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MERGERS AND ACQUISITIONS

Mergers Between Equals

1. Most difficult type of merger from stand point of negotiating details
2. No clear acquiror - in effect, both institutions expect to survive and continue
3. Question of compromise and practicality
4. Issues presented
 - a. Organizational chart - what will the resulting institution look like
 - b. Selection of officers and directors
 - i. Avoid duplication
 - ii. Size of Board should not be unworkable
 - c. Employees - most expensive overhead
 - i. Selection process - conduct as if "Reduction in Force" - eliminate positions not people
 - ii. Avoid violations of state and federal EEOC laws
 - iii. Severance
 - iv. Out-placement
 - v. Attrition
 - d. Compensation and Benefits
 - i. Level of compensation
 - ii. Equalizing benefits between employee groups - vacations, sick leave, insurance
 - iii. Pension Plans - merge
 - e. Brick and mortar decisions - which offices are to remain open and which to close
 - f. Name of institution
 - g. Hours of operation
 - h. Products offered
 - i. Loans: Residential, commercial, SBA, consumer, developer
 - ii. Deposits
 - iii. Pricing for loans and deposits
 - iv. Other services - mutual funds, insurance, brokerage

- v. On-line services
 - i. Strategic goals - Share future objectives
 - j. Corporate cultures
 - i. Allegheny and Piedmont - USAir - almost unraveled over dispute whether passengers should receive full can of soda or only a glass
5. Best to work out these details as early in process as possible - but not possible to think of every thing - need spirit of give and take - fairness