

HR Professionals: The Key To Smooth Corporate Acquisitions, *Mercer/CCH Guide For Employers*, Number 26, December 2012

DENTONS

December 27, 2012

Although human resources professionals are not always recognized for their efforts during a corporate acquisition, the work which they do behind the scenes can often make the difference between an acquisition succeeding or failing. The following is a brief summary of key issues for HR professionals to stay on top of, long before an acquisition is ever contemplated, during the due diligence phase and right through to closing.

There are two types of transactions which can result in the purchase and sale of a business — a share purchase and an asset purchase. In a share purchase, the corporate identity of the target company does not change, and as a result, the employees remain employed by the same purchaser after closing. Unless new employment agreements are negotiated with the purchaser, the employment terms and conditions of those employees will not change on closing. In an asset purchase, however, only certain assets of the target company are purchased and the employees are therefore generally terminated by the target company unless they agree to accept new employment with the purchaser.

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