

The Employee Relations Aspect of Mergers and Acquisitions

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Pre-negotiation planning and due diligence are critical to the success of a transaction from both the buyer's and the seller's perspective. Both the seller and buyer will need to be concerned with any successorship obligations imposed by operation of law. They will also need to consider the impact of any severance pay arrangements on the transaction, and whether there are any potential liabilities under the WARN Act. Obtaining releases that comply with the Older Workers' Benefits Protection Act or a closeout agreement with any unions representing employees may also benefit both the buyer and seller. This chapter is intended to raise some of the more important issues to be considered by buyers and sellers in preparation for a merger or acquisition. Obviously, each situation will have its own unique circumstances and there may be other issues or problems that arise in the context of a particular transaction. Nevertheless, we hope that this chapter and the two attached exhibits will provide an initial framework for dealing with the most common employment issues in these types of transactions.

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