each Class A Warrant may be exercised only in whole.

(c) A Class A Warrant may be exercised solely by the surrender of the Class A Warrant, with the payment of any Exercise Price, for up to the number of Class A Warrant Shares for which such Class A Warrant is exercisable.

(d) No payment or adjustment shall be made on account of any cash dividends on the Class A Warrant Shares issued upon exercise of a Class A Warrant payable to a holder of record of Common Stock on a date prior to the Exercise Date.

(e) Upon such surrender of a Class A Warrant Certificate at any Warrant Exercise Office (other than any Warrant Exercise Office that also is an office of the Warrant Agent), such Class A Warrant Certificate shall be promptly delivered to the Warrant Agent. The "Exercise Date" for a Class A Warrant shall be the date when all of the items referred to in the first sentence of paragraph (b) of this Section 3.02 are received by the Warrant Agent at or prior to 11:00 a.m., New York City time, on a Business Day, and the exercise of the Class A Warrants will be effective as of such Exercise Date. If any items referred to in the first sentence of paragraph (b) are received after 11:00 a.m., New York City time, on a Business Day, the exercise of the Class A Warrants to which such item relates will be effective on the next succeeding Business Day. Notwithstanding the foregoing, in the case of an exercise of Class A Warrants on the Expiration Date, if all of the items referred to in the first sentence of paragraph (b) are received by the Warrant Agent at or prior to 5:00 p.m., New York City time, on such Expiration Date, the exercise of the Class A Warrants to which such items relate will be effective on the Expiration Date.

(f) Upon the exercise of a Class A Warrant in accordance with the terms hereof and the receipt of a Class A Warrant Certificate, the Warrant Agent shall as soon as practicable, advise the Company in writing of the number of Class A Warrants exercised in accordance with the terms and conditions of this Agreement and the Class A Warrant Certificates, the instructions of each exercising holder of the Class A Warrant Certificates with respect to delivery of the Class A Warrant Shares to which such holder is entitled upon such exercise, and such other information as the Company shall reasonably request.

(g) Subject to Section 6.02 hereof, as soon as practicable after the exercise of any Class A Warrant or Class A Warrants in accordance with the terms hereof, the Company shall issue or cause to be issued to or upon the written order of the registered holder of the Class A Warrant Certificate evidencing such exercised Class A Warrant or Class A Warrants, a certificate or certificates evidencing the Class A Warrant Shares to which such holder is entitled, in fully registered form, registered in such name or names as may be directed by such holder pursuant to the Election to Exercise, as set forth on the reverse of the Class A Warrant Certificate. Such certificate or certificates evidencing the Class A Warrant Shares shall be deemed to have been issued and any persons who are designated to be named therein shall be deemed to have become the holder of record of such Class A Warrant Shares as of the close of business on the Exercise Date. After such exercise of any Class A Warrant or Class A Warrants, the Company shall also issue or cause to be issued to or upon the written order of the registered holder of such Class A Warrant Certificate, a new Class A Warrant Certificate, countersigned by the Warrant Agent pursuant to written instruction, evidencing the number of Class A Warrants, if any, remaining unexercised unless such Class A Warrants shall have expired.

SECTION 3.03. Cancellation of Class A Warrant Certificates. In the event the Company shall purchase or otherwise acquire Class A Warrants, the Class A Warrant Certificates evidencing such Class A Warrants may thereupon be delivered to the Warrant Agent, and if so delivered, shall at the Company's written instruction be canceled by it and retired. The Warrant Agent shall cancel all Class A Warrant Certificates properly surrendered for exchange, substitution, transfer or exercise. The Warrant Agent shall deliver such canceled Class A Warrant Certificates to the Company.

#### ARTICLE IV

##### OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF CLASS A WARRANTS

SECTION 4.01. Enforcement of Rights. (a) Notwithstanding any other provision of this Agreement, any holder of any Class A Warrant Certificate, without the consent of the Warrant Agent, the holder of any Class A Warrant Shares or the holder of any other Class A Warrant Certificate, may, in and for his own behalf, enforce, and may institute and maintain any suit, action or proceeding against the Company suitable to enforce, his right to exercise the Class A Warrant or Class A Warrants evidenced by his Class A Warrant Certificate in the manner provided in such Class A Warrant Certificate and in this Agreement.

(b) Neither the Class A Warrants nor any Class A Warrant Certificate shall entitle the holders thereof to any of the rights of a holder of Class A Warrant Shares, including, without limitation, the right to vote or to receive any dividends or other payments or to consent or to receive notice as stockholders in respect of the meetings of stockholders or for the election of directors of the Company or any other matter, or any rights whatsoever as stockholders of the Company.



## ARTICLE V

### CERTAIN COVENANTS OF THE COMPANY

SECTION 5.01. Reservation of Class A Warrant Shares. The Company shall at all times reserve and keep available for issuance upon exercise of the Class A Warrants such number of its duly authorized but unissued shares of Common Stock or other securities of the Company purchasable upon exercise of the Class A Warrants as will be sufficient to permit the exercise in full of all outstanding Class A Warrants, and will cause appropriate evidence of ownership of such shares of Common Stock or other securities to be delivered to the Warrant Agent upon its request for delivery of such, and all such shares of Common Stock or other securities shall, at all times, be duly approved for listing, subject to official notice of issuance, on each market or securities exchange, if any, on which such shares of Common Stock of the Company or other securities are then listed or traded.

