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Restructuring Department Bulletin

Supreme Court Denies Cert in *Hertz*, Leaving Third Circuit's Solvent-Debtor Interest Ruling Intact

In *Hertz*, the U.S. Supreme Court denied certiorari, leaving intact the Third Circuit's holding that creditors of a solvent-debtor are entitled to contractual post-petition interest and redemption premiums ahead of equity under a Chapter 11 plan. The Supreme Court had previously declined to review similar rulings involving the solvent-debtor exception from the Fifth and Ninth Circuits. The solvent-debtor exception requires a creditor of a solvent debtor to receive contract-rate post-petition interest to be "unimpaired." The order preserves the ruling that Hertz's 2026/2028 noteholders are entitled to at least \$270 million in contractual post-petition interest and premiums, rather than federal judgment rate interest.

iRobot Emerges from Chapter 11, Successfully Navigating Complex Cross-Border Transaction

The U.S. Bankruptcy Court for the District of Delaware confirmed Paul, Weiss client iRobot's prepackaged chapter 11 plan of reorganization on January 22, 39 days after the company filed for bankruptcy, with iRobot emerging one day later on January 23. Under the plan, Shenzhen PICEA Robotics Co., Ltd. and Santrum Hong Kong Co., Limited, collectively known as Picea, iRobot's secured lender and a global manufacturer and service provider, acquired all equity interests in iRobot through an equitizing transaction. The plan received broad stakeholder support, with unanimous approval from all classes that voted on the plan. The transaction's closing marked iRobot's successful emergence from its prepackaged chapter 11 process, as it emerged with no funded debt and additional capacity to invest in the next generation of smart home robotics. The transaction navigated a complex regulatory environment given its cross-border nature, including engagement with the Committee on Foreign Investment in the United States (CFIUS).

Did You Know...

- **Paul, Weiss Named a Bankruptcy Practice Group of the Year by Law360:** *Law360* has recently recognized the firm as a 2025 Bankruptcy Group of the Year. The annual practice-focused awards honor the firms behind the legal industry's biggest deals and litigation victories.
- **Paul, Weiss Wins Four M&A Advisor Turnaround Awards:** The *M&A Advisor* recently recognized Paul, Weiss in its annual Turnaround Awards in four categories, including for "Consumer Discretionary Deal of the Year (Up to \$100MM)" for the sale of Rite Aid assets, "Information Technology Deal of the Year (Over \$500MM)" for the restructuring of Wolfspeed, "Distressed M&A Deal of the Year (\$250MM to \$1B)" for the sale of 23andMe to TTAM Research Institute, and "Restructuring of the Year (Over \$5B)" for the restructuring of Diamond Sports and emergence of Main Street Sports.
- **Paul, Weiss Partners Quoted in S&P Global, Turnarounds & Workouts and Octus:** Restructuring partner Jake Adlerstein was quoted in S&P Global's article, "U.S. Bankruptcy Filings Drop for Private Equity-Backed Companies in 2025," and in *Turnarounds & Workouts*' "Year in Review," alongside Restructuring partner Bob Britton. Hybrid Capital & Special Situations head Sung Pak spoke about a "third way" to approach restructurings with Octus for its newsletter.
- **Paul, Weiss Partners Participate In PLI Event:** Restructuring partners Alice Eaton and Sean Mitchell participated in PLI's "Recent Developments in Distressed Debt, Restructurings, and Workouts" program. Alice co-chaired and Sean spoke on the "Hot Topics: Lightning Round" panel.

Please contact any of our Restructuring Partners to discuss these or other topics in greater depth.

[Jacob A. Adlerstein](#)
(212) 373-3142

[Paul M. Basta](#)
(212) 373-3023

[Lauren Bilzin](#)
(212) 373-2432

[Brian Bolin](#)
(212) 373-3262

[Robert A. Britton](#)
(212) 373-3615

[Nick Charwood](#)
+44 (20) 7601-8840

[William A. Clareman](#)
(212) 373-3248

[Michael J. Colarossi](#)
(212) 373-3315

[Alice Belisle Eaton](#)
(212) 373-3125

[Joe Graham](#)
(212) 373-3057

[Brian S. Hermann](#)
(212) 373-3545

[Christopher Hopkins](#)
(212) 373-3334

[Kyle J. Kimpler](#)
(212) 373-3253

[Elizabeth R. McCollm](#)
(212) 373-3524

[Sean A. Mitchell](#)
(212) 373-3356

[Liz Osborne](#)
+44 (20) 7601-8729

[Andrew N. Rosenberg](#)
(212) 373-3158

[Kyle R. Satterfield](#)
(212) 373-3060

[John Weber](#)
(212) 373-3656

[Kai Zeng](#)
+44 (20) 7601-8748

[Ken Ziman](#)
(212) 373-3733