

January 2026

# Restructuring Department Bulletin

## Rite Aid's Chapter 11 Plan Confirmed; Emerged December 31

Following a contested confirmation process, Paul, Weiss client, New Rite Aid LLC, secured confirmation of its chapter 11 plan in the U.S. Bankruptcy Court for the District of New Jersey and emerged from chapter 11 on December 31st. Rite Aid, one of the largest U.S. pharmacy retailers, filed chapter 11 petitions in early May, with approximately \$2.1 billion in funded debt. The Debtors maintained pharmacy care continuity while selling substantially all assets, including pharmacy assets, the Thrifty Ice Cream business and certain intellectual property. The confirmed plan reflects a comprehensive, multi-party settlement with, among others, McKesson (plan sponsor), pre- and post-petition secured lenders, the Department of Justice, and the Pension Benefit Guaranty Corporation.

## 23andMe Emerges from Chapter 11 Bankruptcy

On December 5, 2025, the Bankruptcy Court for the Eastern District of Missouri confirmed the chapter 11 plan of Chrome Holding Co. (f/k/a 23andMe Holding Co.) and the Company emerged from bankruptcy. This milestone represents an achievement of broad consensus among the Company's key stakeholders and implements multiple settlements that provide settlement payments between \$45.5 million to \$65.5 million to resolve a majority of claims arising from a cyber breach incident the Company experienced in 2023, including for approximately 6.4 million cyber breach claimants. Confirmation of the Company's chapter 11 plan also effectuated the sale of its Lemonaid telehealth business to Bambumeta Ventures, LLC for \$10 million.

## Incra Defendants Secure Dismissal of Remaining Uptier Litigation Claims

On December 9, 2025, Judge Randy Crane of the U.S. District Court for the Southern District of Texas ruled that aerospace supplier Wesco Aircraft Holdings, Inc. (together with its subsidiaries, "Incra") did not breach its debt agreements in connection with its March 2022 new money uptier transactions that enabled Incra to obtain \$250 million in new money proceeds (the "2022 Transactions"), disagreeing with the report and recommendation from Judge Marvin Isgur of the U.S. Bankruptcy Court for the Southern District of Texas. In a January 2025 report and recommendation, Judge Isgur ruled that the 2026 junior noteholders' indenture had been breached in the 2022 Transactions.

## Did You Know...

- Partners Brian Bolin and Lauren Bilzin and associate Mitchell Mengden wrote a chapter in the Americas Restructuring Review 2026 examining the increased participation of private equity and hedge funds in U.S. debt restructurings.
- Jake Adlerstein, Paul Basta, Ken Ziman and Nick Charlwood participated in several speaking engagements. Jake, Paul and Ken took part in panels at the 2025 Distressed Investing Conference in New York. Paul also discussed recent chapter 11 trends in a webinar hosted by 9fin. In London, Nick participated in a session at the Global Restructuring Review's Contentious Insolvency and Restructuring conference.

Incra and the first lien noteholder participants in the 2022 Transactions objected to the report and recommendation.

In his ruling, Judge Crane noted that each step of the 2022 Transactions was completed in accordance with the indenture. First, the plain language of the 2026 junior noteholders' indenture allowed for simple-majority consent with respect to certain actions taken in the 2022 Transactions, including the issuance of new bonds under the indenture, entering into new purchase agreements for the same notes, and amending the indenture accordingly to reflect the new issuances. Next, a two-thirds majority consent was required to release the collateral securing the notes. However, the issuance of new notes resulted in supporting noteholders becoming able to provide the necessary supermajority to provide such two-thirds consent to release the collateral. Accordingly, Judge Crane dismissed all claims against Incra and the first lien noteholder participants in the 2022 Transactions.

Judge Crane rejected the junior noteholders' argument that New York law requires collapsing these distinct transactions into a single transaction that arguably violated their indenture, because New York law gives effect to the parties' intentions that the 2022 Transactions be treated as distinct transactions. Further, even if the junior noteholders were able to demonstrate a breach of their indenture, Judge Crane noted that the proper remedy would be to award them damages against Incra, not an equitable unwinding of the 2022 Transactions.

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

<u>Jacob A. Adlerstein</u> (212) 373-3142	<u>Paul M. Basta</u> (212) 373-3023	<u>Lauren Bilzin</u> (212) 373-2432	<u>Brian Bolin</u> (212) 373-3262	<u>Robert A. Britton</u> (212) 373-3615	<u>Nick Charlwood</u> +44 (20) 7601-8840	<u>William A. Clareman</u> (212) 373-3248
<u>Michael J. Colarossi</u> (212) 373-3315	<u>Alice Belisle Eaton</u> (212) 373-3125	<u>Joe Graham</u> (212) 373-3057	<u>Brian S. Hermann</u> (212) 373-3545	<u>Christopher Hopkins</u> (212) 373-3334	<u>Kyle J. Kimpler</u> (212) 373-3253	<u>Elizabeth R. McColm</u> (212) 373-3524
<u>Sean A. Mitchell</u> (212) 373-3356	<u>Liz Osborne</u> +44 (20) 7601-8729	<u>Andrew N. Rosenberg</u> (212) 373-3158	<u>Kyle R. Satterfield</u> (212) 373-3060	<u>John Weber</u> (212) 373-3656	<u>Kai Zeng</u> +44 (20) 7601-8748	<u>Ken Ziman</u> (212) 373-3733