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United States Bankruptcy Court
Southern District of Texas

ENTERED

May 24, 2023

Nathan Ochsner, Clerk

2023 JUN -2 PM 1:08
**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

QUALTEK SERVICES INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 23- 90584 (CML)
)
) (Jointly Administered)
)
) **Re: Docket No. 3**

1700849

ORDER GRANTING COMPLEX CHAPTER 11 BANKRUPTCY CASE TREATMENT

These jointly administered cases were filed on May 24, 2023. A *Notice of Designation as Complex Chapter 11 Bankruptcy Case* was filed. Based on its review of the initial pleadings, the United States Bankruptcy Court for the Southern District of Texas (the "Court") concludes that the complex chapter 11 case designation is appropriate. Accordingly, the Court orders:

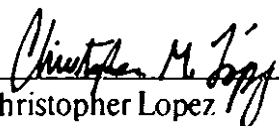
1. The Procedures for Complex Chapter 11 Cases in the Southern District of Texas apply to these cases. The procedures are posted on the Court's website. Compliance with the procedures is required.

2. The Debtors must give notice of this Order to all parties in interest within seven days. If a party in interest objects to the provisions of this Order, that party may file an appropriate motion within fourteen days after service of this Order.

3. The Bankruptcy Local Rules of the Southern District of Texas (the "Bankruptcy Local Rules") apply to this case, subject to the following modifications:

- a. Bankruptcy Local Rule 1001-1(b) does not apply.
- b. Local District Court Civil Rule 83.1 applies.
- c. Appendix A to the Bankruptcy Local Rules of the District Court applies.
- d. If a conflict exists between the Bankruptcy Local Rules and the Procedures for Complex Chapter 11 Cases in the Southern District of Texas, the Procedures for Complex Chapter 11 Cases in the Southern District of Texas govern.

Signed: May 24, 2023


Christopher Lopez
United States Bankruptcy Judge

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://dm.epiq11.com/QualTek>. The location of Debtors' principal place of business and the Debtors' service address in these chapter 11 cases is 475 Sentry Parkway E, Blue Bell, Pennsylvania 19422.

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In re:

QUALTEK SERVICES INC., et al.,¹

Debtors.

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) Chapter 11
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) Case No. 23-90584 (CML)
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) (Joint Administration Requested)
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**NOTICE OF (I) COMMENCEMENT OF
CHAPTER 11 BANKRUPTCY CASES, (II) HEARING ON THE
DISCLOSURE STATEMENT, CONFIRMATION OF THE JOINT
CHAPTER 11 PLAN, AND RELATED MATTERS, AND (III) OBJECTION
DEADLINES AND SUMMARY OF THE DEBTORS' JOINT CHAPTER 11 PLAN**

NOTICE IS HEREBY GIVEN as follows:

On May 24, 2023 (the "Petition Date"), the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed with the United States Bankruptcy Court for the Southern District of Texas (the "Bankruptcy Court") the Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code [Docket No. 17] (as amended, supplemented, or otherwise modified from time to time, the "Plan") and proposed disclosure statement [Docket No. 18] (as amended, supplemented, or otherwise modified from time to time, the "Disclosure Statement") pursuant to sections 1125 and 1126(b) of title 11 of the United States Code (the "Bankruptcy Code"). Copies of the Plan and the Disclosure Statement may be obtained upon request of the Debtors' proposed counsel at the address specified below and are on file with the Clerk of the Court, 515 Rusk Street, Houston, Texas 77002, where they are available for review between the hours of 8:00 a.m. to 5:00 p.m., prevailing Central Time. The Plan and the Disclosure Statement also are available for inspection, for a fee, at <https://pacer.gov> (account required) or, free of charge, on the Debtors' restructuring website at <https://dm.epiq11.com/QualTek>.²

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://dm.epiq11.com/QualTek>. The location of Debtors' principal place of business and the Debtors' service address in these chapter 11 cases is 475 Sentry Parkway E, Blue Bell, Pennsylvania 19422.

² Capitalized terms used but not defined herein have the meanings given to them in the Plan or the Disclosure Statement, as applicable. The statements contained herein are summaries of the provisions contained in the Plan and the Disclosure Statement and do not purport to be precise or complete statements of all the terms and provisions of the Plan or the documents referred therein. To the extent there is a discrepancy between the terms herein and the Plan or the Disclosure Statement, the Plan or the Disclosure Statement, as applicable, shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement.

The Plan is a "prepackaged" plan of reorganization. The Debtors believe that any valid alternative to confirmation of the Plan would result in significant delays, litigation, and additional costs, and, ultimately, would jeopardize recoveries for holders of allowed claims.