SECTION 5.02. Common Stock. The Company covenants that all shares of Common Stock or other securities of the Company that may be issued upon the exercise of the Class A Warrants will, upon payment of the aggregate Exercise Price with respect thereto and issuance in accordance with the terms hereof, be (i) duly authorized, validly issued, fully paid and nonassessable, (ii) free from preemptive and any other similar rights, (iii) free from any taxes, liens, charges or security interests with respect thereto and (iv) included for trading on each securities exchange or market, if any, on which such shares of Common Stock or other securities are then listed.

SECTION 5.03. Obtaining Governmental Approvals. The Company will from time to time take all action required to be taken by it which may be necessary to obtain and keep effective any and all permits, consents and approvals of governmental agencies and authorities and securities acts filings under United States federal and state laws, and the rules and regulations of any stock exchange or market on which the Class A Warrants or the Class A Warrant Shares are listed, if any, which may be or become requisite in connection with the issuance, sale, transfer, and delivery of the Class A Warrant Certificates, the exercise of the Class A Warrants or the issuance, sale, transfer and delivery of the Class A Warrant Shares issued upon exercise of the Class A Warrants.

## ARTICLE VI

### ADJUSTMENTS

SECTION 6.01. Adjustment of Exercise Price and Number of Class A Warrant Shares; Notices. The Exercise Price and the number of Class A Warrant Shares are subject to adjustment from time to time as provided in this Article VI. Each adjustment contemplated by this Article VI shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a holder of a Class A Warrant thereafter exercised may receive shares of two or more classes of Capital Stock of the Company or the Capital Stock of the Company and any

other Person, the Board of Directors of the Company, acting in good faith, shall determine the allocation of the adjusted exercise price among the classes of Capital Stock or among any class of Capital Stock of the Company or any other Person as applicable. After such allocation, the number of Class A Warrant Shares and the Exercise Price of each class of Capital Stock shall thereafter be subject to adjustment on terms comparable to those applicable to Common Stock in this Article. The term “Common Stock” shall thereafter apply to each class of Capital Stock of the Company or the Company and another Person, as applicable and the Company (and any such Person, if applicable) shall enter into such supplemental Class A Warrant Agreement, if any, as may be necessary to reflect such exercise privilege and exercise price.

The adjustment contemplated by this Article VI shall be made successively whenever any of the events listed below shall occur.

(a) Adjustment for Change in Capital Stock. If, after the date hereof, the Company:

- (i) pays a dividend or makes a distribution on its Common Stock in shares of Common Stock;
- (ii) subdivides its outstanding shares of Common Stock into a greater number of shares;
- (iii) combines its outstanding shares of Common Stock into a smaller number of shares;
- (iv) pays a dividend or makes a distribution on its Common Stock in shares of its Capital Stock; or
- (v) issues by reclassification of its Common Stock any shares of its Capital Stock,

then the Exercise Price and the number of Class A Warrant Shares into which the Class A Warrant is exercisable in effect immediately prior to such action shall be proportionately adjusted so that the holder of a Class A Warrant thereafter exercised may receive, for the same aggregate Exercise Price, the aggregate number and kind of shares of Capital Stock of the Company that such holder would have owned immediately following such action if such holder had exercised the Class A Warrant immediately prior to such action or immediately prior to the record date applicable thereto, if any.

(b) Anti-Dilution Provisions Generally. The Exercise Price shall be subject to adjustment from time to time as hereinafter provided in this Section 6.01. Upon each adjustment of the Exercise Price, the holder of a Class A Warrant shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares purchasable pursuant hereto immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

(c) Reorganizations and Asset Sales. If any capital reorganization or reclassification of the Capital Stock of the Company, or any consolidation or merger of the Company with another corporation or other Person, or the sale of all or substantially all of its assets to another corporation or other Person shall be effected in such a way that holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then the following provisions shall apply:

(i) As a condition of such reorganization, reclassification, consolidation, merger or sale (except as otherwise provided below in this paragraph (c)), lawful and adequate provisions shall be made whereby each holder of Class A Warrants shall thereafter have the right to purchase and receive upon the terms and conditions specified in this Agreement and in lieu of the Class A Warrant Shares immediately theretofore receivable upon the exercise of the rights represented hereby, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of Class A Warrant Shares immediately theretofore so receivable by the holder of the Class A Warrant if such holder had exercised such Class A Warrant and had such reorganization, reclassification, consolidation, merger or sale not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of such holder to the end that the provisions hereof (including without limitation provisions for adjustments of the Exercise Price and of the number of shares receivable upon the exercise) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise of Class A Warrants.

