

EXECUTIVE COMPENSATION AND EMPLOYEE COMPENSATION PROGRAMS

Existing Corporate Clients

For our base of regular corporate clients, our role is to help design, draft and implement programs that will appropriately attract and motivate employees while satisfying complex tax and regulatory constraints and assuring favorable accounting treatment for the corporation. The scope of our involvement ranges from drafting and negotiating employment contracts and "golden parachute" agreements (and creating "rabbi trusts" where appropriate), to designing stock options, restricted stock and other creative equity-based compensation programs, long-term incentive plans and deferred compensation plans.

Over the years we have, on behalf of clients, conducted contract negotiations or confronted contract issues involving many of the senior executives in American industry who have become household names. In addition, while it is not our principal focus, we occasionally represent prominent executives individually in negotiating their contracts with their corporate employers. We perform executive compensation services for all of our major clients, and regularly meet with senior management of these clients to advise them on new design or regulatory developments in this area.

Mergers and Acquisitions

We play an extensive role in the Firm's extensive mergers and acquisitions practice. While our role can vary significantly from deal to deal, it is hard to imagine any deal that does not have some significant employee-related issues, and there are a few generic observations about deals that we can make from our perspective:

- If we represent the selling company, our principal involvement might be to focus on the effect of the transaction on management and employees. Issues may include:
 - o *Golden Parachute and Retention Programs.* We may need to develop programs that will help assure that key management and other employees remain with the selling company through the closing date.
 - o *Severance Programs.* We might assure that employees are appropriately protected in the event of a post-transaction downsizing.
 - o *Transition Issues.* It may be important to motivate management to continue

with the company after the merger. One example would be a "merger of equals".

Representing Buyers - If we represent the buying company, we will often be focused in transition issues, including the development of replacement equity and severance protection programs for key management figures.

Special Issues in Representing Financial Buyers - One of the Firm's major client groups is a significant number of leveraged buyout firms. When we are representing financial buyers in LBO transactions, it is critical to the success of the LBO to assure that the senior management team is intact and highly motivated. One of our areas of special expertise is working with our clients to design, negotiate and implement compensation and stock ownership packages that achieve the client's goals of retaining and motivating the management team, on whom the success of the buyout largely depends.