Hearing on Confirmation of the Plan and the Adequacy of the Disclosure Statement

A hearing on confirmation of the Plan and the adequacy of the Disclosure Statement (the "Combined Hearing") will be held before the Honorable Christopher M. Lopez, United States Bankruptcy Judge, in Courtroom 401 of the United States Bankruptcy Court, 515 Rusk Street Houston, Texas 77002, on June 30, 2023, at 1:00 p.m., prevailing Central Time, to consider the adequacy of the Disclosure Statement, any objections to the Disclosure Statement, confirmation of the Plan, any objections thereto, and any other matter that may properly come before the Bankruptcy Court. Please be advised that the Combined Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on other parties entitled to notice.

Information Regarding the Plan

Voting Record Date: The voting record date was **May 24, 2023**, which was the date used for determining which Holders of Claims were entitled to vote on the Plan.

Objections to the Plan or the Disclosure Statement. The deadline for filing objections to the Plan is **June 23, 2023, at 4:00 p.m. prevailing Central Time** (the "Objection Deadline"). Any objections (each, an "Objection") to the Plan or the Disclosure Statement must: (a) be in writing; (b) comply with the Federal Rules of Bankruptcy Procedure and the Bankruptcy Local Rules for the Southern District of Texas; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest beneficially owned by such entity; (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan that would resolve such objections; and (e) be filed with the Bankruptcy Court with proof of service thereof and served upon the Notice Parties so as to be actually received by the Objection Deadline.

If you would like to **obtain a copy of the Disclosure Statement, the Plan, or related documents at no additional cost**, they are available to view or download at: <https://dm.epiq11.com/QualTek>; additionally, you may contact Epiq Corporate Restructuring, LLC, the Debtors' claims and noticing agent in the chapter 11 cases (the "Claims and Noticing Agent"), by: (a) writing to QualTek Ballot Processing Center, c/o Epiq Corporate Restructuring, LLC, P.O. Box 4422 Beaverton, OR 97076-4422; (b) contacting the Claims and Noticing Agent at QualTek@epiqglobal.com; and/or (c) calling the Debtors' restructuring hotline at (877) 609-4009 (USA or Canada); +1 (503) 447-4703 (International).

CRITICAL INFORMATION REGARDING OBJECTING TO THE PLAN

ARTICLE VIII OF THE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS. ARTICLE VIII.D CONTAINS THE THIRD-PARTY RELEASE. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

ALL HOLDERS OF CLAIMS OR INTERESTS THAT DO NOT (A) ELECT TO OPT OUT OF THE RELEASES CONTAINED IN ARTICLE VIII.D OF THE PLAN; OR (B) TIMELY FILE WITH THE BANKRUPTCY COURT ON THE DOCKET OF THE CHAPTER 11 CASES AN OBJECTION TO THE RELEASES CONTAINED IN ARTICLE VIII.D OF THE PLAN THAT IS NOT RESOLVED BEFORE CONFIRMATION WILL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY, INDIVIDUALLY, AND COLLECTIVELY CONSENTED TO THE RELEASE AND DISCHARGE OF ALL CLAIMS AND CAUSES OF ACTION AGAINST THE DEBTORS AND THE RELEASED PARTIES.

Objections must be filed with the Bankruptcy Court and served so as to be **actually received no later than June 23, 2023, at 4:00 p.m. prevailing Central Time**, by those parties who have filed a notice of appearance in the Debtors' Chapter 11 Cases as well as the following parties:

Debtors

QualTek Services Inc.

475 Sentry Parkway E.

Blue Bell, Pennsylvania 19422

Attn: Paul Kestenbaum, General Counsel

Proposed Counsel to the Debtors

Kirkland & Ellis LLP

Kirkland & Ellis International LLP

601 Lexington Avenue

New York, New York 10022

Attn: Joshua A. Sussberg, P.C.,

Christopher T. Greco, P.C.

-and-

300 North LaSalle Street

Chicago, Illinois 60654

Attn: Jaimie Fedell, Alison Wirtz.

-and-

Jackson Walker LLP

1401 McKinney Street, Suite 1900

Houston, Texas 77010

Attn: Matthew D. Cavanaugh, Genevieve M.