(ii) The Company shall not in a single transaction or through a series of related transactions effect any such consolidation, merger or sale unless prior to or simultaneously with the consummation thereof the successor corporation or other entity (if other than the Company) resulting from such consolidation or merger or the corporation or other entity purchasing such assets shall assume by written supplemental Class A Warrant Agreement executed and delivered to the Warrant Agent and mailed or delivered to each Class A Warrantholder at the last address of such holder appearing on the books of the Company, the obligation to deliver to such holder such shares of stock, securities or assets as, in accordance with the foregoing provisions, such Class A Warrantholder may be entitled to receive, and all other liabilities and obligations of the Company hereunder. If the securities deliverable upon exercise of the Class A Warrants are to be issued by an affiliate of the successor corporation or other entity, then that issuer shall also join in the supplemental Class A Warrant Agreement. Upon written request by the holder of a Class A Warrant such successor corporation will issue a new Class A Warrant revised to reflect the modifications in such Class A Warrant effected pursuant to this paragraph (c).

(iii) If a purchase, tender or exchange offer is made to and accepted by the holders of more than 50% of the outstanding shares of Common Stock of the Company, the Company shall not effect any consolidation, merger or sale with the person, firm or corporation having made such offer or with any affiliate of such person, firm or corporation, unless prior to

the consummation of such consolidation, merger or sale the holder of a Class A Warrant shall have been given a reasonable opportunity to then elect to receive upon the exercise of such Class A Warrant either the stock, securities or assets then issuable with respect to the Common Stock of the Company or the stock, securities or assets, or the equivalent, issued to previous holders of the Common Stock in accordance with such offer.

(d) Notice of Adjustment. Whenever the Exercise Price and the number of Class A Warrant Shares issuable upon the exercise of a Class A Warrant shall be adjusted as herein provided, or the rights of Class A Warrantholders shall change by reason of other events specified herein, the Company shall compute the adjusted Exercise Price and the adjusted number of Class A Warrant Shares in accordance with the provisions hereof and shall prepare a certificate signed by its President, Vice President, Treasurer or Secretary setting forth the adjusted Exercise Price and the adjusted number of Class A Warrant Shares issuable upon the exercise of such Class A Warrant or specifying the other shares of stock, securities or assets receivable as a result of such change in rights, and showing in reasonable detail the facts and calculations upon which such adjustments or other changes are based. The Company shall cause to be mailed to the holder of a Class A Warrant copies of such officer's certificate together with a notice stating that the Exercise Price and the number of Class A Warrant Shares purchasable upon exercise of a Class A Warrant have been adjusted and setting forth the adjusted Exercise Price and the adjusted number of Class A Warrant Shares purchasable upon the exercise of such Class A Warrant.

(e) Advance Notification to Holders of Certain Actions. In case at any time after the Class A Warrants become distributable, the Company proposes:

(i) to declare its initial cash dividend upon Common Stock, or any subsequent cash dividend upon its Common Stock;

(ii) to declare any dividend upon its Common Stock payable in stock or make any special dividend or other distribution (other than regular cash dividends) to the holders of its Common Stock;

(iii) to offer for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(iv) to effect any capital reorganization, or reclassification of the capital stock of the Company, or consolidation or merger of the Company with another corporation (other than a merger of the Company with and into a wholly-owned subsidiary thereof), or sale or other disposition of all or substantially all of its assets; or

(v) to effect a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company shall give the holder of a Class A Warrant (a) at least 30 days' (but not more than 90 days') prior written notice of the date on which the books of the

Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such issuance, reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, and (b) in the case of any such issuance, reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, at least 30 days' (but not more than 90 days') prior written notice of the date when the same shall take place. Such notice in accordance with the foregoing clause (a) shall also specify, in the case of any such dividend, distribution or subscription rights, the record date on which the holders of Common Stock shall be entitled thereto, and such notice in accordance with the foregoing clause (b) shall also specify the date on which the holders of Common Stock shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, as the case may be.

(f) Warrant Agent's Adjustment Disclaimer. The Warrant Agent has no duty to determine whether a supplemental Class A Warrant Agreement under paragraph (b)(ii) need be entered into or whether any provisions of any supplemental Class A Warrant Agreement are correct.

(g) Specificity of Adjustment. Irrespective of any adjustments in the number or kind of shares purchasable upon the exercise of the Class A Warrants, Class A Warrant Certificates theretofore or thereafter issued may continue to express the same number and kind of Class A Warrant Shares per Class A Warrant as are stated on the Class A Warrant Certificates initially issuable pursuant to this Agreement.

(h) Adjustments to Par Value. The Company shall make such adjustments to the par value of the Common Stock in order that, upon exercise of the Class A Warrants, the Class A Warrant Shares will be fully paid and non-assessable.

(i) No Other Adjustment for Dividends. Except as provided in this Article VI, no payment or adjustment will be made for dividends on any Common Stock.

(j) Multiple Adjustments. After an adjustment to the Exercise Price under this Article VI, any subsequent event requiring an adjustment under this Article VI shall cause an adjustment to the Exercise Price as so adjusted; provided that, no adjustment shall be made unless the adjustment to the Exercise Price is at least \$.05 or the aggregate of all such adjustments not previously made total at least \$.05.

SECTION 6.02. Fractional Class A Warrant Shares. The Company will not be required to issue fractional Class A Warrant Shares upon exercise of the Class A Warrants or distribute Share certificates that evidence fractional Class A Warrant Shares but the number of Class A Warrant Shares issuable shall be rounded up or down to the nearest whole number. If any holder surrenders for exercise more than one Class A Warrant Certificate, the number of Class A Warrant Shares deliverable to such holder may, at the option of the Company, be computed on the basis of the aggregate amount of all the Class A Warrants exercised by such holder.

## ARTICLE VII

### CONCERNING THE WARRANT AGENT

SECTION 7.01. Warrant Agent. The Company hereby appoints The Bank of New York, as Warrant Agent of the Company in respect of the Class A Warrants and the Class A Warrant Certificates upon the terms and subject to the conditions herein and in the Class A Warrant Certificates set forth; and The Bank of New York hereby accepts such appointment. The Warrant Agent shall have the powers and authority specifically granted to and conferred upon it in the Class A Warrant Certificates and hereby and such further powers and authority to act on behalf of the Company as the Company may hereafter grant to or confer upon it and it shall accept in writing. All of the terms and provisions with respect to such powers and authority contained in the Class A Warrant Certificates are subject to and governed by the terms and provisions hereof.

SECTION 7.02. Conditions of Warrant Agent's Obligations. The Warrant Agent accepts its obligations herein set forth upon the terms and conditions hereof and in the Class A Warrant Certificates, including the following, to all of which the Company agrees and to all of which the rights hereunder of the holders from time to time of the Class A Warrant Certificates shall be subject:

(a) The Warrant Agent shall be entitled to reasonable compensation to be agreed upon with the Company in writing for all services rendered by it and the Company agrees promptly to pay such compensation and to reimburse the Warrant Agent for its out-of-pocket expenses (including fees and expenses of counsel) incurred without gross negligence or willful misconduct on its part in connection with the services rendered by it hereunder. The Company also agrees to indemnify the Warrant Agent and any predecessor Warrant Agent, their directors, officers, affiliates, agents and employees for, and to hold them and their directors, officers, affiliates, agents and employees harmless against, any loss, liability or expense of any nature whatsoever (including, without limitation, fees and expenses of counsel) incurred without gross negligence or willful misconduct on the part of the Warrant Agent, arising out of or in connection with its acting as such Warrant Agent hereunder and its exercise of its rights and performance of its obligations hereunder. The obligations of the Company under this Section 7.02 shall survive the exercise and the expiration of the Class A Warrant Certificates and the resignation and removal of the Warrant Agent.

(b) In acting under this Agreement and in connection with the Class A Warrant Certificates, the Warrant Agent is acting solely as agent of the Company and does not assume any obligation or relationship of agency or trust for or with any of the owners or holders of the Class A Warrant Certificates. The Warrant Agent shall not be accountable for and makes no representation as to the validity or value of any securities or assets issued upon exercise of Class A Warrants.

(c) The Warrant Agent may consult with counsel of its selection and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such advice or opinion.

(d) The Warrant Agent shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any Class A Warrant Certificate, notice, direction, consent, certificate, affidavit, opinion of counsel, instruction, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

(e) The Warrant Agent, and its officers, directors, affiliates and employees ("Related Parties"), may become the owners of, or acquire any interest in, Class A Warrant Certificates, shares or other obligations of the Company with the same rights that it or they would have if it were not the Warrant Agent hereunder and, to the extent permitted by applicable law, it or they may engage or be interested in any financial or other transaction with the Company and may act on, or as depository, trustee or agent for, any committee or body of holders of shares or other obligations of the Company as freely as if it were not the Warrant Agent hereunder. Nothing in this Agreement shall be deemed to prevent the Warrant Agent or such Related Parties from acting in any other capacity for the Company.

(f) The Warrant Agent shall not be under any liability for interest on, and shall not be required to invest, any monies at any time received by it pursuant to any of the provisions of this Agreement or of the Class A Warrant Certificates.

(g) The Warrant Agent shall not be under any responsibility in respect of the validity of this Agreement (or any term or provision hereof) or the execution and delivery hereof (except the due execution and delivery hereof by the Warrant Agent) or in respect of the validity or execution of any Class A Warrant Certificate (except its authentication thereof).

(h) The recitals and other statements contained herein and in the Class A Warrant Certificates (except as to the Warrant Agent's authentication thereon) shall be taken as the statements of the Company and the Warrant Agent assumes no responsibility for the correctness of the same. The Warrant Agent does not make any representation as to the validity or sufficiency of this Agreement or the Class A Warrant Certificates, except for its due execution and delivery of this Agreement; provided, however, that the Warrant Agent shall not be relieved of its duty to authenticate the Class A Warrant Certificates as authorized by this Agreement. The Warrant Agent shall not be accountable for the use or application by the Company of the proceeds of the exercise of any Class A Warrant.

(i) Before the Warrant Agent acts or refrains from acting with respect to any matter contemplated by this Class A Warrant Agreement, it may require:

(1) the certificate of an officer of the Company (an "Officer's Certificate") stating on behalf of the Company that, in the opinion of the signer, all conditions precedent, if any, provided for in this Class A Warrant Agreement relating to the proposed action have been complied with; and

(2) if reasonably necessary in the judgment of the Warrant Agent, an opinion of counsel for the Company stating that, in the opinion of such counsel, all such

conditions precedent have been complied with provided that such matter is one customarily opined on by counsel.

Each Officer's Certificate or, if requested, an opinion of counsel with respect to compliance with a condition or covenant provided for in this Class A Warrant Agreement shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

(j) The Warrant Agent shall be obligated to perform such duties as are herein and in the Class A Warrant Certificates specifically set forth and no implied duties or obligations shall be read into this Agreement or the Class A Warrant Certificates against the Warrant Agent. The Warrant Agent shall not be accountable or under any duty or responsibility for the use by the Company of any of the Class A Warrant Certificates authenticated by the Warrant Agent and delivered by it to the Company pursuant to this Agreement. The Warrant Agent shall have no duty or responsibility in case of any default by the Company in the performance of its covenants or agreements contained in the Class A Warrant Certificates or in the case of the receipt of any written demand from a holder of a Class A Warrant Certificate with respect to such default, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon the Company.

(k) Unless otherwise specifically provided herein, any order, certificate, notice, request, direction or other communication from the Company made or given under any provision of this Agreement shall be sufficient if signed by its chairman of the Board of Directors, its president, its treasurer, its controller or any vice president or its secretary or any assistant secretary.

(l) The Warrant Agent shall have no responsibility in respect of any adjustment pursuant to Article VI hereof. The Warrant Agent shall not be responsible for the Company's failure to comply with this Article VII.

(m) The Company agrees that it will perform, execute, acknowledge and deliver, or cause to be performed, executed, acknowledged and delivered, all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing by the Warrant Agent of the provisions of this Agreement.



(n) The Warrant Agent is hereby authorized and directed to accept written instructions with respect to the performance of its duties hereunder from any one of the chairman of the Board of Directors, the president, the treasurer, the controller, any vice president or the secretary of the Company or any other officer or official of the Company reasonably believed to be authorized to give such instructions and to apply to such officers or officials for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions with respect to any matter arising in connection with the Warrant Agent's duties and obligations arising under this Agreement. Such application by the Warrant Agent for written instructions from the Company may, at the option of the Warrant Agent, set forth in writing any action proposed to be taken or omitted by the Warrant Agent with respect to its duties or obligations under this Agreement and the date on or after which such action shall be taken and the Warrant Agent shall not be liable for any action taken or omitted in accordance with a proposal included in any such application on or after the date specified therein (which date shall be not less than 10 Business Days after the Company receives such application unless the Company consents to a shorter period), provided that (i) such application includes a statement to the effect that it is being made pursuant to this paragraph (n) and that unless objected to prior to such date specified in the application, the Warrant Agent will not be liable for any such action or omission to the extent set forth in such paragraph (n) and (ii) prior to taking or omitting any such action, the Warrant Agent has not received written instructions objecting to such proposed action or omission.

(o) Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed on behalf of the Company by any one of the chairman of the Board of Directors, the president, the treasurer, the controller, any vice president or the secretary of the Company or any other officer or official of the Company reasonably believed to be authorized to give such instructions and delivered to the Warrant Agent; and such certificate shall be full authorization to the Warrant Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(p) The Warrant Agent shall not be required to risk or expend its own funds in the performance of its obligations and duties hereunder.

SECTION 7.03. Resignation and Appointment of Successor.

(a) The Company agrees, for the benefit of the holders from time to time of the Class A Warrant Certificates, that there shall at all times be a Warrant Agent hereunder.

(b) The Warrant Agent may at any time resign as Warrant Agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall be at least 60 days after the date on which such notice is given unless the Company agrees to accept less notice. Upon receiving such notice of resignation, the Company shall promptly appoint a successor Warrant Agent, qualified as provided in

Section 7.03(d) hereof, by written instrument in duplicate signed on behalf of the Company, one copy of which shall be delivered to the resigning Warrant Agent and one copy to the successor Warrant Agent. As provided in Section 7.03(d) hereof, such resignation shall become effective upon the earlier of (x) the acceptance of the appointment by the successor Warrant Agent or (y) 60 days after receipt by the Company of notice of such resignation. The Company may, at any time and for any reason, and shall, upon obtaining knowledge of any event set forth in the next succeeding sentence, remove the Warrant Agent and appoint a successor Warrant Agent by written instrument in duplicate, specifying such removal and the date on which it is intended to become effective, signed on behalf of the Company, one copy of which shall be delivered to the Warrant Agent being removed and one copy to the successor Warrant Agent. The Warrant Agent shall be removed as aforesaid if it shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Warrant Agent or of its property shall be appointed, or any public officer shall take charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. Any removal of the Warrant Agent and any appointment of a successor Warrant Agent shall become effective upon acceptance of appointment by the successor Warrant Agent as provided in Section 7.03(d). As soon as practicable after appointment of the successor Warrant Agent, the Company shall cause written notice of the change in the Warrant Agent to be given to each of the registered holders of the Class A Warrants in the manner provided for in Section 8.04 hereof.

(c) Upon resignation or removal of the Warrant Agent, if the Company shall fail to appoint a successor Warrant Agent within a period of 30 days after receipt of such notice of resignation or removal, then the holder of any Class A Warrant Certificate or the retiring Warrant Agent may apply to a court of competent jurisdiction for the appointment of a successor to the Warrant Agent. Pending appointment of a successor to the Warrant Agent, either by the Company or by such a court, the duties of the Warrant Agent shall be carried out by the Company.

(d) Any successor Warrant Agent, whether appointed by the Company or by a court, shall be a bank or trust company in good standing, incorporated under the laws of the United States of America or any State thereof and having, at the time of its appointment, a combined capital surplus of at least \$50,000,000. Such successor Warrant Agent shall execute and deliver to its predecessor and to the Company an instrument accepting such appointment hereunder and all the provisions of this Agreement, and thereupon such successor Warrant Agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Warrant Agent hereunder, and such predecessor shall thereupon become obligated to (i) transfer and deliver, and such successor Warrant Agent shall be entitled to receive, all securities, records or other property on deposit with or held by such predecessor as Warrant Agent hereunder and (ii) upon payment of the amounts then due it pursuant to Section 7.02(a) hereof, pay over, and such successor Warrant Agent shall be entitled to receive, all monies deposited with or held by any predecessor Warrant Agent hereunder.

(e) Any corporation or bank into which the Warrant Agent hereunder may be merged or converted, or any corporation or bank with which the Warrant Agent may be consolidated, or any corporation or bank resulting from any merger, conversion or consolidation to which the Warrant

Agent shall be a party, or any corporation or bank to which the Warrant Agent shall sell or otherwise transfer all or substantially all of its corporate trust business, shall be the successor to the Warrant Agent under this Agreement (provided that such corporation or bank shall be qualified as aforesaid) without the execution or filing of any document or any further act on the part of any of the parties hereto.

(f) No Warrant Agent under this Class A Warrant Agreement shall be personally liable for any action or omission of any successor Warrant Agent.

## ARTICLE VIII

### REPRESENTATIONS AND WARRANTIES AND COVENANTS OF THE COMPANY

The Company hereby represents and Class A Warrants and covenants to the Warrant Agent and the holders of the Class A Warrants that at the date hereof and at the date of each issuance of Class A Warrant Shares:

SECTION 8.01. Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has the corporate power and authority to own, lease and operate its properties and to conduct its business and to enter into and perform its obligations hereunder. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required on the date hereof, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing, individually or in the aggregate, would not result in a material adverse effect on the business, results of operations or financial condition of the Company and its Subsidiaries taken as a whole (a "Material Adverse Effect").

SECTION 8.02. Capitalization. The authorized, issued and outstanding Capital Stock of the Company is reflected accurately in Schedule 8.02 hereto. All of the shares of issued and outstanding Capital Stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of Capital Stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

SECTION 8.03. Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company and, when executed and delivered by the Warrant Agent, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

SECTION 8.04. No Defaults or Conflicts. The execution, delivery and performance of this Agreement and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby and the

consummation of the transactions contemplated herein or therein and compliance by the Company with its obligations hereunder and thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default under, or a violation of or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of them may be bound or to which any of the property or assets of the Company or its subsidiaries is subject, nor will such action result in any violation of the provisions of the charter or by-laws, limited liability company agreement or limited partnership agreement, as the case may be, of the Company or any of its subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their respective assets or properties.

SECTION 8.05. No Impairment. The Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Class A Warrant Agreement or any Class A Warrant. Without limiting the generality of the forgoing, the Company will (i) not increase the par value of any Class A Warrant Shares receivable upon the exercise of a Class A Warrant above the amount payable therefor upon such exercise immediately prior to such increase in par value and (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Class A Warrant Shares upon the exercise of any Class A Warrant.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. (a) Amendment. This Agreement and the terms of the Class A Warrants may be amended by the Company and the Warrant Agent, without the consent of the holder of any Class A Warrant Certificate, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained herein or therein, or to effect any assumptions of the Company's obligations hereunder and thereunder by a successor corporation under the circumstances described in Section 7.03(d) hereof or in any other manner that the Company may deem necessary or desirable and that shall not materially adversely affect the interests of the holders of the Class A Warrant Certificates.

(b) The Company and the Warrant Agent may modify this Agreement and the terms of the Class A Warrants with the consent of the holders of not less than a majority in number of the then outstanding Class A Warrants for the purpose of adding any provision to or changing in any manner or eliminating any of the provisions of this Agreement or modifying in any manner the rights of the holders of the outstanding Class A Warrants; provided, however, that no such modification that increases the Exercise Price, reduces the period of time during which the Class A Warrants are exercisable

hereunder, otherwise materially and adversely affects the exercise rights of the holders of the Class A Warrants, reduces the percentage required for modification, or effects any change to this Section 9.01 may be made with respect to an outstanding Class A Warrant without the consent of the holder of such Class A Warrant. Notwithstanding any other provision of this Agreement, the Warrant Agent's consent must be obtained regarding any supplement or amendment which alters the Warrant Agent's rights or duties (it being expressly understood that the foregoing shall not be in derogation of the right of the Company to remove the Warrant Agent in accordance with Section 7.03 hereof).

(c) Any modification or amendment made in accordance with this Agreement will be conclusive and binding on all present and future holders of Class A Warrant Certificates whether or not they have consented to such modification or amendment or waiver and whether or not notation of such modification or amendment is made upon such Class A Warrant Certificates. Any instrument given by or on behalf of any holder of a Class A Warrant Certificate in connection with any consent to any modification or amendment will be conclusive and binding on all subsequent holders of such Class A Warrant Certificate.

SECTION 9.02. Notices and Demands to the Company and Warrant Agent. If the Warrant Agent shall receive any notice or demand addressed to the Company by the holder of a Class A Warrant Certificate pursuant to the provisions hereof or of the Class A Warrant Certificates, the Warrant Agent shall promptly forward such notice or demand to the Company.

SECTION 9.03. Addresses for Notices to Parties and for Transmission of Documents. All notices hereunder to the parties hereto shall be deemed to have been given when sent by certified or registered mail, postage prepaid, or by facsimile transmission, confirmed by first class mail, postage prepaid, addressed to any party hereto as follows:

To the Company:

eLot, Inc.

\_\_\_\_\_  
\_\_\_\_\_

Facsimile No.: (\_\_\_\_) \_\_\_\_-\_\_\_\_\_

Attention: \_\_\_\_\_

with copies to:

Jenkins & Gilchrist Parker Chapin LLP  
405 Lexington Avenue  
New York, New York 10174  
Facsimile No.: (212) 704-6288  
Attention: Hollace T. Cohen, Esq.

To the Warrant Agent:

The Bank of New York  
114 West 47th Street  
New York, New York 10036  
Facsimile No.: (212) 852-1626  
Attention: [                    ]

with copies to:

\_\_\_\_\_  
\_\_\_\_\_  
Facsimile No.: (\_\_\_\_) \_\_\_\_-\_\_\_\_  
Attention: \_\_\_\_\_

or at any other address of which either of the foregoing shall have notified the other in writing.

SECTION 9.04.        Notices to Holders of Class A Warrants. Notices to holders of Class A Warrants shall be mailed to such holders at the addresses of such holders as they appear in the Warrant Register. Any such notice shall be sufficiently given if sent by first-class mail, postage prepaid.

SECTION 9.05.        Applicable Law. THE VALIDITY, INTERPRETATION AND PERFORMANCE OF THIS AGREEMENT AND EACH CLASS A WARRANT CERTIFICATE ISSUED HEREUNDER AND OF THE RESPECTIVE TERMS AND PROVISIONS THEREOF SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCEPT THAT MATTERS RELATING TO THE CAPITAL STOCK OF THE COMPANY SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF [DELAWARE.]

SECTION 9.06.        Persons Having Rights Under Agreement. Nothing in this Agreement expressed or implied and nothing that may be inferred from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the Company, the Warrant Agent and the holders of the Class A Warrant Certificates any right, remedy or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise or agreement hereof; and all covenants, conditions, stipulations, promises and agreements in this Agreement contained shall be for the sole and exclusive benefit of the Company and the Warrant Agent and their successors and of the holders of the Class A Warrant Certificates.

SECTION 9.07.        Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 9.08.        Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 9.09. Inspection of Agreement. A copy of this Agreement shall be available during regular business hours at the principal corporate trust office of the Warrant Agent, for inspection by the holder of any Class A Warrant Certificate. The Warrant Agent may require such holder to submit his Class A Warrant Certificate for inspection by it.

[Signature Page follows]

IN WITNESS WHEREOF, this Class A Warrant Agreement has been duly executed by the parties hereto as of the day and year first above written.

eLOT, INC.

By: \_\_\_\_\_  
Name:  
Title:

THE BANK OF NEW YORK,  
as Warrant Agent

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_



EXHIBIT A

[FORM OF FACE OF CLASS A WARRANT CERTIFICATE]

[

eLOT, INC.

Class A Warrants to purchase Common Stock, par value \$.01 per share, of eLot, Inc.

Class A Warrant Certificate No.:	Number of Class A Warrants:
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See Reverse for Certain Definitions

Exercisable from and after \_\_\_\_\_, 2004 or the Trigger Event Date (as that term is defined in the Class A Warrant Agreement) until 5:00 p.m., New York City time on \_\_\_\_\_, 2005 (the "Exercisability Date") or, if such day is not a Business Day (as defined in the Class A Warrant Agreement described below), the next Business Day (the "*Expiration Date*").

This Class A Warrant Certificate certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Class A Warrants set forth above expiring at 5:00 p.m., New York City time, on the Expiration Date (the "*Class A Warrants*") to purchase common stock, par value \$.01 per share (the "*Common Stock*"), of eLot, Inc., a Delaware corporation (the "*Company*"). The Common Stock issuable upon exercise of Class A Warrants is hereinafter referred to as the "*Class A Warrant Shares*." Each Class A Warrant entitles the holder upon exercise to purchase from the Company at any time after the Exercisability Date until 5:00 p.m., New York City time, on the Expiration Date, one (1) share of the Common Stock, subject to adjustment as set forth herein and in the Class A Warrant Agreement dated as of \_\_\_\_\_, 2002 (as the same may be amended from time to time in accordance with its terms, the "*Class A Warrant Agreement*") by and between the Company and The Bank of New York, as warrant agent (the "*Warrant Agent*"), in whole or in part, at the initial purchase price of \$1.00 per share, on and subject to the terms and conditions set forth herein and in the Class A Warrant Agreement. Such purchase shall be payable in lawful money of the United States of America by certified or official bank check or any combination thereof to the order of the Warrant Agent for the account of the Company at the principal office of the Warrant Agent, but only subject to the conditions set forth herein and in the Class A Warrant Agreement. The number of shares of Common Stock for which each Class A Warrant is exercisable, and the price at which such shares may be purchased upon exercise of each Class A Warrant, are subject to adjustment upon the occurrence of certain events as set forth in the Class A Warrant Agreement. Whenever the number of shares of Common Stock for which a Class A Warrant is exercisable, or the price at which a share of such Common Stock may be purchased upon exercise of the Class A Warrants, is adjusted pursuant to the Class A Warrant Agreement, the Company shall cause to be given to each of the registered holders of the Class A Warrants at such holders' addresses appearing on the Class A Warrant register written notice of such adjustment by first class mail postage pre-paid.

No Class A Warrant may be exercised after 5:00 p.m., New York City time, on the Expiration Date, and to the extent not exercised by such time such Class A Warrants shall become void.

Reference is hereby made to the further provisions of this Class A Warrant Certificate set forth on the reverse side hereof and such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Class A Warrant Certificate shall not be valid unless countersigned by the Warrant Agent.

THIS CLASS A WARRANT CERTIFICATE SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCEPT THAT MATTERS RELATING TO THE CAPITAL STOCK OF THE COMPANY SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF [DELAWARE]

In witness whereof, the undersigned, duly authorized officer of the Company has caused this Class A Warrant Certificate to be signed as of this \_\_\_ day of \_\_\_\_\_, 200\_.

eLOT, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

COUNTERSIGNED:

THE BANK OF NEW YORK, as Warrant Agent

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[FORM OF REVERSE OF CLASS A WARRANT CERTIFICATE]

The Class A Warrants evidenced by this Class A Warrant Certificate are part of a duly authorized issue of up to 1,800,000 Class A Warrants expiring at 5:00 p.m., New York City time, on the Expiration Date or, if such date is not a business day, the next succeeding business day, entitling the holder, on exercise, to purchase shares of Common Stock, and are issued or to be issued pursuant to the Class A Warrant Agreement, which Class A Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Warrant Agent, the Company and the Holders (the words "**Holders**" or "**Holder**" meaning the registered holder or registered holders of the Class A Warrants). A copy of the Class A Warrant Agreement may be obtained by the Holder hereof upon written request to the Company.

In the event that upon any exercise of Class A Warrants evidenced hereby the number of Class A Warrants exercised shall be less than the total number of Class A Warrants evidenced hereby, there shall be issued to the Holder hereof or his assignee a new Class A Warrant Certificate evidencing the number of Class A Warrants not exercised.

The Class A Warrant Agreement provides that the number of shares of Common Stock for which each Class A Warrant is exercisable, and the price at which such shares may be purchased upon exercise of each Class A Warrant, are subject to adjustment upon the occurrence of certain events as set forth in the Class A Warrant Agreement. The Company shall not issue fractional shares of Common Stock upon the exercise of any Class A Warrant. The number of fractional shares of Common Stock shall be rounded up or down to the nearest whole number.

Class A Warrant Certificates, when surrendered at the office of the Warrant Agent by the registered Holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Class A Warrant Agreement, but without payment of any service charge, for another Class A Warrant Certificate or Class A Warrant Certificates of like tenor evidencing in the aggregate a like number of Class A Warrants.

Upon due presentation for registration of transfer of this Class A Warrant Certificate at the office of the Warrant Agent a new Class A Warrant Certificate or Class A Warrant Certificates of like tenor and evidencing in the aggregate a like number of Class A Warrants shall be issued to the transferee in exchange for this Class A Warrant Certificate, subject to the limitations provided in the Class A Warrant Agreement, without charge except for any tax imposed in connection therewith.

[ELECTION TO PURCHASE FORM]

[To be executed only upon exercise of Class A Warrant]

The undersigned registered owner of this Class A Warrant irrevocably exercises this Class A Warrant for the purchase of \_\_\_\_\_ Class A Warrant Shares of eLot, Inc. and herewith makes payment therefor, all at the price and on the terms and conditions specified in this Class A Warrant and the Class A Warrant Agreement and requests that certificates for the shares of Common Stock hereby purchased (and any securities or other property issuable upon such exercise) be issued in and delivered to the name and address specified below and, if such shares of Common Stock shall not include all of the Class A Warrant Shares issuable as provided in this Class A Warrant, that a new Class A Warrant of like tenor and date for the balance of the Class A Warrant Shares issuable hereunder be delivered to the undersigned.

Date:

\_\_\_\_\_  
(Name of Registered Owner)

\_\_\_\_\_  
(Signature of Registered Owner)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City) (State) (Zip Code)

NOTICE: The signature on this election to purchase must correspond with the name as written upon the face of the within Class A Warrant in every particular, without alteration or enlargement or any change whatsoever.

[FORM OF ASSIGNMENT]

For value received the undersigned registered owner of this Class A Warrant hereby sells, assigns and transfers unto the Assignee named below all of the rights of the undersigned under this Class A Warrant, with respect to the number of Class A Warrant Shares set forth below:

Name and Address of Assignee

No. of Class A Warrant Shares

and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney-in-fact to register such transfer on the books of eLot, Inc. maintained for the purpose, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Witness: \_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name as written upon the face of the within Class A Warrant in every particular, without alteration or enlargement or any change whatsoever.