**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	Chapter 11
Charge Enterprises, Inc.,	Case No. 24-10349 (___)
Debtor.[1]	

DECLARATION OF CRAIG HARPER-DENSON IN SUPPORT OF DEBTOR'S CHAPTER 11 PETITION AND FIRST DAY MOTIONS AND APPLICATIONS

I, Craig Harper-Denson, hereby declare, pursuant to 28 U.S.C. § 1746, under penalty of perjury that:

1. I am the Interim Chief Executive Officer and Chief Operating Officer of Charge Enterprises, Inc., the debtor and debtor-in-possession herein ("Charge" or the "Debtor" and together with its non-debtor affiliates, the "Company") and have been designated by Charge to oversee the filing of the Debtor's petition for relief and to help manage the Debtor during the pendency of its chapter 11 case (the "Chapter 11 Case"). I have served as the Chief Operating Officer since October 2020. Additionally, and prior to becoming the Company's Interim Chief Executive Officer, I served as the Company's Chief Compliance Officer for approximately three years, while also intermittently serving as the Secretary and Interim Chief Financial Officer during that time. Prior to that, I served as the President and Chief Executive Officer of Non-Debtor affiliate PTGi International Carrier Services, Inc. ("PTGI") since May 2012.

2. On the date hereof (the "Petition Date"), the Debtor commenced the Chapter 11 Case by filing a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") with the United States Bankruptcy Court for the

[1] The last four digits of the Debtor's federal tax identification number are 1969. The Debtor's mailing address for purposes of the Chapter 11 Case is 125 Park Avenue, 25th Floor, New York, New York 10017.

District of Delaware (the "Court"). The Debtor continues to operate its business and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No party has requested the appointment of a trustee or an examiner.

3. I submit this declaration to provide an overview of the Debtor's business and the Chapter 11 Case and to support the Debtor's applications and motions for "first day" relief (collectively, the "First Day Motions"). Except as otherwise indicated herein, all facts set forth in this declaration are based upon my personal knowledge of the Debtor's sales, operations, and finances, information learned from my review of relevant documents, information supplied to me by other members of the Debtor's management, consultation with the Debtor's professional advisors, or my opinion based on my experience, knowledge, and information concerning the Debtor's operations and financial condition. I believe all information represented herein to be true to the best of my knowledge. I am authorized to submit this declaration on behalf of the Debtor and, if called upon to testify, I could and would testify competently to the facts set forth herein.

4. To familiarize the Court with the Debtor, the Chapter 11 Case, and the relief sought in the First Day Motions, this declaration provides a summary overview of the Debtor and the Chapter 11 Case and is organized as follows: Part I describes the Debtor's business operations, corporate structure, key liabilities, and estate assets; Part II summarizes the events leading to the commencement of the Chapter 11 Case; Part III summarizes the terms of the Restructuring Support Agreement and the Plan (each as defined below) that have been agreed upon by the Debtor and the Prepetition Lenders (defined below); and Part IV sets forth the basis for my testimony regarding the facts underlying and described in the First Day Motions.

5. As set forth in greater detail below, and as reflected in the First Day Motions, the Debtor has filed the Chapter 11 Case to preserve and maximize the value of its assets for the benefit

of its creditors and other stakeholders and effectuate a balance sheet restructuring of the Debtor, as memorialized in that certain restructuring and plan support agreement entered into as of February 27, 2024 (the "RSA" or the "Restructuring Support Agreement") in support of a consensual prepackaged combined disclosure statement and chapter 11 plan (the "Plan").

I. BACKGROUND REGARDING THE DEBTOR

A. Organizational Structure

6. Charge is a publicly traded company that was traded on The Nasdaq Global Market under the symbol "CRGE" from April 12, 2022, to February 28, 2024.[2] Charge is currently traded on the Over-the-counter market. Charge is the parent company and indirect owner of the following operating subsidiaries (collectively, the "Non-Debtor Subsidiaries"): (a) Go2Tel.com, Inc. ("Go2Tel") (b) PTGi International Carrier Services, Inc. ("PTGi"), (c) ANS Advance Network Services, LLC., ("ANS"), (d) B W Electrical Services, LLC ("BW"), (e) EVDepot, LLC ("EVDepot"), and (f) Greenspeed Energy Solutions, LLC ("Greenspeed"). A corporate organization chart is attached hereto as Exhibit I. Charge has eleven (11) additional direct and/or indirect subsidiaries that serve as holding companies or are in various stages of winddown.

7. Charge was originally incorporated as E-Education Network, Inc. in Nevada on May 8, 2003. On August 10, 2005, E-Education Network, Inc. changed its name to GoIP Global, Inc., and in December 2017, changed its domicile from Nevada to Colorado.

8. On April 30, 2020, GoIP Global, Inc. entered into an agreement to acquire 100% of the outstanding equity interests of Transworld Enterprises, Inc ("Transworld Enterprises"). Pursuant to this transaction, Charge acquired all the outstanding shares of Transworld Enterprises.

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[2] As of February 28, 2024, there were over 1,000 registered stockholders of record of Charge's common stock. This number does not include "street name," or beneficial holders, whose shares are held of record by banks, brokers, financial institutions, and other nominees.

The transaction closed on May 8, 2020, and, in connection with it, GoIP Global, Inc. changed its name to Transworld Holdings, Inc. on August 7, 2020, and converted from a Colorado corporation to a Delaware corporation on October 1, 2020. On January 26, 2021, Transworld Holdings, Inc. changed its name to Charge Enterprises, Inc.

i. *The Intercompany Services Agreement*

9. Given the corporate structure under which Charge and the Non-Debtor Subsidiaries operate, and the interrelatedness of various operations within the corporate family, in November 2023, Charge and the Non-Debtor subsidiaries entered into an agreement setting forth the terms and conditions for certain services that the Debtor and Non-Debtor Subsidiaries share. Pursuant to that certain *Intercompany Services Agreement*, dated November 30, 2023 (the "Services Agreement"), Charge provides certain management, administrative, support and other services to the Non-Debtor Subsidiaries, subject to cost reimbursement by the Non-Debtor Subsidiaries for their respective arms'-length allocable share of the direct and overheard costs of such services.

10. The Services Agreement covers a variety of services, including *inter alia*, legal, tax, accounting, financial planning and analysis, human resources, information technology, insurance management, and sales and marketing services. The Services Agreement further provides that the list of covered services can be amended to include additional services upon the reasonable request of a Non-Debtor Subsidiary.

11. The Debtor operates under the Services Agreement in the ordinary course of business and maintains accounting records of all services rendered and costs incurred pursuant to the Services Agreement.

B. Business Overview

12. The Company is an electrical, broadband, and electric vehicle ("EV") charging infrastructure company that provides clients with end-to-end project management services, from advising, designing, engineering, acquiring, and installing equipment, to monitoring, servicing, and maintenance. The Debtor's vision is to be a leader in enabling the next wave of transportation and connectivity. By building, designing, and operating seamless infrastructure for EVs and high-speed broadband, the Debtor aims to create a future where transportation is clean, efficient, and connected. The Company has historically consisted of two operating segments that are each made up of a number of Non-Debtor subsidiaries: Infrastructure – ANS, BW, EVDepot and Greenspeed, and Telecommunications – PTGi and Go2Tel.[3]

i. ***Infrastructure***

13. The Infrastructure segment implements end-to-end solutions for customers designed to (i) enhance connectivity and productivity, (ii) reduce the cost of operations, and (iii) improve the efficiency of commercial operations for customers and their consumers. The Infrastructure segment consists of several different businesses, including Broadband and Wireless, Electrical Contracting Services, Electric Vehicle Charging ("EVC") and Fleet Services.

ii. ***Telecommunications***

14. The Telecommunications segment ceased operations in December 2023. It had provided routing of voice, data, and Short Message Services to carriers and mobile network operators globally. The Telecommunications business had contractual relationships with service

[3] As set forth in further detail below, as of December 1, 2023, the Company ceased operations of the Telecommunications segment that PTGi and Go2Tel historically operated. However, for the sake of completeness, and given the role the Telecommunications segment has historically played in the Company's business, a description of the Telecommunications segment is included herein.

providers in over forty-five countries globally to provide customers with internet-protocol-based and time-division multiplexing access for the transport of long-distance voice and data minutes.

C. Operations

15. The Debtor does not maintain a physical office at this time; however, the Debtor's current mailing address is 125 Park Avenue, 25th Floor, New York, NY.

16. Prior to the Petition Date, the Debtor's workforce consisted of sales, marketing, general business, and administrative support in the United States. As of the Petition Date, the Debtor directly employed approximately 21 employees, all of which were full-time employees in the United States.

17. As set forth above, the Debtor is the corporate parent within the Company and its network of direct and indirect subsidiaries. As is the case with typical corporate families of a similar structure, beyond the provision of shared services, no operations occur at the Debtor, or parent, level. All the Company's ongoing operations occur at the subsidiary level and are broken-down into the business segments described previously. Historically, each subsidiary oversaw its own sales and marketing strategy and implementation. In late 2023, the Debtor created a centralized sales and marketing team, led by a Vice President of Growth, to drive a cohesive and collaborative go to market approach. The goal was to leverage the strengths and products of each subsidiary to offer a full suite of services to end customers throughout the United States.

18. As described above, the Infrastructure operating segment constitutes the Company's only remaining operations, as the Telecommunications segment ceased operations at the end of 2023. The various business lines contained within the Infrastructure segment are briefly described below.

i. Broadband and Wireless

19. The Broadband and Wireless services business line operates through Non-Debtor Subsidiary ANS and typically provides services under multi-year master or other service agreements. This business line's projects can vary in length from two to three months on average and depend on size and complexity. The Broadband and Wireless business provides engineering and construction services to large telecommunication and wireless service providers, contractors, government entities, and enterprise organizations, such as higher education institutions, stadiums, and healthcare facilities specializing in the deployment of fixed and wireless broadband infrastructure. Its primary offerings include (i) network infrastructure deployment, (ii) tower services, (iii) in-building wireless engineering and implementation, (iv) remote maintenance and monitoring, and (v) primary and secondary alternating current /direct current ("AC/DC") back-up power services. The company provides these offerings mainly in the Northeast, Mid-Atlantic, and Midwest regions of the United States.

20. The network infrastructure service provides end-to-end network design and implementation services for telecommunication and wireless carriers, cable companies, and enterprise organizations. This business has over 25 years of engineering and deployment experience with Regional Operating Bell Carriers and Original Equipment Manufacturers in creating physical network solutions and implementing specifications for discrete projects or entire networks.

21. The tower services offering provides cell tower construction and modification services for national and regional wireless service providers, tower owners, and federal, state, and local government agencies. These services include the design and installation of new cellular

towers, structural modification of existing tower infrastructure, technology upgrades on existing tower infrastructure and emergency and routine tower infrastructure maintenance.

22. The in-building wireless engineering and implementation services offering provides cellular distributed antenna systems and bi-directional antenna public safety systems from initial RF site assessment, through design, engineering, implementation, and testing.

23. The remote maintenance and monitoring services provide a distributed antenna system ("DAS") maintenance and monitoring service, including an in-house 24-hour network operations center, utilizing Software-as-a-Service cloud-based software and customized maintenance programs. This service allows facility owners to proactively detect issues and reduce downtime.

24. The AC/DC back-up power services design scalable and energy-efficient mission critical power systems to meet the demand of data equipment deployment for mission critical data centers. The power engineers design, project manage, and test AC undisrupted power systems, AC back-up generators, 48-volt DC rectifier and distribution systems, and AC/DC battery equipment.

ii. Electrical Contracting Services

25. The Electrical Contracting Services business operates through Non-Debtor Subsidiary BW and primarily provides electrical services in the New Jersey commercial and industrial markets. Through BW and predecessor companies, the Electrical Contracting Services business has been in operation for over 50 years. The Electrical Contracting Services projects vary in length from six to thirty-six months on average and depend on size, complexity, availability of materials, union labor and coordination with local utilities.

26. The Electrical Contracting Services business provides electrical and telecommunications construction and facilities services to a broad range of commercial, industrial, and institutional customers. These customers operate across a wide range of industries –including hospitality, recreation, education, healthcare, and pharmaceuticals and require a wide range of solutions, including building retrofits, standby power additions, emergency generators, photovoltaic infrastructure, and EV charging.

27. The Electrical Contracting Services business primarily involves the design, integration, installation, start-up, operation, maintenance, and related services for substations and underground distribution, emergency power and generators, uninterruptible power supply, transient voltage suppression system, power monitoring equipment and reporting, building automation, telecommunications and cable systems, audio/visual systems, and more. The Electrical Contracting Services business covers electrical systems in all types of facilities and the operation, maintenance, and management of those facilities.

iii. Electric Vehicle Charging

28. The EVC business operates through Non-Debtor Subsidiary Greenspeed and offers end-to-end solutions for charging ecosystems that are scalable, flexible, and seamless. These services include everything from strategic planning and education, through the design and engineering and ending with construction, installation, and commissioning. The focus of this business is to create custom, EV charging solutions nationwide for public and private customers across various industry sectors, including automotive Original Equipment Manufacturers, retail automotive dealerships, commercial dealerships, fleet operators, managers and depots, workplace, destination, commercial retail, garages and parking lots and multi-family residential. Currently, the EVC business focuses on the automotive industry, developing relationships to scale with its

customers for their future EV charging infrastructure requirements. Customers vary from dealership groups with multiple brands and campuses to single-brand dealerships. Additionally, the EVC business works with multi-family housing developments focused on provided public charging capabilities to residents that lack individually owned parking or garage space.

29. The EVC business projects can vary in length from three to twelve months on average and depend on size, complexity, availability of electric vehicle service equipment, electrical components, and coordination with local utilities for upgrades and incentive coordination. These projects typically include site evaluation, hardware consultation, design, engineering, construction, and installation.

iv. Fleet Services

30. The Fleet Services business operates through Non-Debtor Subsidiary EVDepot in locations that are typically close to shipping ports, airports, and major thoroughfares within the Northeast and Mid-Atlantic regions. With a focus on real estate solutions for commercial and fleet operators, the Fleet Services business finds properties desirable for fleet operators and secures leases on such properties for further re-lease to tenants. Using its extensive industry knowledge and relationships, the Fleet Services business secures optimal locations for their customers' fleets.

31. The Fleet Services business also focuses on real estate solutions for commercial and fleet operators requiring parking. Its vision is to provide EV charging capabilities to these facilities and provide customers with a turnkey solution for parking and electrifying their fleets.

D. Prepetition Indebtedness

i. Arena Funded Debt

32. On May 19, 2021, Charge entered a securities purchase agreement (the "May 2021 SPA") with certain funds affiliated with Arena Investors LP ("Arena", and the funds, the "May

Investors")[4] pursuant to which Charge issued and sold, among other securities, non-convertible notes payable in an aggregate face value of $11.9 million[5] for an aggregate purchase price of exactly $10.0 million (the "May Notes"). The May 2021 Notes were originally set to mature on November 19, 2022. The maturity date was subsequently extended to November 19, 2023.

33. On December 17, 2021, Charge entered into a securities purchase agreement (the "December 2021 SPA" and together with the May 2021 SPA, the "Securities Purchase Agreements") with certain funds affiliated with Arena (the "December Investors")[6] pursuant to which Charge issued and sold, among other securities, non-convertible notes payable in an aggregate face value of $15.9 million for an aggregate purchase price of $13.3 million (the "December Notes" and together with the May Notes, the "Notes"). The December Notes have a maturity date of November 19, 2023 (the "Notes Maturity Date").

ii. Issuance of Mezzanine Preferred Stock

34. In connection with the sale of securities contemplated by the December 2021 SPA, Charge issued 2,370,370 shares of Series C Preferred to the December Investors at an aggregate purchase price of $6.7 million and warrants to purchase 2,370,370 shares of the Company's common stock.

35. On February 25, 2022, Charge entered into a securities purchase agreement with Island Capital Group Charge Me LLC ("Island Capital") pursuant to which Charge issued Series

[4] Arena subsequently assigned the May 2021 SPA from the May Investors to another affiliated fund, AI Amped I, LLC ("Amped I").

[5] Unless otherwise indicated by the use of "exactly" immediately preceding a dollar figure, all dollar figures in the millions that omit values in the ten thousand dollar places and lower places, have been rounded to the nearest one hundred thousand dollars.

[6] Arena subsequently assigned the December 2021 SPA from the December Investors to another affiliated fund, Amped I.

C preferred shares in an aggregate face value of $12.1 million at an aggregate purchase price of $10.8 million.

36. On April 20, 2022, Charge entered into a Securities Purchase Agreement with an investment vehicle controlled by Island Capital Group LLC, pursuant to which Charge agreed to issue (i) a minimum of 1,071,430 and a maximum of 1,428,575 shares of common stock, par value $0.0001 per share, and (ii) common stock purchase warrants to purchase a minimum of 1,500,000 and a maximum of 2,000,000 shares of common stock, par value $0.0001 per share. This transaction closed on April 26, 2022.

37. On June 30, 2022, Charge entered into an Exchange Agreement (the "Exchange Agreement") with certain funds affiliated with Arena (the "June Investors")[7] pursuant to which Charge issued 1,177,023 shares of its newly-designated Series D Convertible Preferred Stock, par value $0.0001 per share (the "Series D Preferred Stock"). The Series D Preferred Stock was issued in exchange for the May 2020 Convertible Notes, the November 2020 Notes, and the May 2021 Convertible Notes[8].

iii. Lines of Credit

38. On June 19, 2007, Non-Debtor subsidiary BW entered into a Business Loan Agreement by and between BW and Provident Bank, the latter as successor-in-interest to Team Capital Bank ("Provident"), for a line of credit (the "BW Line of Credit") in the principal amount

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[7] Arena subsequently assigned the Exchange Agreement from the June Investors to another affiliated fund, AI Amped II, LLC ("Amped II"). Arena, Amped I, and Amped II are collectively referred to herein as the "Prepetition Lenders".

[8] In connection with a securities purchase agreement, entered into on May 8, 2020, with certain institutional investors affiliated with Arena, Charge issued convertible notes in an aggregate principal amount of exactly $3.0 million (the "May 2020 Convertible Notes"). In connection with a securities purchase agreement, entered into on November 3, 2020, with certain funds affiliated with Arena (the "November Investors") Charge issued convertible notes in an aggregate principal amount of $3.9 million (the "November 2020 Notes"). In connection with the issuance of the November 2020 Notes, Charge issued 903,226 shares of common stock to November Investors. In connection with the May 2021 SPA, Charge also issued convertible notes in an aggregate principal amount of $5.6 million (the "May 2021 Convertible Notes").

of exactly $1,000,000. Provident increased the principal amount of the BW Line of Credit by agreement with BW on August 20, 2015, to exactly $2,000,000, and again on May 24, 2017, to exactly $3,000,000. Pursuant to a modification agreement entered into on May 26, 2022, the current maturity date for the BW Line of Credit is August 1, 2024. The BW Line of Credit is secured by a first priority lien on all of the assets of BW and by corporate guaranties of Charge and Non-Debtor Charge Infrastructure Holdings, Inc. ("Charge Infrastructure"). There is currently no amount outstanding under the BW Line of Credit.

39. On October 25, 2022, Non-Debtor subsidiary Nextridge, Inc., a New York Corporation ("Nextridge"), Non-Debtor subsidiary ANS, Charge Infrastructure, and the Debtor entered into a Loan Agreement (the "ANS Loan Agreement") with Pioneer Bank ("Pioneer"), pursuant to which Pioneer made available, subject to the terms and conditions contained in the ANS Loan Agreement, a senior secured line of credit in an aggregate principal amount of exactly $8,000,000 to Nextridge and ANS (the "ANS Line of Credit"). The ANS Line of Credit modifies and renews Nextridge and ANS' existing $4,000,000 line of credit and provides additional liquidity of $4,000,000. The ANS Line of Credit is annually renewable. Borrowings under the ANS Line of Credit bear interest at a floating rate equal to the prime rate as set forth in the *Wall Street Journal* with a floor of 5%. In addition, the Loan Agreement provides for the renewal of a $750,000 capital expenditure line of credit (the "CapEx Line") by Pioneer for Nextridge and ANS, subject to the terms and conditions contained in the Loan Agreement. All obligations under the ANS of Credit and CapEx Line (together, the "ANS Facility") are cross-collateralized and cross-defaulted, and secured by a senior lien on the assets of Nextridge and ANS. In addition, Charge and Charge Infrastructure guarantee all obligations under the ANS Facility. As of the Petition

Date, there is no amount outstanding under the ANS Line of Credit. The expiration date of the ANS Facility is October 31, 2024.

E. Principal Assets and Liabilities

40. The Debtor's most recent set of unaudited financial statements reflects assets with a book value totaling approximately $114,358,249.00 and liabilities totaling approximately $48,718,180.00 as of January 31, 2024.

41. The Debtor's assets include, among other things, cash and cash equivalents, accounts receivable, investments in non-marketable securities, deferred tax assets, investments in subsidiaries, and intercompany receivables.

42. The Debtor's liabilities include, among other things, accounts payable, deferred tax liabilities, and the Debtor's obligations to Arena. As of the Petition Date, the current amounts outstanding under the Arena loan documents are approximately $51 million in aggregate principal, interest, and other fees. This amount does not include any liquidated damages, an entitlement for which is included in the Securities Purchase Agreements.

II. EVENTS LEADING TO THE FILING OF THE CHAPTER 11 CASE

A. Dealings with KORR

43. Korr Acquisitions Group, Inc. ("KORR"), an entity controlled by Kenneth Orr, KORR provided certain investment advisory services and managed the investment and reinvestment of certain assets of the Company. This arrangement was memorialized into a Special Advisor Agreement (the "SAA") between KORR and the Debtor. Kenneth Orr is a beneficial owner of more than 5% of Charge's common stock and the former Chairman of Charge.

44. Over the course of 2022 and 2023, the Debtor entrusted funds to KORR as a financial advisor with a fiduciary obligation to invest the money according to the Debtor's

direction and with strict instructions when the funds would need to be returned. In the fall of 2023, KORR represented to Charge that it held approximately $9.9 million of Company assets ("KORR-Managed Funds") in the form of cash, cash equivalents, marketable securities, or similar readily liquid assets.

45. Additionally, on August 11, 2023, Charge entered into a Securities Purchase Agreement (the "August 2023 SPA") with KORR Value, L.P. (the "KORR Fund") as purchaser, pursuant to which, beginning on October 15, 2023 and through March 31, 2024, Charge has the right, but not the obligation, to sell to the purchaser, and to require the purchaser to purchase, up to $5.0 million of common stock (the "KORR Shares"), at a purchase price of $1.00 per share. Kenneth Orr has sole voting and dispositive power over the shares held by KORR Fund.

B. Notes Maturity Date Approaching & KORR Complications

46. In late October and early November 2023, Charge prepared to pay the principal and a component of accrued interest and fees on the Notes that would come due on November 19, 2023, the Notes Maturity Date.

47. Charge prepared to make the payment on the Notes utilizing a combination of cash on hand, the KORR-Managed Funds, and proceeds received from exercising its rights under the August 2023 SPA with the KORR Fund.

48. However, when Charge sought the return of the KORR-Managed Funds in early November 2023, they were unexpectedly and unjustifiably unavailable. Charge subsequently learned that the KORR-Managed Funds had been improperly shifted to accounts for the benefit of other companies affiliated with Mr. Orr and invested in a manner that encumbered such monies and/or such monies were used to cross-collateralize personal investments or loans of Mr. Orr or KORR, all in violation of KORR's fiduciary duties to Charge and the SAA.

49. On November 15, 2023, Charge delivered a notice to the KORR Fund exercising its rights under the August 2023 SPA to require the purchase of five million shares of Charge's common stock no later than the third business day following delivery of the notice. The KORR Fund provided Charge with notice that it did not believe that Charge satisfied the necessary conditions to require the KORR Fund to purchase the KORR Shares, and therefore, did not deliver the purchase price for the KORR Shares as obligated.

50. Without the KORR-Managed Funds and the proceeds of the stock purchase under the August 2023 SPA, it became clear in late November that the Debtor would have insufficient liquidity to repay the Notes at the Notes Maturity Date.

C. The Events of Default

51. On November 15, 2023, Charge received a default letter (the "Initial Default Letter") from Arena alleging that Charge's guarantee of the ANS Facility was in violation of Section 4.25 of the Securities Purchase Agreements (the "Initial Default").

52. The Initial Default Letter claimed that an additional $3,345,297.87 in interest (reflecting the difference in the default interest rate of 20% and the interest rate of 7.5% per annum commencing from October 25, 2022, on an aggregate principal amount of $25,847,409.00) and additional legal fees, expenses, and other costs of at least $692,216.15 were immediately due and payable. The Initial Default Letter also sought a 20% per annum late fee and $11,550,000 as partial liquidated damages.

53. On December 1, 2023, Charge received an additional letter of default (the "Supplemental Default Letter") from Arena on behalf of the holders of the Notes claiming an event of default (the "Supplemental Default") in connection with Charge's non-payment of the Notes on the Notes Maturity Date and alleging additional events of default relating to the SAA.

54. Charge also received a letter (the "Exchange Default Letter") from Arena claiming events of default (the "Exchange Default" and together with the Initial Default and the Supplemental Default, the "Defaults") under the Exchange Agreement alleging certain breaches of conditions, representations, warranties, and covenants arising from the SAA and Charge's investments managed by KORR.

D. Prepetition Restructuring Efforts

55. In November 2023, the Company engaged Piper Sandler & Co. ("Piper Sandler") to assist the Company in addressing its balance sheet and liquidity position. To this end, Piper Sandler worked closely with the Company to review a range of strategic alternatives including a potential sale process and/or capital raise.

i. *KORR Litigation*

56. In connection with KORR's refusal to return the KORR-Managed Funds and perform under the August 2023 SPA, Charge filed a complaint against Mr. Orr, KORR, KORR Fund and certain other parties in the Supreme Court of New York, New York County on January 8, 2024, Index No. 650109/2024 (the "Complaint"). In the Complaint, Charge claims that certain defendants breached their fiduciary duties to Charge as registered investment advisors. The Complaint includes claims of unjust enrichment, constructive trust, conversion, fraud in the inducement, among other claims. Pursuant to the Complaint, Charge is seeking equitable relief, including a temporary restraining order and injunction against any further dispersal or movement of Charge's assets, in addition to damages in excess of $15,000,000.

ii. *Financing Needs*

57. As set forth above, the Debtor faced a significant liquidity shortage during the fourth quarter of 2023, and its liquidity continued to decline thereafter. To maintain its value as a

going concern and maximize the value of its estate during the pendency of the Chapter 11 Case, the Debtor determined it would require an infusion of liquidity in connection with the commencement and administration of the Chapter 11 Case.

58. Recognizing the need for a chapter 11 filing, the Debtor instructed Piper Sandler to lead a process to obtain post-petition financing in an amount sufficient to fund operations and estate administration over the course of the Chapter 11 Case (the "DIP Financing"). To that end, Piper Sandler engaged in a process to seek financing proposals from various capital sources within the Debtor's existing capital structure and from third parties.

59. The Prepetition Lenders indicated to the Debtor and its advisors that they would not consent to priming DIP Financing. Piper Sandler therefore communicated to potential capital sources that the post-petition financing would need to be subordinated to the Notes.

60. Piper Sandler contacted twenty parties aside from the Prepetition Lenders. Ultimately, none of those parties submitted a term sheet or indication of interest to provide post-petition financing under the circumstances. Among other challenges, the Debtor and its non-Debtor subsidiaries have a limited pool of assets available to support a junior-lien financing or to wage a potentially costly "priming" fight with the Prepetition Lenders.

61. In the period following the Defaults, the Debtor, in consultation with its advisors, engaged in good-faith negotiations with the Prepetition Lenders to address the Debtor's liquidity constraints. In connection therewith, the Debtor, with the assistance of its advisors, analyzed its cash needs to determine the liquidity levels necessary to maintain the Debtor's going-concern value in connection with the Chapter 11 Case. In undertaking this analysis, the Debtor and its advisors considered the Debtor's near-term projected financial performance, along with the

Debtor's current liquidity position. The Debtor's management also conferred with key operational divisions to understand essential business metrics in both the near and long term.

iii. ***Prepetition Marketing Process***

62. The Debtor and its advisors originally sought to pursue a Chapter 11 bankruptcy filing that would include a process for the sale of all of the operating Non-Debtor Subsidiaries via a sale of the equity of Charge Infrastructure.

63. Piper Sandler began its targeted outreach process on January 8, 2024 and broadened the outreach in early February. As of February 27, 2024, Piper Sandler had reached out to ninety-five parties, of which at least thirty-three parties executed NDAs. These parties had been provided access to a data room that included information customary and relevant to a sale process as proposed.

iv. ***Foreclosure Notice***

64. On January 19, 2024, the Prepetition Lenders provided Charge with notice (the "Foreclosure Sale Notice") of their intent to dispose of certain of its collateral pursuant to Section 9-610 of the Uniform Commercial Code by way of a public foreclosure sale, namely: (i) Charge's equity interests in certain of its subsidiaries (specifically, Charge Investments, Inc., Charge Infrastructure, and Transworld Enterprises), and (ii) the assets of certain other Subsidiaries (including Charge Communications, Inc., Go2Tel, and PTGi).

65. The Foreclosure Sale Notice established February 15, 2024, at 4:00 p.m. (ET) as the deadline for submitting bids on the subject collateral (the "Bid Deadline") and provided that, if no bids were received by the Bid Deadline, the Prepetition Lenders would obtain the collateral via credit bid on February 16, 2024 (the "Foreclosure Date").

66. The Bid Deadline and Foreclosure Date were extended from time to time by the Prepetition Lenders in connection with the negotiations concerning the RSA, as discussed further below.

v. *Decision to Pursue Prepackaged Case*

67. While undertaking the marketing process and negotiating with the Prepetition Lenders over the Foreclosure Sale Notice, their claim amount, and their appetite to provide DIP Financing to fund a bankruptcy sale process, the Debtor and its advisors engaged with its stakeholders and analyzed, among other things, (a) the negative impacts the Defaults were having on the operating Non-Debtor Subsidiaries, (b) the potential value destruction to the operating Non-Debtor Subsidiaries that could occur during a protracted chapter 11 process, (c) the size of DIP Financing that the Prepetition Lenders were willing to offer, (d) the liabilities of the Debtor to be satisfied out of sale proceeds, and (e) the level of interest generated by the Prepetition Marketing Process.

68. As a result of their analysis, the Debtor ultimately determined that approaching its Prepetition Lenders to pursue a prepackaged bankruptcy proceeding was in the best interests of the Debtor's stakeholders and began negotiations over such a plan in earnest in mid-February.

69. Following good-faith, arm's length negotiations, the Debtor and its advisors reached an agreement with the Prepetition Lenders regarding a balance sheet restructuring of the Debtor, memorialized in the RSA in support of a consensual prepackaged Plan.

70. While simultaneously negotiating the salient terms of the Plan and the case process, the Debtor, in consultation with its advisors and the Prepetition Lenders, negotiated a DIP Facility and an initial weekly budget (the "Initial Budget") and case milestones. The Debtor based the Initial Budget on reasonable assumptions, the Debtor's working capital requirements, chapter 11

related costs, and all expenditures for which the Debtor seeks authority to pay pursuant to various First Day Motions, if approved by the Court.

71. Following good-faith, arm's length negotiations, the Debtor reached a final agreement with the Prepetition Lenders (in their capacity as lenders under the DIP Facility, the "DIP Lenders") on the terms of the $10 million DIP Financing set forth in the DIP Term Sheet and the proposed Interim DIP Order. These terms allow the Debtor immediate access to up to $4 million upon entry of the Interim DIP Order, and the remaining $6 million through the issuance of a delayed-draw term loan upon entry of the Final DIP Order, to continue paying its operating expenses and signal to its customers, vendors, and employees that operations will continue uninterrupted in the ordinary course during the Chapter 11 Case.

72. Once the joint disclosure statement and Plan were finalized, the Debtor commenced prepetition solicitation of the Plan, as outlined in further detail below.

III. THE RESTRUCTURING SUPPORT AGREEMENT, THE PLAN AND THE SOLICITATION PROCESS[9]

A. The Proposed Restructuring

73. The RSA and the Plan contemplate a prompt emergence from bankruptcy on the following key terms:

(a) Access to the proceeds of the DIP Facility provided by the DIP Lender on the terms set forth in the DIP Term Sheet, along with access to the DIP Lender's cash collateral, to fund the Debtor's operations during the pendency of the Chapter 11 Case;

(b) Allowance of the Prepetition Lender's claim in an amount specified pursuant to the DIP Term Sheet;

[9] The following summaries of the RSA and the Plan are qualified in their entirety by reference to the applicable provisions of the RSA and/or Plan, as applicable. To the extent there are any inconsistencies between this summary and the provisions of the RSA and/or Plan, the provisions of the RSA and/or Plan, as applicable, shall control. Any capitalized terms used but not otherwise defined in this summary shall have the meanings ascribed to such terms in the RSA or the Plan, as applicable.

(c) Cancellation and replacement in full of all existing equity interests in Charge by the issuance of new equity (the "New Common Stock") in the reorganized company (the "Reorganized Debtor");

(d) In exchange for the retirement of its debt, the Prepetition Lender shall receive 100% of the New Common Stock in the Reorganized Debtor, subject to a 5% gift to Island Capital if certain conditions are met (the "Island Gift");

(e) General Unsecured Claims will be unimpaired

(f) Preferred and Common Equity will not receive a recovery; and

(g) Prompt emergence from chapter 11.

74. The Debtor and its advisors, together with the Debtor's stakeholders and their respective advisors, devoted considerable time and effort to the formulation and documentation of the Plan and believe the Plan represents the best alternative available to the Debtor under the circumstances. The Plan will allow the Debtor to deleverage its capital structure and recapitalize its business while maintaining going-concern value by allowing the Company to pay its employees and vendors in full, and service its current customers with minimal disruption.

B. Solicitation

75. Similarly, the Debtor and its advisors, together with the Debtor's stakeholders and their respective advisors, spent considerable time and effort ensuring that parties in interest received adequate notice of the Plan and detail regarding the proceedings. As discussed in the Debtor's Scheduling Motion[10] filed in connection herewith, on March 6, 2024, the Debtor commenced soliciting votes on the Plan from holders of Prepetition Lender Claims (Class 2), the only class of claims entitled to vote on the Plan.

[10] The "Scheduling Motion" means *Debtor's Motion for Entry of an Order (I) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing, (II) Establishing a Plan and Disclosure Statement Objection Deadline and Related Procedures, (III) Approving Solicitation and Related Procedures, (IV) Approving the Notice Procedures, (V) Approving Notice and Objection Procedures for the Assumption, Assignment, and Rejection of Executory Contracts and Unexpired Leases and (VI) Extending the Time and, Upon Confirmation, Waiving the Requirements that Schedules and Statements be Filed and a Creditors' Meeting Be Convened.*

i. Prepetition Lender Claims

76. On the effective date of the Plan, in full and final satisfaction of the Prepetition Lender Claims, and the DIP Claims, the Prepetition Lender or its designee shall receive 100% of the New Common Stock in the Reorganized Debtor, less the Island Gift, if applicable. The Prepetition Lenders – the only holders of Class 2 - Prepetition Lender Claims – timely submitted ballots accepting the Plan.

C. Proposed Confirmation Timeline

77. As detailed in the Scheduling Motion, allowing the Debtor to emerge from chapter 11 as soon as possible is imperative. Accordingly, the Debtor is seeking to confirm the Plan on April 24, 2024, or as soon as practicable thereafter. Given the unanimous support for the Plan and the urgency of the Debtor's liquidity needs to operate its business, the Debtor, with the support of the Prepetition Lenders, elected to pursue a prepackaged chapter 11 bankruptcy that significantly benefits all parties by minimizing potential uncertainty, detrimental impacts on the operations of the Non-Debtor Subsidiaries, and implementation costs.

IV. THE CHAPTER 11 CASE AND THE FIRST DAY MOTIONS

78. The Debtor intends to utilize the Chapter 11 Case to consummate the Plan pursuant to the RSA. The Debtor believes a prepackaged reorganization presents the best available option for the Debtor under the circumstances. In furtherance of its restructuring efforts, the Debtor has filed First Day Motions prior to filing this declaration, and respectfully requests that the Court enter the proposed orders granting the relief requested in the First Day Motions for the reasons set forth below.

A. The Debtor Needs Immediate Access to DIP Financing and Cash Collateral

79. It is essential to the Debtor's administration that it has sufficient funds to operate in the ordinary course in a manner that is sufficient to maintain the Debtor's going concern value through, at least, the effective date of the Plan in the Chapter 11 Case. In particular, I believe the Debtor's immediate and continuing access to cash is critical to (a) ensure that the Debtor has sufficient working capital to, among other things, continue its remaining business operations in the ordinary course by paying its remaining employees, vendors, and service providers, (b) enable the Debtor to honor its prepetition obligations under and in accordance with the remaining proposed "first-day" relief if approved by the Court, and (c) satisfy administrative expenses of the Chapter 11 Case.

80. I believe that the Initial Budget will be adequate, considering all available assets, to pay all administrative expenses due or accruing during the period covered by the Initial Budget.

81. Without the ability to obtain sufficient working capital and liquidity through the proposed post-petition financing arrangements with the DIP Lenders, I believe the Debtor, its estate, and parties in interest would be immediately and irreparably harmed. Further, the Debtor's own cash collateral is insufficient to support the prosecution of the Chapter 11 Case and the Debtor requires the use of the DIP Lender's cash collateral to aid in funding the costs of maintaining, administering, and preserving its business and maximizing the value of its assets. The Debtor has an acute need to obtain post-petition financing to, among other things, minimize the disruption of its business operations and preserve and maximize the value of the assets of the Debtor's estate to maximize the recovery to all creditors of the estate.

82. The Debtor and its advisors actively negotiated the terms and provisions of the DIP Facility, in good faith, in an effort to reach the best available material terms given the

circumstances surrounding the Chapter 11 Case. After evaluation by the Debtor's Board and management, with the input of the Debtor's advisors, I believe that the terms of the DIP Facility and proposed adequate protection are competitive and the best that the Company could obtain under the circumstances. Additionally, the DIP Lenders are familiar with the Debtor, its business, and its capital structure. This familiarity has enabled the DIP Lenders to act more quickly and limit diligence risk, both of which are crucial in light of the Debtor's critical need for liquidity. In sum, the DIP Facility represents the Debtor's best available post-petition financing option.

83. For the reasons set forth above, I believe the Debtor's authority to enter into the DIP Term Sheet and proceed with further documentation, pending a final hearing on approval of the DIP Facility, is necessary to preserve the value of the Debtor's estate for the benefit of the Debtor's stakeholders and avoid irreparable harm.

B. The Remaining First Day Motions are Critical to the Debtor's Operations During the Pendency of the Chapter 11 Case[11]

84. I believe that the relief sought in each of the remaining First Day Motions (a) is vital to the Debtor's transition to, and operation in, chapter 11 with minimal interruption or disruption to its business or loss of productivity or value, and (b) constitutes a critical element in maximizing value during the Chapter 11 Case.

85. The First Day Motions that the Debtor seeks the Court hear at the "first day" hearing in this Chapter 11 Case are as follows:

- ***Application of the Debtor for Entry of an Order (I) Approving the Retention and Appointment of Epiq Corporate Restructuring, LLC as the Claims and Noticing Agent to the Debtor, Effective as of the Petition Date, and (II) Granting Related Relief***

[11] Capitalized terms used in this section but not otherwise defined herein shall have the meanings ascribed to them in the First Day Motions, as applicable.

- ***Debtor's Motion for Entry of an Order (I) Authorizing the Debtor to Redact Certain Personally Identifiable Information for Individual Creditors, (II) Waiving the Requirement to File a List of the Debtor's Equity Security Holders and Modifying Notice Thereto, and (III) Granting Related Relief***

- ***Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Pay Pre-Petition Employee Obligations and (B) Maintain and Continue Employee Benefit Programs and Pay Administrative Obligations Related Thereto; (II) Modifying the Automatic Stay with Respect to the Workers' Compensation Program; (III) Authorizing Banks to Honor and Process Checks and Electronic Transfer Requests Related Thereto; and (IV) Granting Related Relief***

- ***Debtor's Motion for Entry of Interim and Final Orders Granting (I) Authority to (A) Continue Using Existing Bank Accounts and Cash Management System, and Paying All Fees Related Thereto, and (B) Implement Ordinary Course Changes to Cash Management System, Including Opening and Closing Bank Accounts; and (II) Related Relief***

- ***Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to Pay Certain Prepetition Claims of Trade Creditors; (II) Authorizing Banks to Honor and Process Checks and Electronic Transfer Requests Related Thereto, and (III) Granting Related Relief***

- ***Debtor's Motion for Entry of Interim and Final Orders (I) Establishing Notification Procedures and Approving Restrictions of Certain Transfers of Shares of, or Worthless Stock Deductions with Respect to, Stock of the Debtor and (II) Granting Related Relief***

- ***Debtor's Motion for Entry of an Order (I) Scheduling a Combined Disclosure Statement Approval and Plan Confirmation Hearing, (II) Establishing a Plan and Disclosure Statement Objection Deadline and Related Procedures, (III) Approving Solicitation and Related Procedures, (IV) Approving the Notice Procedures, (V) Approving Notice and Objection Procedures for the Assumption, Assignment, and Rejection of Executory Contracts and Unexpired Leases and (VI) Extending the Time and, Upon Confirmation, Waiving the Requirements that Schedules and Statements be Filed and a Creditors' Meeting Be Convened***

- ***Debtor's Motion for Entry of Interim and Final Orders (A) Authorizing the Debtor to (I) Use Cash Collateral, (II) Obtain Senior Secured Superpriority Postpetition Financing and Granting Liens and Superpriority Administrative Claims and (III) Provide Adequate Protection to Certain Prepetition Secured Parties; (III) Authorizing Use of Cash Collateral; (B) Scheduling a Final Hearing and (C) Granting Related Relief***

86. I have reviewed each of the First Day Motions (including the exhibits and schedules attached thereto) listed above, and, to the best of my knowledge, I believe that the facts set forth in the First Day Motions are true and correct. If I were called upon to testify, I could and would, based on the foregoing, testify competently to the facts set forth in each of the First Day Motions.

87. Furthermore, as a result of my personal knowledge, information supplied to me by other members of the Debtor's management and from my colleagues that perform services for the Debtor, from my review of relevant documents, and upon my opinion based upon my experience, discussions with the Debtor's advisors and knowledge of the Debtor's operations and financial condition, I believe the relief sought in the First Day Motions is necessary for the Debtor to effectuate a smooth transition into chapter 11 bankruptcy and to avoid irreparable harm to its business and estate, and is in the best interests of the Debtor's estate, creditors, and other stakeholders.

CONCLUSION

In furtherance of its chapter 11 efforts, for the reasons stated herein and in each of the First Day Motions, the Debtor respectfully requests that the Court grant the relief requested in the First Day Motions.

Dated: March 7, 2024

/s/ Craig Harper-Denson
Craig Harper-Denson
Interim Chief Executive Officer and Chief Operating Officer

<u>Exhibit I</u>

Corporate Organizational Chart

Charge Enterprises