Graham, and Emily Meraia

United States Trustee

**Office of the United States Trustee
for the Southern District of Texas**
515 Rusk Street, Suite 3516
Houston, Texas 77002
Attn: Ha Nguyen and Hector Duran

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

AS DESCRIBED BELOW, YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE DISCHARGE, RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Summary of Plan Treatment

The following table provides a summary of the anticipated recovery to Holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.³

Class	Claim/Interest	Treatment of Claim/ Interest	Projected Allowed Amount of Claims	Estimated % Recovery Under Plan
Class 1	Other Secured Claims	Each Holder of an Allowed Other Secured Claim shall receive, at the option of the applicable Debtor (subject to the reasonable consent of the Required Consenting Term Lenders), and subject to any applicable intercreditor agreement: (i) payment in full in Cash of its Allowed Other Secured Claim; (ii) the collateral securing its Allowed Other Secured Claim; (iii) Reinstatement of its Allowed Other Secured Claim pursuant to section 1124 of the Bankruptcy Code; or (iv) such other recovery rendering its Allowed Other Secured Claim Unimpaired.	N/A	100%

³ The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions.

Class	Claim/Interest	Treatment of Claim/Interest	Projected Allowed Amount of Claims	Estimated % Recovery Under Plan
Class 2	Other Priority Claims	Each Holder of an Allowed Other Priority Claim shall receive, at the option of the applicable Debtor: (i) Cash in an amount equal to such Allowed Other Priority Claim; or (ii) such other treatment as agreed to by such Holder of an Other Priority Claim and the Debtors.	N/A	100%
Class 3A	Priority Term Loan Claims	On the Plan Effective Date, the Priority Term Loan giving rise to each Allowed Priority Term Loan Claim, if any, shall be converted on a dollar-for-dollar basis into a 1L Exit Facility Loan.	\$0 ⁴	100%
Class 3B	Rollover Term Loan Claims	On the Plan Effective Date, each Holder of an Allowed Rollover Term Loan Claim shall receive, in full and final satisfaction of such Claim, its <i>pro rata</i> share of the 3L Exit Facility Loans.	\$102.9 million	100%
Class 3C	Tranche B Term Loan Claims	On the Plan Effective Date, each Holder of Allowed Tranche B Term Loan Claims shall receive, in full and final satisfaction of such Claims, its <i>pro rata</i> share of 40 percent of the New Equity Interests, subject to dilution by the Warrants and the MIP.	\$248.5 million	14% - 25% ⁵
Class 4	Convertible Notes Claims	On the Plan Effective Date, each Holder of a Convertible Notes Claim shall receive, in full and final satisfaction of such Claims, (i) its <i>pro rata</i> share of 10 percent of New Equity Interests, subject to dilution by the Warrants and the MIP, and (ii) its <i>pro rata</i> share of the Warrants.	\$131.1 million	7% - 12% ⁶
Class 5	General Unsecured Claims	Each Holder of an Allowed General Unsecured Claim shall receive either: (i) Reinstatement of such Allowed General Unsecured Claim pursuant to section 1124 of the Bankruptcy Code; or (ii) payment in full in Cash on (a) the Plan Effective Date, or (b) the date due in the ordinary course of business in accordance with the terms and conditions of the particular transaction giving rise to such Allowed General Unsecured Claim.	N/A	100%
Class 6	TRA Claims	Allowed TRA Claims shall be cancelled without any distribution, and such Holders of TRA Claims will receive no recovery.	\$0	0%
Class 7	510(b) Claims	Allowed 510(b) Claims, if any, shall be cancelled and released without any distribution on account of such 510(b) Claims.	\$0	0%

⁴ Reflects the Priority Term Loan Claims rolled up into DIP-to-Exit Facility and assumes full participation.

⁵ Estimated Recovery reflects potential range of estimated equity value for the Reorganized Debtors of approximately \$87 million and approximately \$157 million, subject to dilution.

⁶ Estimated Recovery does not include value attributable to the Warrants. Reflects potential range of estimated equity value for the Reorganized Debtors of approximately \$87 million and approximately \$157 million, subject to dilution.

Class	Claim/Interest	Treatment of Claim/Interest	Projected Allowed Amount of Claims	Estimated % Recovery Under Plan
Class 8	Intercompany Claims	Allowed Intercompany Claims shall be, at the option of the applicable Debtor, with the reasonable consent of the Required Consenting Term Lenders and, to the extent any such Intercompany Claim constitutes ABL Priority Collateral (as defined in the Prepetition Intercreditor Agreement), Required Consenting ABL Lenders, either: (i) Reinstated; (ii) converted to equity; or (iii) otherwise set off, settled, distributed, contributed, cancelled, or released, in each case, in accordance with the Restructuring Transactions Memorandum.	N/A	100% or 0%
Class 9	Intercompany Interests	Intercompany Interests shall be, at the option of the applicable Debtor, with the consent of the Required Consenting Term Lenders, either: (i) Reinstated; or (ii) set off, settled, addressed, distributed, contributed, merged, cancelled, or released, in each case, in accordance with the Restructuring Transactions Memorandum.	N/A	100% or 0%
Class 10	Equity Interests	All Equity Interests will be cancelled, released, and extinguished and will be of no further force or effect, and Holders of Equity Interests will not receive any distribution on account of such Equity Interests.	N/A	0%

Discharge, Injunctions, Exculpation, and Releases

Please be advised that the Plan contains certain release, exculpation, and injunction provisions as follows:

Relevant Definitions

"Exculpated Parties" means, collectively, and in each case in its capacity as such: (a) each of the Debtors; (b) the independent directors or managers of any Debtor; and (c) any official committees appointed in the Chapter 11 Cases and each of their respective members.

"Related Party" means each of, and in each case in its capacity as such, current and former directors, managers, officers, committee members, members of any Governing Body, equity Holders (regardless of whether such interests are held directly or indirectly), affiliated investment funds or investment vehicles, managed accounts or funds, predecessors, participants, successors, assigns, subsidiaries, Affiliates, partners, limited partners, general partners, principals, members, management companies, fund advisors or managers, employees, agents, trustees, advisory board members, financial advisors, attorneys (including any other attorneys or professionals retained by any current or former director or manager in his or her capacity as director or manager of an Entity), accountants, investment bankers, consultants, representatives, and other professionals and advisors and any such Person's or Entity's respective heirs, executors, estates, and nominees.

"Released Party" means in each case in its capacity as such: (a) each Debtor; (b) each Reorganized Debtor; (c) each Consenting Term Lender; (d) each Consenting Convertible Noteholder; (e) each Consenting Sponsor; (f) each Agent/Trustee (other than the ABL Agent, ABL

DIP Agent, and ABL Exit Facility Agent); (g) each of the Term Loan DIP Lenders; (h) each current and former Affiliate of each Entity in clause (a) and (b); (i) each Debtor Related Party of each Entity in clause (a) and (b); (j) each current and former Affiliate of each Entity in clause (c) through (h) and the following clause (k); (k) each Related Party of each Entity in clause (c) through (h) and this clause (k); provided that in each case, an Entity shall not be a Released Party if it: (x) elects to opt out of the releases contained in Article VIII.D of the Plan; (y) timely objects to the releases contained in Article VIII.D of the Plan and such objection is not settled, withdrawn, or overruled before Confirmation, or (z) for the avoidance of doubt, is an ABL Released Party.

"Releasing Party" means in each case in its capacity as such: (a) the Debtors; (b) the Reorganized Debtors; (c) each of the Term Loan DIP Lenders; (d) each Agent/Trustee (other than the ABL Agent, ABL DIP Agent, and ABL Exit Facility Agent); (e) each Consenting Term Lender; (f) each Consenting Convertible Noteholder; (g) each Consenting Sponsor; (h) all Holders of Claims that vote to accept the Plan; (i) all Holders of Claims that are deemed to accept the Plan who do not affirmatively opt out of the releases provided by the Plan by checking the box on the applicable notice of non-voting status indicating that they opt not to grant the releases provided in the Plan; (j) all Holders of Claims that abstain from voting on the Plan and who do not affirmatively opt out of the releases provided by the Plan by checking the box on the applicable ballot indicating that they opt not to grant the releases provided in the Plan; (k) all Holders of Claims or Interests that vote to reject the Plan or are deemed to reject the Plan and who do not affirmatively opt out of the releases provided by the Plan by checking the box on the applicable ballot or notice of non-voting status indicating that they opt not to grant the releases provided in the Plan; (l) each current and former Affiliate of each Entity in clause (a) through (k); and (m) each Related Party of each Entity in clause (a) through (l) for which such Entity is legally entitled to bind such Related Party to the releases contained in the Plan under applicable law; provided that in each case, an Entity shall not be a Releasing Party if it: (x) elects to opt out of the releases contained in Article VIII.D of the Plan; (y) timely objects to the releases contained in Article VIII.D of the Plan and such objection is not settled, withdrawn, or overruled before Confirmation, or (z) for the avoidance of doubt, is an ABL Releasing Party; provided further that, notwithstanding anything to the contrary in this Plan, Fortress shall not be a Releasing Party with respect to any Claims or Causes of Action against any Fortress Non-Released Party.

A. Discharge of Claims and Termination of Interests.

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the Confirmation Order, the Definitive Documentation, or in any contract, instrument, or other agreement or document created or entered into pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Plan Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Plan Effective Date by the Reorganized Debtors and, to the extent any such Intercompany Claim constitutes ABL Priority Collateral (as defined in the Prepetition Intercreditor Agreement referred to in the DIP Orders), subject to the written consent of the ABL DIP Agent or the ABL Exit Facility Agent, as applicable, in its sole, but reasonable, discretion), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets